

APOLLO

Investment Corporation

2020 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, 2020. As we write this year's letter, the world is facing both a significant health and economic crisis due to the outbreak of the novel coronavirus ("COVID-19", "coronavirus", or "pandemic"). We hope this letter finds you safe and in good health. In our annual shareholder letters, we typically review our results for the year and provide our outlook for the next fiscal year. In this year's letter, we will also focus on how AINV was positioned entering this challenging period, and how we are navigating the current environment.

First and foremost, on behalf of everyone at AINV, we want to express our appreciation to all those who are working tirelessly to keep us safe and maintain essential services. We offer our deepest sympathy to all those who have been affected by the coronavirus. Our priority continues to be the health and well-being of our stakeholders and the employees of the Company's Investment Adviser, Apollo Investment Management, L.P., an affiliate of Apollo Global Management, Inc., (together with its affiliates, "Apollo Global"). Apollo has fully transitioned to a remote work environment while ensuring full business continuity.

A Review of Fiscal Year 2020

Looking back at fiscal year 2020, we continued to make significant progress executing our de-risking investment strategy to prepare for potential headwinds, if not an economic downturn such as the one we are currently experiencing. Throughout the year, we continued to reposition our investment portfolio into "core"ⁱ or lower risk assets and reduce our exposure to "non-core"ⁱⁱ assets which are higher on the risk spectrum. Core assetsⁱ represented 90% of the portfolio at the end of the year, up from 81% a year ago. We made steady progress to improve the risk profile of our corporate lending portfolioⁱⁱⁱ by increasing our exposure to first lien floating rate loans. At the end of the year, first lien debt had increased to 85% of the corporate lending portfolio, up from 65% a year ago. In addition, our corporate lending portfolioⁱⁱⁱ was 100% floating rate with an average borrower of \$15.8 million at the end of the year. Non-coreⁱⁱ and legacy assets decreased to 10% of the portfolio at the end of the year, down from 19% a year ago. We remain focused on prudently exiting our remaining non-core positions.

Throughout the year, AINV continued to take advantage of its ability to co-invest^{iv} 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. Investments made pursuant to our co-investment order^{iv} increased to 76% of the corporate lending portfolioⁱⁱⁱ at the end of the year, up from 63% a year ago.

During the year, the Company made nearly \$1.5 billion in new investment commitments^v to 89 different borrowers. All of the new debt commitments were in first lien floating rate loans.

91% were made pursuant to our co-investment order.^{iv} Also, during the year, the Company exited approximately \$0.7 billion of investment commitments. For the year, gross fundings totaled \$1.3 billion^{vi} and net fundings totaled \$0.6 billion. The Company's net leverage^{vii} was 1.71x at the end of the year. We ended the year with a \$2.79 billion investment portfolio, at fair value, deployed across 152 borrowers in 29 different industries.

For the year, total investment income was \$276.0 million, net investment income was \$145.3 million, net investment income per share was \$2.16, and GAAP loss per share was \$(1.73). NAV per share was \$15.70 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 performance-based incentive fee declined significantly year over year.

How AINV is Navigating the Current Environment

Over the last few years, we have built what we believe to be a high quality, well-diversified portfolio of first lien floating rate corporate loans which we believe will be able to withstand market and economic volatility. The fundamental performance of our portfolio companies was strong heading into this challenging period. Our asset selection process had contemplated the potential for a recession, and thus our corporate lendingⁱⁱⁱ portfolio is weighted toward less cyclical names which we believe are relatively better situated to deal with this type of environment, and is underweight the sectors which are most exposed to pandemic-related issues. That said, the COVID-19 pandemic and the associated economic shutdown presented unexpected challenges to many of our portfolio companies, although some of our portfolio companies are more vulnerable than others.

As the pandemic and its economic impact quickly intensified, we immediately began to assess the impact of the pandemic on our portfolio. We have been working closely with our sponsor clients and portfolio companies during this unprecedented time. We quickly established the processes to address problems as they arose. We have generally been pleased with how sponsors and borrowers have handled the current environment. We are focused on being a good partner to, and finding solutions for, our portfolio companies. We have already seen an increase in requests for covenant amendments and additional support. In addition, we have the restructuring and workout capabilities in-house to manage the most challenging situations.

We are committed to doing all we can to support our portfolio companies. We believe we and our affiliates are extremely well situated to support our existing borrowers with new commitments as needed by virtue of MidCap being a well-capitalized co-lender on much of the portfolio, and given the SEC's recent temporary co-investment relief^x which allows certain of our other affiliated funds to also provide capital to our existing borrowers, subject to the satisfaction of certain conditions contained in the exemptive order.^x

Outside of our corporate lending portfolioⁱⁱⁱ, we do have exposures to industries that are experiencing a direct impact from the economic shutdown including aircraft leasing. The coronavirus has had a significant adverse impact on the aviation sector. Our aircraft leasing portfolio company, Merx Aviation Finance, LLC ("Merx"), continues to closely monitor the situation and proactively maintain dialog with its airline clients globally. At the end of the year, our

investment in Merx represented 12.0% of the total portfolio. Apollo Global has 45 professionals dedicated solely to aviation located throughout North America, Europe, and Asia, providing expert in-house support to the platform's various aviation strategies. The aviation team has the experience to skillfully navigate this period of market stress and the requisite capabilities to mitigate potential adverse outcomes. Over the past few years, Merx has diversified its revenue beyond aircraft leasing with a leading servicing platform which generates income from aircraft managed on behalf of other Apollo Global affiliated capital.

It is during this type of challenging environment that AINV can derive the most benefit from its affiliation with the broader Apollo Global platform. Apollo Global has successfully navigated many market cycles, disruptions, and periods of heightened volatility. We are able to avail ourselves of the expertise of more than 450 investment professionals globally.

Liquidity and Capital Update

During the year, we worked with our lenders to improve our senior secured revolving credit facility (the "Facility"). We amended the Facility to remove the borrower asset coverage covenant and we increased commitments to the Facility by \$170 million to \$1.81 billion from one new and one existing lender.^{xi} We would be remiss if we did not express our gratitude for the unwavering support of our large and diverse bank group.

During this period of heightened volatility and uncertainty, we have been closely monitoring our liquidity position and have taken the steps we believe are needed to maintain an appropriate amount of liquidity. We believe that we have sufficient available liquidity to meet potential funding requirements and withstand additional asset depreciation. As of March 31, 2020, the Company had \$224 million of immediately available liquidity and \$131 million of additional capacity under the Facility.^{xii}

During the year, we repurchased 3.6 million shares or \$52.1 million of stock. Since the inception of the stock repurchase program and through the end of fiscal year 2020, we have repurchased approximately 13.7 million shares for an aggregate cost of \$223.1 million. However, in mid-March 2020, the Company temporarily suspended its stock repurchase program. The Company and the Board of Directors believed it was prudent to halt stock repurchases given the potential impact of the pandemic on the Company's investment portfolio and financial results. The Company retained the right to reinstate the stock repurchase program.

Looking Ahead to Fiscal Year 2021 and Beyond

Fiscal year 2020 ended with a great deal of uncertainty surrounding the global economy due to COVID-19 and this uncertainty has continued as we write this letter. The pandemic has resulted in significant volatility and has affected some of our portfolio companies more than others. We do not know how long this crisis will last, or the long-term impact to the global economy. And while we do believe that our corporate lending portfolioⁱⁱⁱ was well-positioned heading into the crisis, we also know that we are not immune to the current challenges.

Following years of borrower-friendly conditions, we believe the market has begun to shift in favor of lenders. It is our expectation that spreads on new investments will be markedly higher than pre-pandemic levels and the structure and terms of new investments will become more lender-friendly.

In closing, we thank you for your continued support during this challenging time. We remain committed to our de-risking investment strategy while we navigate through the challenges of the COVID-19 pandemic. Rest assured that we are focused on proactively managing our portfolio and we remain committed to creating long-term value for our shareholders.

Sincerely,

John Hannan

A handwritten signature in dark ink, appearing to read 'John Hannan' in a cursive style.

Chairman

Howard Widra

A handwritten signature in dark ink, appearing to read 'Howard Widra' in a cursive style.

Chief Executive Officer and Director

Forward-Looking Statements

This letter contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve risks and uncertainties, including, but not limited to, 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 may use words such as “anticipates,” “believes,” “expects,” “intends,” “will,” “should,” “may” and similar expressions to identify forward-looking statements. Such statements are based on currently available operating, financial and competitive information and are subject to various risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations. Statements regarding the following subjects, among others, may be forward-looking: macro- and micro-economic impact of the COVID-19 pandemic; the severity and duration of the COVID-19 pandemic; actions taken by governmental authorities to contain the COVID-19 pandemic or treat its impact; the impact of the COVID-19 pandemic on our financial condition, results of operations, liquidity and capital resources; the return on equity; the yield on investments; the ability to borrow to finance assets; new strategic initiatives; the ability to reposition the investment portfolio; the market outlook; future investment activity; and risks associated with changes in business conditions and the general economy. Undue reliance should not be placed on such forward-looking statements as such statements speak only as of the date on which they are made. We do not undertake to update our forward-looking statements unless required by law.

For additional information about the COVID-19 pandemic and its potential impact on the Company’s results of operations and financial condition, please refer to the COVID-19 Developments section and additional disclosure in our Form 10-K for the period ended March 31, 2020.

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- ⁱ Core assets include leveraged lending, life sciences, asset based, lender finance, and aviation.
- ⁱⁱ Non-core assets include oil & gas, structured credit, renewables, shipping, and commodities.
- ⁱⁱⁱ Corporate lending portfolio includes leveraged lending, life sciences, asset based, and lender finance.
- ^{iv} 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.
- ^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} The Securities and Exchange Commission issued an order on April 8, 2020, providing relief to business development companies whose operations may be affected by the COVID-19 coronavirus outbreak (Order). The Order expands the existing scope of co-investment relief that many BDCs have received, in order to permit certain affiliated private funds of a BDC that has a co-investment exemptive relief order to jointly invest in follow-on investments, even though conditions of such exemptive relief order might otherwise prohibit those affiliated private funds from doing so. The relief provided by the Order is limited to the period from April 9, 2020 to the earlier of (i) December 31, 2020 and (ii) the date by which the BDC elects to no longer rely on the Order.
- ^x Investment Company Act Release No. 33837 (April 8, 2020) available at <https://www.sec.gov/rules/exorders/2020/ic-33837.pdf>.
- ^{xi} On May 31, 2019, lender commitments to the Senior Secured Facility increased by \$70 million from a new lender. On March 13, 2020, lender commitments to the Senior Secured Facility increased by \$100 million from an existing lender.
- ^{xii} As of March 31, 2020, aggregate lender commitments under the Senior Secured Facility totaled \$1.81 billion and there were \$1.449 billion of outstanding borrowings under the Facility and \$6.2 million of letters of credit issued under the Facility. Accordingly, there was \$354 million of unused capacity under the Facility as of March 31, 2020, which is subject to compliance with a borrowing base that applies different advance rates to different types of assets in the Company's portfolio. As of March 31, 2020, the Company had immediate access to \$224 million under the Facility based on the Company's borrowing base.

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 share 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, 2020

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

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, 2019 was \$0.89 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 20, 2020, there were 65,259,176 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 11, 2020 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, 2020, we have raised approximately \$2.21 billion in net proceeds from additional offerings of common stock and we have repurchased common stock for \$223.1 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 may also include 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, 2020, we invested \$1.9 billion across 60 new and 87 existing portfolio companies primarily through a combination of primary and secondary debt investments. This compares to \$1.3 billion across 42 new and 46 existing portfolio companies during the year ended March 31, 2019. Investments sold or repaid during the year ended March 31, 2020 totaled \$1.3 billion versus \$1.1 billion during the year ended March 31, 2019. The weighted average yields on our secured debt portfolio, unsecured debt portfolio, total debt portfolio and total portfolio as of March 31, 2020 at our current cost basis were 8.7%, 0.0%, 8.7% and 8.0%, respectively. As of March 31, 2019, the yields were 10.2%, 0.0%, 10.2% 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, 2020 and March 31, 2019, 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 (48.6)% and 8.3%, 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, 2020, our portfolio consisted of 152 portfolio companies and was invested 94% in secured debt, 0% in unsecured debt, 0% in structured products and other, 0% in preferred equity, and 6% in common equity/interests and warrants measured at fair value. 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.

Since the initial public offering of Apollo Investment in April 2004 and through March 31, 2020, invested capital totaled \$21.2 billion in 538 portfolio companies. Over the same period, Apollo Investment completed transactions with more than 100 different financial sponsors.

As of March 31, 2020, 0% or \$0.0 billion is fixed rate debt and 100% or \$2.2 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 \$2.3 billion is floating rate debt. As of March 31, 2019, 0% or \$0.0 billion was fixed rate debt and 100% or \$1.5 billion was floating rate debt, measured at fair value. On a cost basis, 0% or \$0.0 billion was fixed rate debt and 100% or \$1.5 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, Inc. 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, Howard Widra, Tanner Powell and Patrick Ryan. Potential investment and disposition opportunities are generally approved by one or more committees composed of personnel across AGM, including Messrs. Widra, Powell and Ryan, by all or a majority of Messrs. Widra, Powell or Ryan 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 30 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 \$15 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, 2020:

- 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
- Education
- Energy – Electricity
- Energy – Oil & Gas
- Environmental Industries
- Food & Grocery
- Healthcare & Pharmaceuticals
- High Tech Industries
- Hotel, Gaming, Leisure, Restaurants
- Insurance
- Manufacturing, Capital Equipment
- Media – Diversified & Production
- Metals & Mining
- Retail
- Telecommunications
- Transportation – Cargo, Distribution
- Wholesale

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 of 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, 2020:

Portfolio Company	% of Portfolio	Industry	% of Portfolio
Merx Aviation Finance, LLC	12.0%	Healthcare & Pharmaceuticals	16.7%
Dynamic Product Tankers (Prime), LLC	2.8%	Business Services	12.9%
ChyronHego Corporation	2.5%	Aviation and Consumer Transport	12.5%
MSEA Tankers LLC	2.1%	High Tech Industries	12.3%
Spotted Hawk	1.7%	Transportation – Cargo, Distribution	6.1%
Genesis Healthcare, Inc.	1.6%	Consumer Services	4.4%
Simplifi Holdings, Inc.	1.4%	Beverage, Food & Tobacco	3.5%
Telestream Holdings Corporation	1.3%	Consumer Goods – Non-durable	3.2%
RA Outdoors, LLC (Active Outdoors)	1.3%	Consumer Goods – Durable	2.7%
NFA Group	1.2%	Diversified Investment Vehicles, Banking, Finance, Real Estate	2.6%
Total	27.9%	Total	76.9%

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%

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 portfolio company or investment being initially valued by the investment professionals of our Investment Adviser who are responsible for the portfolio 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 current quarter, the cost (purchase price adjusted for accreted original issue discount/amortized premium) 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, 2020, 2019 and 2018, we accrued \$40.36 million, \$35.73 million and \$47.94 million, respectively, in base management fees and incurred \$1.98 million, \$21.19 million and \$28.71 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:

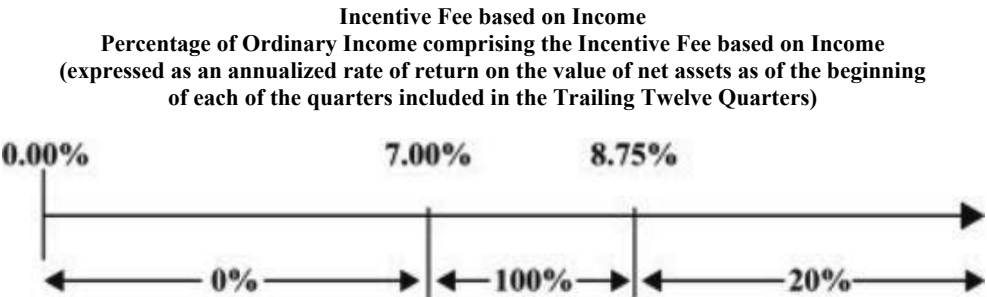
- (1) no incentive fee in any calendar quarter in which our pre-incentive fee net investment income for the trailing twelve quarters does not exceed the preferred return amount.
- (2) 100% of our pre-incentive fee net investment income for the trailing twelve quarters, if any, that exceeds the preferred 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:



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 years ended March 31 2020, 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.

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 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 the 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 May 20, 2020. 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, 2020, 2019 and 2018, expenses incurred (net of reimbursements) under the administration agreement were \$6.0 million, \$6.7 million and \$6.7 million, respectively. For administrative expenses accrued during the most recently completed fiscal quarter, please see “Management’s Discussion and Analysis of Financial Condition and Results 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, 2020 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

Major public health issues, and specifically the novel coronavirus (COVID-19), could have an adverse impact on our financial condition and results of operations and other aspects of our business.

The outbreak of the novel coronavirus disease 2019 (“COVID-19”) in many countries continues to adversely impact global commercial activity and has contributed to significant volatility in financial markets. The global impact of the outbreak has been rapidly evolving, and as cases of the virus increased around the world, many governments have reacted by instituting quarantines, restrictions on travel, bans on public events and on public gatherings, closures of a variety of venues (e.g., restaurants, concert halls, museums, theaters, schools and stadiums, non-essential stores, malls and other entertainment facilities), shelter-in-place orders or other restrictions on operations and businesses. On March 11, 2020, the World Health Organization publicly characterized COVID-19 as a pandemic. On March 13, 2020, the President of the U.S. declared the COVID-19 outbreak a national emergency. The U.S. federal government and U.S. state governments are continuing to implement a variety of actions to mobilize efforts to mitigate the ongoing and expected impact and the Center for Disease Control is implementing its pandemic preparedness and response plans, working on multiple fronts, including providing specific guidance on measures to prepare communities to respond to the local spread of COVID-19 throughout the U.S. Such actions have created disruption in global supply chains, and have adversely impacted a number of industries, such as transportation, hospitality and entertainment. The outbreak has triggered a period of global economic slowdown and is expected to continue having an adverse impact on economic and market conditions.

We are closely monitoring developments related to the COVID-19 pandemic to assess its impact on our business; while, due to the evolving and highly uncertain nature of this event, it currently is not possible to estimate its impact precisely, the COVID-19 pandemic has and continues to impact our business, financial condition, results of operations, liquidity or prospects in a number of ways. For instance, our investment portfolio (and, specifically, the valuations of investment assets we hold) has been, and continues to be, adversely affected as a result of market developments from the COVID-19 pandemic and uncertainty regarding its outcome. Moreover, changes in interest rates, reduced liquidity or a continued slowdown in U.S. or global economic conditions may also adversely affect our business, financial condition, results of operations, liquidity or prospects. Further, extreme market volatility may leave us unable to react to market events in a prudent manner consistent with our historical practices in dealing with more orderly markets. Although it is impossible to predict with certainty the potential full magnitude of the business and economic ramifications, COVID-19 has impacted, and may further impact, our business in various ways, including but not limited to:

- From an operational perspective, our Investment Adviser’s employees, as well as the workforces of our vendors, service providers and counterparties, may also be adversely affected by the COVID-19 pandemic or efforts to mitigate the pandemic, including government-mandated shutdowns, requests or orders for employees to work remotely, and other social distancing measures, in the U.S., which could result in an adverse impact on our ability to conduct our business;
- While the market dislocation caused by COVID-19 may present attractive investment opportunities, due to increased volatility in the financial markets, we may not be able to complete those investments;
- If the impact of COVID-19 continues, we may have more limited opportunities to successfully exit existing investments, due to, among other reasons, lower valuations, decreased revenues and earnings, or lack of potential buyers with financial resources to pursue an acquisition, resulting in a reduced ability to realize value from such investments;

- Our portfolio companies are facing or may face in the future increased credit and liquidity risk due to volatility in financial markets, reduced revenue streams, and limited or higher cost of access to preferred sources of funding, which may result in potential impairment of our investments. Changes in the debt financing markets are impacting, or, if the volatility in financial market continues, may in the future impact, the ability of our portfolio companies to meet their respective financial obligations;
- Borrowers of loans, notes and other credit instruments in our portfolio may be unable to meet their principal or interest payment obligations or satisfy financial covenants, resulting in a decrease in value of our investments and a lower than expected return. In addition, for variable interest instruments, lower reference rates resulting from government stimulus programs in response to COVID-19 could lead to lower interest income;
- Many of our portfolio companies operate in industries that are materially impacted by COVID-19, including but not limited to healthcare, travel, aviation, entertainment and hospitality. Many of these companies are facing operational and financial hardships resulting from the spread of COVID-19 and related governmental measures, such as the closure of stores, restrictions on travel, quarantines or stay-at-home orders. If the disruptions caused by COVID-19 continue and the restrictions put in place are not lifted, the businesses of these portfolio companies could suffer materially or become insolvent, which would decrease the value of our investments;
- The stimulus package provided by the U.S. government and its various agencies to businesses in the U.S., including some of our portfolio companies, restricts the recipient business from taking certain actions, such as dividends and share buybacks. Such limitations may reduce the value of our investments in such companies;
- An extended period of remote working by our Investment Adviser's employees could strain its technology resources and introduce operational risks, including heightened cybersecurity risk. Remote working environments may be less secure and more susceptible to hacking attacks, including phishing and social engineering attempts that seek to exploit the COVID-19 pandemic; and
- COVID-19 presents a significant threat to our Investment Adviser's employees' well-being and morale. While our Advisor has implemented a business continuity plan to protect the health of its employees and has contingency plans in place for key employees or executive officers who may become sick or otherwise unable to perform their duties for an extended period of time, such plans cannot anticipate all scenarios, and our Advisor may experience potential loss of productivity or a delay in the roll out of certain strategic plans.

The impact of COVID-19 may also heighten the other risks discussed in this report.

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. Most recently, the outbreak of the novel coronavirus, or COVID-19, in many countries, including the United States, continues to adversely impact domestic and global commercial activity, and has contributed to significant volatility in financial markets in the United States and globally. See “Major public health issues, and specifically the novel coronavirus COVID-19, could have an adverse impact on our financial condition and results of operations and other aspects of our business.”

Additionally, 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, such as the previously mentioned COVID-19 outbreak, 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 January 31, 2020, the United Kingdom technically withdrew from the EU (“Brexit”), triggering a negotiated transition period during which the United Kingdom remains in the EU single market and customs union and remains subject to EU laws and regulations. The transition period is scheduled to end on December 31, 2020. While the deadline can be extended by one or two years, the U.K. government has limited the flexibility for it to seek an extension and is on record as saying it will not seek an extension. During the transition period, the parties are to negotiate agreements addressing a range of aspects of the future relationship, foremost among them a free trade agreement. It remains unclear which aspects of the future relationship between the U.K. and the EU will, in fact, be agreed by the deadline, or whether certain aspects (for example, trade in goods, but not services) will be addressed and others deferred, or alternatively whether the parties will fail to reach agreement in time on fundamental trade matters, causing the U.K. to default to World Trade Organization rules. 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 have 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 also the broader global economy, could be significant. This would potentially result 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. Once there is clarity, however, the outcomes following the transition period are likely to affect, among others, trade in goods and services (including the regime that will replace the existing passporting regimes for financial and other services); immigration rules and the ability to move employees across borders; legal and regulatory regimes; and market access rules.

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 U.S. economy 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.

Since the 2008 financial crisis, the Federal Reserve System of the United States (the “Federal Reserve”) has taken actions which have resulted in low interest rates prevailing in the marketplace for a historically long period of time. The Federal Reserve raised its benchmark interest rate by three quarters of a percentage point in 2017 and one percentage point in 2018, while it decreased its benchmark interest rate by three quarters of a percentage point in 2019 and half of a percentage point in March 2020. Higher interest rates generally impact the investment management industry by making it harder to obtain financing for new investments, refinance existing investments or liquidate debt investments, which can lead to reduced investment returns and missed investment opportunities. Consequently, such increases in interest rates may have an adverse impact on our business.

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 the 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”), the Coronavirus Aid, Relief, and Economic Security 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.

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. Tariffs imposed by the Trump administration on products imported into the U.S. and other changes in U.S. trade policy have resulted in, and may continue to trigger, retaliatory actions by affected countries. 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 the Company 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.

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. 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. 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 in order to replace LIBOR with the new standard that is established, which may have an adverse effect on our overall financial condition or results of operations. Following the replacement of LIBOR, some or all of these credit agreements may bear interest at a lower interest rate, which could have an adverse impact on our results of operations. Moreover, if LIBOR ceases to exist, we may need to renegotiate certain terms of our revolving credit facility. If we are unable to do so, amounts drawn under our revolving credit facility may bear interest at a higher rate, which would increase the cost of our borrowings and, in turn, affect our results of operations.

Depending on several factors, including those set forth above, and the related costs of negotiating and documenting necessary changes to documentation, our business, financial condition and results of operations could be materially adversely impacted by the market transition or reform of certain reference rates and benchmarks. Other factors include the pace of the transition to replacement or reformed rates, the specific terms and parameters for and market acceptance of any alternative reference rates, prices and liquidity of trading markets for products based on alternative reference rates, and our ability to transition and develop appropriate systems and analytics for one or more alternative reference rates.

If AIC can no longer claim exemption from being deemed a “commodity pool operator” pursuant to Commodity Futures Trading Commission (the “CFTC”) rules, AIC and AIM could be subject to additional regulatory requirements.

In December 2019, the CFTC amended certain rules to require BDCs that trade “commodity interests” (as defined under CFTC rules) to a de minimis extent to file an electronic notice of exclusion to not be deemed a “commodity pool operator” pursuant to CFTC regulations. This exclusion allows BDCs that trade commodity interests to forgo regulation under the CEA and the CFTC. AIM has claimed this exclusion which 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 is unable to claim this exclusion, or fails to do so in the future, with respect to us, AIM would become subject to registration and regulation as a commodity pool operator under the CEA. This additional regulation would subject AIM and AIC to additional registration and regulatory requirements, along with increasing operating expenses which could have a material adverse effect on our business, results of operations or financial condition.

The continued uncertainty relating to the U.S. and global economy could have a negative impact on our business.

Apollo Investment’s business is directly influenced by the economic cycle, and has been and could further 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 Tax Cuts and Jobs Act enacted in 2017 made 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.

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, 2020, 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 credit facility, 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.

As of March 31, 2020, we had approximately \$1,449 million of outstanding borrowings under our senior secured credit facility and \$350 million in aggregate amount outstanding of the 2025 Notes. In order for us to cover our annual interest payments on our outstanding indebtedness at March 31, 2020, we must achieve annual returns on our March 31, 2020 total assets of at least 2.1%. The weighted average stated interest rate charged on our principal amount of outstanding indebtedness as of March 31, 2020 was 3.4%. We intend to continue borrowing under our senior secured credit facility in the future and we may increase the size of it or issue additional debt securities or other evidences of indebtedness (although there can be no assurance that we will be successful in doing so). For more information on our indebtedness, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations-Financial Condition, Liquidity and Capital Resources.” Our ability to service our debt depends largely on our financial performance and is subject to prevailing economic conditions and competitive pressures. The amount of leverage that we employ at any particular time will depend on our Investment Adviser’s and our board of directors’ assessments of market and other factors at the time of any proposed borrowing.

Our senior secured credit facility and the 2025 Notes impose financial and operating covenants that restrict our business activities, including limitations that could hinder our ability to finance additional loans and investments or to make the distributions required to maintain our status as a RIC. A failure to renew our senior secured credit facility or to add new or replacement debt facilities or to issue additional debt securities or other evidences of indebtedness could have a material adverse effect on our business, financial condition and results of operations.

The following table illustrates the effect on return to a holder of our common stock of the leverage created by our use of borrowing at the weighted average stated interest rate of 3.4% as of March 31, 2020, together with (a) our total value of net assets as of March 31, 2020; (b) approximately \$1,774.3 million in aggregate principal amount of indebtedness outstanding as of March 31, 2020 and (c) hypothetical annual returns on our portfolio of minus 10% to plus 10%.

Assumed Return on Portfolio (Net of Expenses) (1)	(10)%	(5)%	— %	5 %	10 %
Corresponding Return to Common Stockholders (2)	(34)%	(20)%	(6)%	8 %	22 %

- (1) The assumed portfolio return is required by SEC regulations and is not a prediction of, and does not represent, our projected or actual performance. Actual returns may be greater or less than those appearing in the table. Pursuant to SEC regulations, this table is calculated as of March 31, 2020. As a result, it has not been updated to take into account any changes in assets or leverage since March 31, 2020.
- (2) In order to compute the “Corresponding Return to Common Stockholders,” the “Assumed Return on Portfolio” is multiplied by the total value of our assets at March 31, 2020 to obtain an assumed return to us. From this amount, the interest expense (calculated by multiplying the weighted average stated interest rate of 3.4% by the approximately \$1,774.3 million of principal debt outstanding) is subtracted to determine the return available to stockholders. The return available to stockholders is then divided by the total value of our net assets as of March 31, 2020 to determine the “Corresponding Return to Common Stockholders.”

Effective April 4, 2019, our asset coverage requirement was 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 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), 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 generally 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, 2020, a hypothetical one percent increase in LIBOR on our floating rate assets and liabilities would increase our earnings by nine cents per average share over the next twelve months. Assuming no changes to our balance sheet as of March 31, 2020, a hypothetical two percent increase in LIBOR on our floating rate assets and liabilities would increase our earnings by nineteen cents per average share over the next twelve months. Assuming no changes to our balance sheet as of March 31, 2020, a hypothetical three percent increase in LIBOR on our floating rate assets and liabilities would increase our earnings by twenty nine cents per average share over the next twelve months. Assuming no changes to our balance sheet as of March 31, 2020, a hypothetical four 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, 2020, a hypothetical one percent decrease in LIBOR on our floating rate assets and liabilities would decrease our earnings by less than three cents 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. See *“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.”*

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. Widra, Powell, and Ryan and/or by all or a majority of Messrs. Widra, Powell and Ryan 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.
- 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 certain requirements are satisfied, including that the cash component is at least 20% (or, for dividends declared on or after April 1, 2020, and on or before December 31, 2020, at least 10%). 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", malicious software coding, social engineering or "phishing" attempts) 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 and the recent dramatic decrease in oil prices during the first and second quarter of 2020. 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 are 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.

Cyclicality 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. See **"Major public health issues, and specifically the novel coronavirus (COVID-19), could have an adverse impact on our financial condition and results of operations and other aspects of our business"**. 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. This 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. In 2016, the ICAO passed a resolution adopting the Carbon Offsetting and Reduction Scheme for International Aviation (“CORSIA”), which is a global, market-based emissions offset program to encourage carbon-neutral growth beyond 2020. A pilot phase is scheduled to begin in 2021 in which countries may voluntarily participate, and full mandatory participation is scheduled to begin in 2027. ICAO continues to develop details regarding implementation, but compliance with CORSIA will increase operating costs for affected portfolio companies. 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 credit facility from the previous December 22, 2016 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 credit facility to increase the multicurrency commitments under the senior secured credit facility by \$50 million from \$1.59 billion to \$1.64 billion pursuant to the accordion provisions therein. On May 31, 2019, the Company entered into an amendment to its Senior Secured Facility to increase the multicurrency commitments by \$70 million from \$1.64 billion to \$1.71 billion. On March 13, 2020, the Company entered into an amendment to its Senior Secured Facility to increase the multicurrency commitments by \$100 million from \$1.71 billion to \$1.81 billion. The senior secured credit 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 credit 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, 2020, 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 credit 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 credit facility upon the termination of the lenders' obligations to make new loans or the senior secured credit facility's final maturity on terms that are favorable to us, if at all. Our ability to renew, extend or replace the senior secured credit 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 credit facility at the time of the termination of the lenders' obligations to make new loans or the senior secured credit 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 unsecured notes mature in 2025, and any inability to replace or repay our unsecured notes could adversely impact our liquidity and ability to fund new investments or maintain distributions to our stockholders.

On March 3, 2015, we 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 2025 Notes upon their maturity on terms that are favorable to us, if at all. Our ability to replace 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 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 market 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.

As a RIC, we will be subject to a 4% non-deductible federal excise tax on certain undistributed income unless we distribute in a timely manner for each calendar year an amount at least equal to the sum of (1) 98% of our ordinary income for that 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.

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, 2020, 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. On February 4, 2020, the court granted defendants’ summary judgment motion to cap exposure on fraudulent transfer claims at the amount of creditor claims in the estate; it denied as premature that motion with respect to common law claims. Defendants moved to reconsider that decision, which motion was denied. 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, 2020												
Fourth quarter	\$	15.70	\$	17.74	\$	5.20	13.0	%	(66.9)	%	\$	0.45
Third quarter		18.27		18.33		15.18	0.3	%	(16.9)	%		0.45
Second quarter		18.69		17.00		15.61	(9.1)	%	(16.5)	%		0.45
First quarter		19.00		16.52		15.12	(13.1)	%	(20.4)	%		0.45
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

* 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

- (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.

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 20, 2020 was \$9.14 per share. As of May 20, 2020, we had 55 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, 2020		
Fourth quarter	\$	0.45
Third quarter		0.45
Second quarter		0.45
First quarter		0.45
Year Ended March 31, 2019		
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	50.0 million	—
February 6, 2019	50.0 million	23.1 million	26.9 million
Total as of March 31, 2020	\$ 250.0 million	\$ 223.1 million	\$ 26.9 million

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
June 4, 2019	August 7, 2019	25.0 million
June 17, 2019	August 7, 2019	20.0 million
September 16, 2019	November 6, 2019	20.0 million
December 6, 2019	February 5, 2020	25.0 million
December 16, 2019	February 5, 2020	15.0 million
March 12, 2020	March 19, 2020	20.0 million

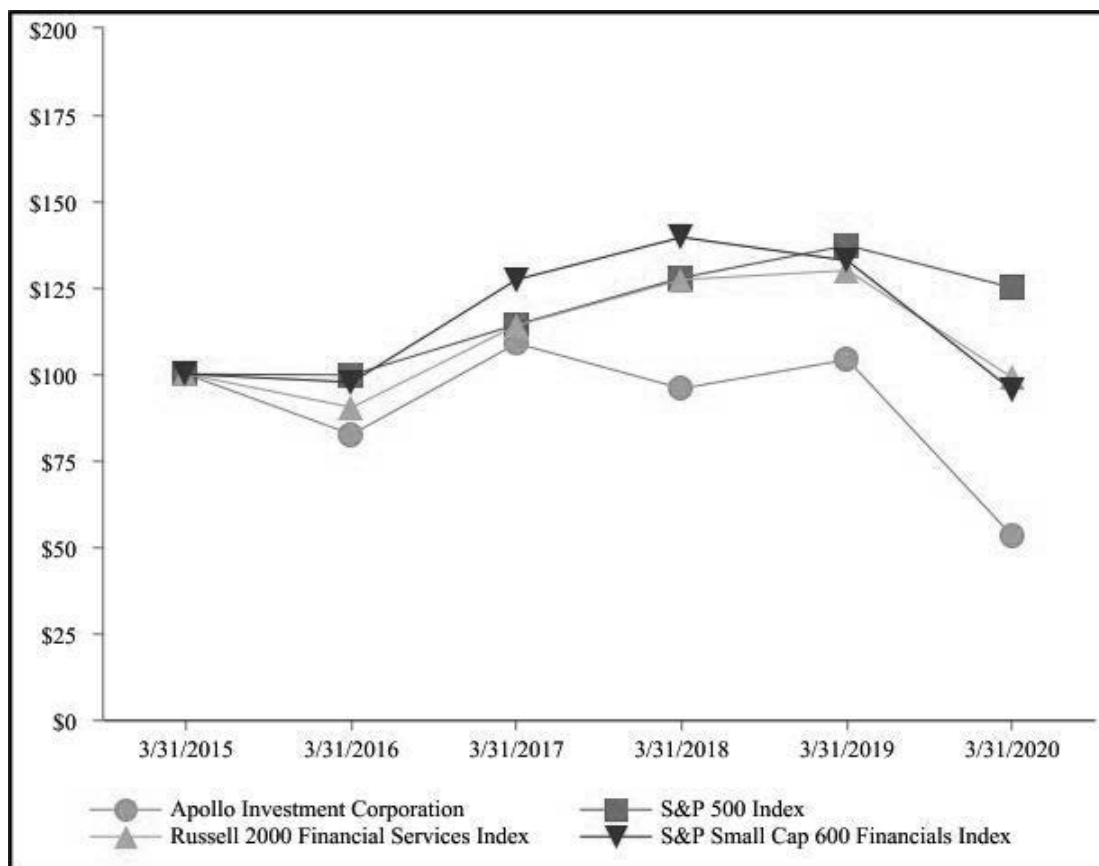
The following table presents information with respect to the Company's purchases of its common stock since adoption of the Repurchase Plans through March 31, 2020:

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
April 2019	44,534	15.23	44,534	78.4 million
May 2019	298,026	15.93	298,026	73.6 million
June 2019	607,073	15.97	607,073	63.9 million
July 2019	89,610	16.10	89,610	62.5 million
August 2019	758,020	16.15	758,020	50.3 million
September 2019	32,371	16.26	32,371	49.7 million
October 2019	495,464	15.65	495,464	42.0 million
November 2019	6,147	15.91	6,147	41.9 million
March 2020	1,286,565	11.62	1,286,565	26.9 million
Total	13,654,608	\$ 16.34	13,654,578	

* 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, 2015 through March 31, 2020. The graph assumes that, on March 31, 2015, 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,				
	2020	2019	2018	2017	2016
Summary of Operations					
Total investment income	\$ 276,916	\$ 255,076	\$ 259,287	\$ 279,862	\$ 379,745
Net expenses	131,642	127,327	125,900	130,619	186,488
Net investment income	145,274	127,749	133,387	149,243	193,257
Net realized and change in unrealized gains (losses)	(261,338)	(55,803)	(46,358)	(130,873)	(237,783)
Net increase (decrease) in net assets resulting from operations	(116,064)	71,946	87,029	18,370	(44,526)
Per Share Data					
Net asset value	\$ 15.70	\$ 19.06	\$ 19.67	\$ 20.22	\$ 21.84
Net investment income	2.16	1.81	1.83	2.01	2.49
Earnings (loss) per share — basic	(1.73)	1.02	1.19	0.25	(0.57)
Earnings (loss) per share — diluted (1)	N/A	N/A	N/A	N/A	(0.57)
Distributions declared	1.80	1.80	1.80	1.95	2.40
Balance Sheet Data					
Total assets (2)	\$ 2,871,058	\$ 2,497,797	\$ 2,311,810	\$ 2,410,120	\$ 3,078,637
Total debt outstanding (2)	1,794,617	1,128,686	789,846	848,449	1,312,960
Net assets	1,024,315	1,312,627	1,418,086	1,481,797	1,645,581
Other Data					
Total return (3)	(48.62)%	8.31 %	(12.06)%	31.44 %	(17.53)%
Number of portfolio companies at year end	152	113	90	86	89
Total portfolio investments for the year	\$ 1,866,272	\$ 1,278,060	\$ 1,049,363	\$ 601,065	\$ 1,088,517
Investment sales and repayments for the year	\$ 1,265,631	\$ 1,086,779	\$ 1,153,978	\$ 1,094,634	\$ 1,338,689
Weighted average yield on debt portfolio at year end (4)	8.7 %	10.2 %	10.7 %	10.3 %	11.0 %
Weighted average yield on total portfolio at year end (5)	8.0 %	9.6 %	9.6 %	8.7 %	9.8 %
Weighted average shares outstanding — basic	67,228,771	70,645,944	72,874,613	74,138,358	77,518,605
Weighted average shares outstanding — diluted (1)	N/A	N/A	N/A	N/A	77,518,605

(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, 2020, 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 anti-dilution would total \$0.12.

(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;
- the current and future effects of the COVID-19 pandemic on us and our portfolio companies; 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, 2020, we have raised approximately \$2.21 billion in net proceeds from additional offerings of common stock and we have repurchased common stock for \$223.1 million.

Apollo Investment Management, L.P. (the “Investment Adviser” or “AIM”) is our investment adviser and an affiliate of Apollo Global Management, Inc. 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.

COVID-19 Developments

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) a pandemic, which has resulted in uncertainty and disruption in the global economy and financial markets. The global impact of the outbreak has been rapidly evolving, and as cases of COVID-19 have continued to be identified in additional countries, many countries have reacted by instituting quarantines and restrictions on travel, closing financial markets and/or restricting trading, and limiting operations of non-essential businesses. Such actions are creating disruption in global supply chains, and adversely impacting many industries. While we are unable to accurately predict the full impact that COVID-19 will have on our results from operations, financial condition, liquidity and cash flows due to numerous uncertainties, including the duration and severity of the pandemic and containment measures, our compliance with these measures has impacted our day-to-day operations and could disrupt our business and operations, as well as that of our portfolio companies, for an indefinite period of time.

Depending on the duration and extent of the disruption to the operations of our portfolio companies, we expect that certain portfolio companies will experience financial distress and possibly default on their financial obligations to us and their other capital providers. We also expect that some of our portfolio companies may significantly curtail business operations, furlough or lay off employees and terminate service providers, and defer capital expenditures if subjected to prolonged and severe financial distress, which would likely impair their business on a permanent basis. These developments would likely result in a decrease in the value of our investment in any such portfolio company.

The COVID-19 pandemic and the related disruption and financial distress experienced by our portfolio companies may have material adverse effects on our investment income, particularly our interest income, received from our investments. In connection with the adverse effects of the COVID-19 pandemic, we may need to restructure our investments in some of our portfolio companies, which could result in reduced interest payments, an increase in the amount of PIK interest we receive, or result in permanent impairments on our investments. As of March 31, 2020, the fair value of our investments has been adversely impacted by the COVID-19 pandemic. Our investment valuations are inherently less certain than they would be absent the current and potential impacts of COVID-19 and the values assigned as of this date may materially differ from the values that may ultimately be realized. The downturn in the aviation industry from COVID-19 has resulted in Merx Aviation recording impairment losses related to aircraft leasing and impacted its financial condition. This may result in the further unrealized depreciation in value on the Company’s investments in Merx. Further, any additional write downs in the value of our investments may reduce our net asset value. These events may also limit our investment origination pipeline and may increase our future funding costs.

We have had a significant reduction in our net change in unrealized losses as of March 31, 2020 as compared to March 31, 2019, which is primarily the result of the impact of the COVID-19 pandemic. The decrease primarily resulted from an increase in the aggregate unrealized depreciation of our investment portfolio resulting from decreases in the fair value of some of our portfolio company investments primarily due to the immediate adverse economic effects of the COVID-19 pandemic and the continuing uncertainty surrounding its long-term impact, as well as the re-pricing of credit risk in the broadly syndicated credit market. We believe that the COVID-19 pandemic represents an extraordinary circumstance that materially impacts the fair value of our investments. As a result, the fair value of our portfolio investments may be negatively impacted after March 31, 2020 by circumstances and events that are not yet known.

We are also subject to financial risks, including changes in market interest rates. As of March 31, 2020, all of our debt portfolio investments bore interest at variable rates, which generally are LIBOR-based (or based on an equivalent applicable currency rate), and many of which are subject to certain floors. In connection with the COVID-19 pandemic, the U.S. Federal Reserve and other central banks have reduced certain interest rates and LIBOR has decreased. A prolonged reduction in interest rates will reduce our gross investment income and could result in a decrease in our net investment income if such decreases in LIBOR are not offset by a corresponding increase in the spread over LIBOR that we earn on any portfolio investments, a decrease in our operating expenses, including with respect to our income incentive fee, or a decrease in the interest rate of our floating interest rate liabilities tied to LIBOR. See “Item 3. Quantitative and Qualitative Disclosures About Market Risk” for an analysis of the impact of hypothetical base rate changes in interest rates.

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 may also include 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, the competitive environment for the types of investments we make and, more recently, market disruptions due to COVID-19. 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, 2020, non-qualifying assets represented approximately 17.2% 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, 2020 and March 31, 2019 was as follows:

(in millions)*	Year Ended March 31,	
	2020	2019
Investments made in portfolio companies	\$ 1,866.3	\$ 1,278.1
Investments sold	(167.1)	(205.2)
Net activity before repaid investments	1,699.1	1,072.8
Investments repaid	(1,098.5)	(881.6)
Net investment activity	\$ 600.6	\$ 191.3
Portfolio companies at beginning of period	113	90
Number of new portfolio companies	60	42
Number of exited portfolio companies	(21)	(19)
Portfolio companies at end of period	152	113
Number of investments made in existing portfolio companies	87	46

* Totals may not foot due to rounding.

Our portfolio composition and weighted average yields as of March 31, 2020 and March 31, 2019 were as follows:

	March 31, 2020	March 31, 2019
Portfolio composition, at fair value:		
First lien secured debt	81 %	66 %
Second lien secured debt	13 %	23 %
Total secured debt	94 %	89 %
Unsecured debt	—	—
Structured products and other	0 %	2 %
Preferred equity	0 %	1 %
Common equity/interests and warrants	6 %	8 %
Weighted average yields, at amortized cost (1):		
First lien secured debt (2)	8.5 %	9.9 %
Second lien secured debt (2)	10.2 %	11.4 %
Secured debt portfolio (2)	8.7 %	10.2 %
Unsecured debt portfolio (2)	—	—
Total debt portfolio (2)	8.7 %	10.2 %
Total portfolio (3)	8.0 %	9.6 %
Interest rate type, at fair value (4):		
Fixed rate amount	—	—
Floating rate amount	\$2.2 billion	\$1.5 billion
Fixed rate, as percentage of total	—	—
Floating rate, as percentage of total	100 %	100 %
Interest rate type, at amortized cost (4):		
Fixed rate amount	—	—
Floating rate amount	\$2.3 billion	\$1.5 billion
Fixed rate, as percentage of total	—	—
Floating rate, as percentage of total	100 %	100 %

(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, 2020, invested capital totaled \$21.2 billion in 538 portfolio companies. Over the same period, Apollo Investment completed transactions with more than 100 different financial sponsors.

Recent Developments

On January 3, 2020, James C. Zelter, a member of the Board of Directors of the Company, tendered a letter of resignation from the Board effective immediately, which was accepted by the Board. There was no disagreement between Mr. Zelter and the Company on any matter relating to the Company's operations, policies or practices. In accordance with the Company's Articles of Incorporation, the number of directors will remain ten. The Board may seek to fill the resulting vacancy. Mr. Zelter will continue to serve as Co-President of AGM.

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, 2020, \$2.79 billion or 100.0% 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 the quarter 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 accreted/premium 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 portfolio company or investment being initially valued by the investment professionals of our Investment Adviser who are responsible for the portfolio 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 current quarter, the cost (purchase price adjusted for accreted original issue discount/amortized premium) 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, 2020, 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, 2018, see the Company's Form 10-K for the fiscal year ended March 31, 2019.

Operating results for the years ended March 31, 2020 and 2019 were as follows:

(in millions)*	Year Ended March 31,	
	2020	2019
Investment Income		
Interest income (excluding Payment-in-kind ("PIK") interest income)	\$ 249.6	\$ 223.1
Dividend income	8.8	15.3
PIK interest income	10.9	8.6
Other income	7.6	8.1
Total investment income	\$ 276.9	\$ 255.1
Expenses		
Management and performance-based incentive fees, net of amounts waived	\$ 42.3	\$ 51.4
Interest and other debt expenses, net of reimbursements	73.3	58.0
Administrative services expense, net of reimbursements	6.0	6.5
Other general and administrative expenses	10.0	11.4
Net Expenses	\$ 131.6	\$ 127.3
Net Investment Income	\$ 145.3	\$ 127.8
Net Realized and Change in Unrealized Gains (Losses)		
Net realized gains (losses)	\$ (6.3)	\$ (50.0)
Net change in unrealized gains (losses)	(255.0)	(5.8)
Net Realized and Change in Unrealized Gains (Losses)	\$ (261.3)	\$ (55.8)
Net Increase (Decrease) in Net Assets Resulting from Operations	\$ (116.0)	\$ 72.0
Net Investment Income on Per Average Share Basis (1)	\$ 2.16	\$ 1.81
Earnings per share — basic (1)	\$ (1.73)	\$ 1.02

* 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, 2020 as compared to the year ended March 31, 2019

The increase in total investment income of \$21.8 million for the year ended March 31, 2020 compared to the year ended March 31, 2019 was primarily driven by the increase in total interest income (including PIK) of \$28.9 million. The increase in total interest income (including PIK) was due to an increase in the income-bearing investment portfolio. This was partially offset by a decrease in average yield for the total debt portfolio to 9.4% from 10.4%. Furthermore, there was an increase in prepayment fees and income recognized from the acceleration of discount, premium, or deferred fees on repaid investments which totaled \$9.2 million and \$8.4 million for the year ended March 31, 2020 and year ended March 31, 2019, respectively. The decrease in dividend income of \$6.5 million was due to a decrease in dividends from Merx Aviation Finance, LLC, which totaled \$2.5 million for the year ended March 31, 2020 compared to \$9.4 million for the year ended March 31, 2019. Furthermore, there was a decrease in other income of \$0.5 million primarily due to lower bridge fees.

Net Expenses

For the year ended March 31, 2020 as compared to the year ended March 31, 2019

The increase in net expenses of \$4.3 million for the year ended March 31, 2020 compared to the year ended March 31, 2019 was primarily due to the increase in interest and other debt expenses. The increase of interest and other debt expenses of \$15.2 million was due to the change in the average debt outstanding and net leverage from \$0.99 billion and 0.83x, respectively during the year ended March 31, 2019, to \$1.53 billion and 1.71x, respectively during the year ended March 31, 2020. This was partially offset by the decrease in the weighted average interest cost from 5.31% for the year ended March 31, 2019 to 4.42% for the year ended March 31, 2020. The increase in net expenses was partially offset by a decrease in management and performance-based incentive fees (net of amounts waived) of \$9.0 million which was due to lower performance based incentive fee expenses (net of amounts waived) of \$1.9 million for the year ended March 31, 2020 from \$15.6 million for the year ended March 31, 2019. Performance based incentive fees for the year ended March 31, 2020 were lower as a total return based fee became effective January 1, 2019. Furthermore, the decrease of \$1.4 million in other general and administrative expenses was primarily due to a decrease in legal fees from \$5.2 million for the year ended March 31, 2019 to \$3.5 million for the year ended March 31, 2020.

Net Realized Gains (Losses)

During the year ended March 31, 2020, we recognized gross realized gains of \$18.2 million and gross realized losses of \$24.5 million, resulting in net realized losses of \$6.3 million. Significant realized gains (losses) for the year ended March 31, 2020 are summarized below:

(in millions)	Net Realized Gain (Loss)
Asset Repackaging Trust Six B.V. (Israel Electric)	\$ 7.0
Renew Financial LLC (f/k/a Renewable Funding, LLC)	2.8
SquareTwo (CA Holdings, Collect America, Ltd.)	1.2
NFA Group	1.0
Carbonfree Chemicals SPE I LLC (f/k/a Maxus Capital Carbon SPE I LLC)	(9.0)
Crowne Automotive	(6.4)
Solarplicity Group Limited (f/k/a AMP Solar UK)	(4.7)

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.

Net Change in Unrealized Gains (Losses)

During the year ended March 31, 2020, we recognized gross unrealized gains of \$16.6 million and gross unrealized losses of \$271.7 million, including the impact of transferring unrealized to realized gains (losses), resulting in net change in unrealized losses of \$255.0 million. The net change is primarily due to the immediate adverse economic effects of the COVID-19 pandemic and the continuing uncertainty surrounding its long-term impact, as well as the re-pricing of credit risk in the broadly syndicated credit market and was not the result of changes to expectations regarding the collectability of principal amounts outstanding. Additional significant changes in unrealized gains (losses) for the year ended March 31, 2020 are summarized below:

(in millions)	Net Change in Unrealized Gain (Loss)
Crowne Automotive	\$ 6.8
AMP Solar Group, Inc.	2.5
Sprint Industrial Holdings, LLC.	2.2
BioClinica Holding I, LP	1.1
Spotted Hawk	(63.2)
Carbonfree Chemicals SPE I LLC (f/k/a Maxus Capital Carbon SPE I LLC)	(32.4)
Merx Aviation Finance, LLC	(25.8)
Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.)	(25.6)
Renew Financial LLC (f/k/a Renewable Funding, LLC)	(15.6)
KLO Holdings, LLC	(10.7)
MYCOM	(7.0)
Asset Repackaging Trust Six B.V. (Israel Electric)	(6.2)
ZPower, LLC	(4.7)
Solarplicity Group Limited (f/k/a AMP Solar UK)	(4.7)

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)

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, 2018, see the Company's Form 10-K for the fiscal year ended March 31, 2019.

We believe that our current cash and cash equivalents on hand, our short-term investments, proceeds from the sale of our 2025 Notes, our available borrowing capacity under our Senior Secured Facility and our anticipated cash flows from operations will be adequate to meet our cash needs for our daily operations for at least the next twelve months. This "Liquidity and Capital Resources" section should be read in conjunction with "Our Response to COVID-19" above.

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, 2020:

(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)	\$ 1,449.4	\$ —	\$ —	\$ 1,449.4	\$ —
2025 Notes	350.0	—	—	350.0	—
Total Debt Obligations	\$ 1,799.4	\$ —	\$ —	\$ 1,799.4	\$ —

(1) As of March 31, 2020, aggregate lender commitments under the Senior Secured Facility totaled \$1.81 billion and have \$354.4 million of unused capacity. As of March 31, 2020, there were \$6.2 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, 2020 and 2019 totaled \$121.8 million (\$1.80 per share) and \$128.0 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, 2020 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, 2020. 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, 2020 and 2019, PIK income totaled \$10.9 million and \$8.6 million on total investment income of \$276.9 million and \$255.1 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, 2020, 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, 2020, assuming no changes in our investment and borrowing structure:

Basis Point Change	Net Investment Income		Net Investment Income Per Share
Up 200 basis points	\$	12.4 million	\$ 0.190
Up 100 basis points		6.0 million	0.092
Down 100 basis points		2.7 million	0.042
Down 200 basis points		1.9 million	0.030

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, 2020. 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, 2020 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, 2020 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, 2020 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 Stockholders 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 (the “Company”) as of March 31, 2020 and 2019, 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, 2020, 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, 2020, 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, 2020 and 2019, 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, 2020 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, 2020, 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, 2020 and 2019 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.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Valuation of Level 3 Investments

As described in Notes 2 and 5 to the financial statements, level 3 investments represent 100% of the \$2,785 million of investments held as of March 31, 2020. Management values its level 3 investments through a multi-step valuation process. As a part of that multi-step valuation process, the Board of Directors and the Audit Committee of the Board of Directors review the valuation models and assumptions prepared by the investment professionals of the Company's investment advisor and valuations prepared by independent third-party valuation firms. The Company's level 3 investments are valued using market quotations when readily available, if and when market quotations are unavailable or deemed not representative of fair value, the level 3 investments are valued using a market approach, an income approach, or both approaches, as determined to be appropriate by management. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) discounted to a single present value amount. 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 management may take into account in fair value pricing investments include observable market inputs together with significant unobservable inputs, including as relevant comparable company multiples, discount rates, commodity prices, expected volatility, recoverable amounts, liquidation, and recent transactions.

The principal considerations for our determination that performing procedures relating to the valuation of level 3 investments is a critical audit matter are there was significant judgment by management to determine the fair value of these level 3 investments, which included significant unobservable inputs related to comparable company multiples and discount rates. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing audit procedures and evaluating the audit evidence obtained related to the comparable company multiples and discount rates. In addition, the audit effort involved the use of professionals with specialized skill and knowledge to assist in performing these procedures and evaluating the audit evidence obtained.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the financial statements. These procedures included testing the effectiveness of controls relating to the valuation of Level 3 investments, including controls over the Company's methods, data, and significant unobservable inputs. These procedures also included, among others, testing the completeness, accuracy, reliability, and relevance of key data used in the models and the involvement of professionals with specialized skill and knowledge to assist in either (i) testing management's process, which entails evaluating the appropriateness of the methodology applied by management and the reasonableness of significant unobservable inputs used in the methodology, specifically comparable company multiples and discount rates for certain investments, as applicable; or (ii) developing an independent fair value range for the investments, and comparison of the fair value range to the fair value estimates prepared by management for certain investments.

/s/ PricewaterhouseCoopers LLP

New York, New York
May 21, 2020

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, 2020</u>	<u>March 31, 2019</u>
Assets		
Investments at fair value:		
Non-controlled/non-affiliated investments (cost — \$2,298,548 and \$1,654,322, respectively)	\$ 2,191,327	\$ 1,627,406
Non-controlled/affiliated investments (cost — \$135,346 and \$67,072, respectively)	60,241	49,681
Controlled investments (cost — \$655,719 and \$736,717, respectively)	533,865	731,045
Cash and cash equivalents	37,301	36,280
Foreign currencies (cost — \$6,369 and \$4,963, respectively)	6,375	4,909
Receivable for investments sold	978	336
Interest receivable	19,151	24,280
Dividends receivable	5,034	3,748
Deferred financing costs	16,054	19,776
Prepaid expenses and other assets	732	336
Total Assets	<u>\$ 2,871,058</u>	<u>\$ 2,497,797</u>
Liabilities		
Debt	\$ 1,794,617	\$ 1,128,686
Payable for investments purchased	—	677
Distributions payable	29,367	31,040
Management and performance-based incentive fees payable	10,289	8,880
Interest payable	2,887	5,818
Accrued administrative services expense	2,796	2,983
Other liabilities and accrued expenses	6,787	7,086
Total Liabilities	<u>\$ 1,846,743</u>	<u>\$ 1,185,170</u>
Commitments and contingencies (Note 10)		
Net Assets	<u>\$ 1,024,315</u>	<u>\$ 1,312,627</u>
Net Assets		
Common stock, \$0.001 par value (130,000,000 and 400,000,000 shares authorized; 65,259,176 and 68,876,986 shares issued and outstanding, respectively)	\$ 65	\$ 69
Capital in excess of par value	2,099,876	2,155,836
Accumulated under-distributed (over-distributed) earnings	(1,075,626)	(843,278)
Net Assets	<u>\$ 1,024,315</u>	<u>\$ 1,312,627</u>
Net Asset Value Per Share	<u>\$ 15.70</u>	<u>\$ 19.06</u>

See notes to financial statements.

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

	Year Ended March 31,		
	2020	2019	2018
Investment Income			
Non-controlled/non-affiliated investments:			
Interest income (excluding Payment-in-kind ("PIK") interest income)	\$ 201,908	\$ 164,186	\$ 157,076
Dividend income	331	4	—
PIK interest income	7,208	3,365	7,176
Other income	7,609	8,135	6,548
Non-controlled/affiliated investments:			
Interest income (excluding PIK interest income)	484	—	266
Dividend income	1,286	1,198	2,528
PIK interest income	515	—	7,626
Other income	—	—	(306)
Controlled investments:			
Interest income (excluding PIK interest income)	47,212	58,868	55,781
Dividend income	7,150	14,100	17,153
PIK interest income	3,213	5,220	5,439
Other income	—	—	—
Total Investment Income	\$ 276,916	\$ 255,076	\$ 259,287
Expenses			
Management fees	\$ 40,360	\$ 35,733	\$ 47,937
Performance-based incentive fees	1,983	21,190	28,710
Interest and other debt expenses	73,398	58,319	53,039
Administrative services expense	6,335	6,772	6,915
Other general and administrative expenses	9,999	11,378	9,599
Total expenses	132,075	133,392	146,200
Management and performance-based incentive fees waived	—	(5,542)	(19,718)
Expense reimbursements	(433)	(523)	(582)
Net Expenses	\$ 131,642	\$ 127,327	\$ 125,900
Net Investment Income	\$ 145,274	\$ 127,749	\$ 133,387
Net Realized and Change in Unrealized Gains (Losses)			
Net realized gains (losses):			
Non-controlled/non-affiliated investments	\$ (6,028)	\$ (22,109)	\$ (96,498)
Non-controlled/affiliated investments	(731)	2,007	(167,416)
Controlled investments	—	—	—
Option contracts	—	(29,995)	(4,275)
Foreign currency transactions	4,816	64	15,851
Extinguishment of debt	(4,375)	—	(5,790)
Net realized gains (losses)	(6,318)	(50,033)	(258,128)
Net change in unrealized gains (losses):			
Non-controlled/non-affiliated investments	(80,303)	(5,454)	86,870
Non-controlled/affiliated investments	(57,714)	(12,403)	173,674
Controlled investments	(116,183)	(11,571)	7,622
Option contracts	—	19,145	(19,145)
Foreign currency translations	(820)	4,513	(37,251)
Net change in unrealized gains (losses)	(255,020)	(5,770)	211,770
Net Realized and Change in Unrealized Gains (Losses)	\$ (261,338)	\$ (55,803)	\$ (46,358)
Net Increase (Decrease) in Net Assets Resulting from Operations	\$ (116,064)	\$ 71,946	\$ 87,029
Earnings (Loss) Per Share — Basic	\$ (1.73)	\$ 1.02	\$ 1.19

See notes to financial statements.

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

	Year Ended March 31,		
	2020	2019	2018
Operations			
Net investment income	\$ 145,274	\$ 127,749	\$ 133,387
Net realized gains (losses)	(6,318)	(50,033)	(258,128)
Net change in unrealized gains (losses)	(255,020)	(5,770)	211,770
Net Increase (Decrease) in Net Assets Resulting from Operations	\$ (116,064)	\$ 71,946	\$ 87,029
Distributions to Stockholders			
Distribution of net investment income	\$ (120,107)	\$ (112,042)	\$ (86,906)
Distribution of return of capital	—	(14,533)	(44,088)
Net Increase (Decrease) in Net Assets Resulting from Distributions to Stockholders	\$ (120,107)	\$ (126,575)	\$ (130,994)
Capital Share Transactions			
Repurchase of common stock	\$ (52,141)	\$ (50,830)	\$ (19,746)
Net Increase (Decrease) in Net Assets Resulting from Capital Share Transactions	\$ (52,141)	\$ (50,830)	\$ (19,746)
Net Assets			
Net decrease in net assets during the period	\$ (288,312)	\$ (105,459)	\$ (63,711)
Net assets at beginning of period	1,312,627	1,418,086	1,481,797
Net Assets at End of Period	\$ 1,024,315	\$ 1,312,627	\$ 1,418,086
Capital Share Activity			
Shares repurchased during the period	(3,617,810)	(3,227,046)	(1,127,519)
Shares issued and outstanding at beginning of period	68,876,986	72,104,032	73,231,551
Shares Issued and Outstanding at End of Period	65,259,176	68,876,986	72,104,032

See notes to financial statements.

APOLLO INVESTMENT CORPORATION
STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended March 31,		
	2020	2019	2018
Operating Activities			
Net increase (decrease) in net assets resulting from operations	\$ (116,064)	\$ 71,946	\$ 87,029
Net realized (gains) losses	6,318	50,033	258,128
Net change in unrealized (gains) losses	255,020	5,770	(211,770)
Net amortization of premiums and accretion of discounts on investments	(9,458)	(6,430)	(6,616)
Accretion of discount on notes	595	593	593
Amortization of deferred financing costs	5,015	4,842	4,739
Increase in gains/(losses) from foreign currency transactions	4,816	64	15,850
PIK interest and dividends capitalized	(20,083)	(6,412)	(14,616)
Changes in operating assets and liabilities:			
Purchases of investments	(1,866,949)	(1,319,211)	(1,021,505)
Proceeds from sales and repayments of investments	1,256,910	1,083,139	1,181,545
Purchases of option contracts	—	—	(12,627)
Proceeds from option contracts	—	—	8,330
Net settlement of option contracts	—	(9,002)	(20,970)
Decrease (increase) in interest receivable	5,110	(2,012)	(5,199)
Decrease (increase) in dividends receivable	(1,286)	(1,198)	3,939
Decrease (increase) in prepaid expenses and other assets	(396)	83	294
Increase (decrease) in management and performance-based incentive fees payable	1,409	(7,705)	279
Increase (decrease) in interest payable	(2,931)	508	(2,009)
Increase (decrease) in accrued administrative services expense	(187)	476	257
Increase (decrease) in other liabilities and accrued expenses	(299)	1,884	(1,873)
Net Cash Used in/Provided by Operating Activities	\$ (482,460)	\$ (132,632)	\$ 263,798
Financing Activities			
Issuances of debt	\$ 1,450,431	\$ 973,250	\$ 1,123,983
Payments of debt	(790,778)	(631,000)	(1,226,945)
Financing costs paid and deferred	(844)	(9,908)	(522)
Repurchase of common stock	(52,141)	(50,830)	(19,746)
Distributions paid	(121,781)	(127,980)	(131,502)
Net Cash Used in/Provided Financing Activities	\$ 484,887	\$ 153,532	\$ (254,732)
Cash, Cash Equivalents, Foreign Currencies and Collateral on Option Contracts			
Net increase (decrease) in cash, cash equivalents, foreign currencies and collateral on option contracts during the period	\$ 2,427	\$ 20,900	\$ 9,066
Effect of foreign exchange rate changes on cash and cash equivalents	60	(60)	3
Cash, cash equivalents, foreign currencies and collateral on option contracts at beginning of period	41,189	20,349	11,280
Cash, Cash Equivalents, Foreign Currencies and Collateral on Option Contracts at the End of Period	\$ 43,676	\$ 41,189	\$ 20,349
Supplemental Disclosure of Cash Flow Information			
Cash interest paid	\$ 70,748	\$ 52,436	\$ 49,595
Non-Cash Activity			
PIK income	\$ 10,936	\$ 8,585	\$ 20,241

See notes to financial statements.

APOLLO INVESTMENT CORPORATION
SCHEDULE OF INVESTMENTS
March 31, 2020
(In thousands, except share data)

Industry / Company	Investment Type	Interest Rate (20)	Maturity Date	Par/Shares (12)	Cost (28)	Fair Value (1)(29)	
Advertising, Printing & Publishing							
Learfield Communications							
A-L Parent LLC	Second Lien Secured Debt	8.25% (1M L+725, 1.00% Floor)	12/02/24	\$ 5,536	\$ 5,503	\$ 4,882	
Simplifi Holdings, Inc.							
Simplifi Holdings, Inc.	First Lien Secured Debt	7.20% (3M L+575, 1.00% Floor)	08/02/25	38,829	38,188	37,164	(9)
	First Lien Secured Debt - Revolver	7.20% (1M L+575, 1.00% Floor)	08/02/25	1,200	1,200	1,148	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	08/02/25	1,200	(49)	(51)	(8)(9)(21)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	0.50% Unfunded	08/02/25	6,091	(57)	(187)	(8)(9)(21)(23)
					39,282	38,074	
Total Advertising, Printing & Publishing					\$ 44,785	\$ 42,956	
Aerospace & Defense							
Erickson Inc							
Erickson Inc	First Lien Secured Debt - Revolver	9.41% (3M L+750, 1.50% Floor)	04/28/22	\$ 31,812	\$ 31,812	\$ 31,096	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	04/28/22	7,425	(233)	(167)	(8)(9)(21)(23)
	First Lien Secured Debt - Letters of Credit	7.50%	04/30/20 - 07/15/22	1,263	—	(27)	(8)(9)(23)
					31,579	30,902	
PAE Holding Corporation							
PAE Holding Corporation	Second Lien Secured Debt	10.50% (1M L+950, 1.00% Floor)	10/20/23	13,637	13,462	12,353	
Total Aerospace & Defense					\$ 45,041	\$ 43,255	
Automotive							
Accelerate Parent Corp. (American Tire)							
Accelerate Parent Corp.	Common Equity/Interests - Common Stock	N/A	N/A	1,664,046 Shares	1,714	250	(13)(19)
Arlington							
Arlington Industries Group Limited	First Lien Secured Debt	5.75% (1M E+525, 0.50% Floor)	03/29/24	€ 3,189	3,572	3,309	(9)(17)
	First Lien Secured Debt	5.87% (1M GBPL+525, 0.50% Floor)	03/29/24	£ 7,818	9,972	9,204	(9)(17)
	First Lien Secured Debt - Unfunded Revolver	1.25% Unfunded	03/29/24	£ 2,700	(57)	(191)	(8)(9)(17)(21)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	1.00% Unfunded	03/29/24	£ 1,300	(28)	(77)	(8)(9)(17)(21)(23)
					13,459	12,245	
Crowne Automotive							
Vari-Form Group, LLC	First Lien Secured Debt	L+11.00% (7.00% Cash plus 4.00% PIK)	02/02/23	5,859	937	762	(9)(13)(14)
Vari-Form Inc.	First Lien Secured Debt	L+11.00% (7.00% Cash plus 4.00% PIK)	02/02/23	2,110	391	274	(9)(13)(14)
					1,328	1,036	
K&N Parent, Inc.							
K&N Parent, Inc.	Second Lien Secured Debt	9.82% (3M L+875, 1.00% Floor)	10/21/24	23,765	23,489	22,220	

See notes to financial statements.

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Industry / Company	Investment Type	Interest Rate (20)	Maturity Date	Par/Shares (12)	Cost (28)	Fair Value (1)(29)	
Truck-Lite Co., LLC							
Truck-Lite Co., LLC	First Lien Secured Debt	7.32% (6M L+625, 1.00% Floor)	12/14/26	25,148	24,573	24,446	(9)
	First Lien Secured Debt - Revolver	7.25% (1M L+625, 1.00% Floor)	12/13/24	1,308	1,308	1,277	(9)(23)
	First Lien Secured Debt - Revolver	7.32% (6M L+625, 1.00% Floor)	12/13/24	654	654	638	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	12/13/24	1,005	(67)	(24)	(8)(9)(21)(23)
	First Lien Secured Debt - Letters of Credit	7.25%	11/30/20 - 12/21/20	85	—	(2)	(8)(9)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	1.00% Unfunded	12/14/26	3,707	(84)	(103)	(8)(9)(21)(23)
TL Lighting Holdings, LLC	Common Equity/Interests - Class A Common Units	N/A	N/A	350 Shares	350	241	(9)(13)
					<u>26,734</u>	<u>26,473</u>	
Total Automotive					<u>\$ 66,724</u>	<u>\$ 62,224</u>	
Aviation and Consumer Transport							
Merx Aviation Finance, LLC							
Merx Aviation Finance, LLC (5)	First Lien Secured Debt - Revolver	12.00%	10/31/23	\$ 305,300	\$ 305,300	\$ 305,300	(23)
	First Lien Secured Debt - Letter of Credit	2.25%	07/13/20	177	—	—	(23)
	Common Equity/Interests - Membership Interests	N/A	N/A	N/A	15,000	28,447	
					<u>320,300</u>	<u>333,747</u>	
PrimeFlight							
PrimeFlight Aviation Services, Inc.	First Lien Secured Debt	6.50% (1M L+550, 1.00% Floor)	05/09/24	13,367	13,184	12,790	(9)
	First Lien Secured Debt	7.02% (1M L+550, 1.00% Floor)	05/09/24	1,375	1,362	1,316	(9)
	First Lien Secured Debt - Unfunded Delayed Draw	0.50% Unfunded	05/09/24	2,842	(85)	(122)	(8)(9)(21)(23)
					<u>14,461</u>	<u>13,984</u>	
Total Aviation and Consumer Transport					<u>\$ 334,761</u>	<u>\$ 347,731</u>	
Beverage, Food & Tobacco							
Bolthouse Farms							
Wm. Bolthouse Farms, Inc.	Common Equity/Interests - Common Stock	N/A	N/A	1,000,000 Shares	\$ 1,000	\$ 940	(13)
Eagle Foods							
Eagle Foods Family Group, LLC	First Lien Secured Debt	8.68% (6M L+675, 1.00% Floor)	06/14/24	\$ 24,562	24,369	23,703	(9)
	First Lien Secured Debt - Revolver	7.75% (1M L+675, 1.00% Floor)	06/14/23	167	167	161	(9)(23)
	First Lien Secured Debt - Revolver	7.75% (3M L+675, 1.00% Floor)	06/14/23	333	333	322	(9)(23)
	First Lien Secured Debt - Revolver	7.95% (3M L+675, 1.00% Floor)	06/14/23	167	167	161	(9)(23)
	First Lien Secured Debt - Revolver	8.36% (6M L+675, 1.00% Floor)	06/14/23	667	667	643	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	06/14/23	2,417	(27)	(85)	(8)(9)(21)(23)
					<u>25,676</u>	<u>24,905</u>	
Florida Food Products, Inc.							
Florida Food Products, Inc.	First Lien Secured Debt	8.20% (3M L+675, 1.00% Floor)	09/08/25	22,938	22,492	22,594	(9)

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Florida Food Products, LLC	First Lien Secured Debt - Revolver	7.75% (1M L+675, 1.00% Floor)	09/06/23	240	240	236	(9)(23)
	First Lien Secured Debt - Revolver	8.20% (3M L+675, 1.00% Floor)	09/06/23	1,473	1,443	1,450	(9)(23)
					24,175	24,280	
Orgain, Inc.							
Butterfly Fighter Co-Invest, L.P.	Common Equity/Interests - Membership Interests	N/A	N/A	1,000,000 Shares	1,000	1,000	(13)
TNT Crust LLC							
TNT Crust LLC	First Lien Secured Debt	7.75% (1M L+675, 1.00% Floor)	11/06/23	20,618	20,318	20,102	(9)
	First Lien Secured Debt	8.01% (1M L+675, 1.00% Floor)	11/06/23	4,878	4,785	4,756	(9)
	First Lien Secured Debt - Revolver	7.75% (1M L+675, 1.00% Floor)	11/06/23	748	748	729	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	11/06/23	2,504	(50)	(63)	(8)(9)(21)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	1.00% Unfunded	11/06/23	976	(43)	(24)	(8)(9)(21)(23)
	Common Equity/Interests - Series A Units	N/A	N/A	244 Shares	30	275	(9)(13)
					25,788	25,775	
Turkey Hill							
IC Holdings LLC	Common Equity/Interests - Series A Units	N/A	N/A	169 Shares	169	153	(9)(13)
THLP CO. LLC	First Lien Secured Debt	6.50% (1M L+550, 1.00% Floor)	05/30/25	19,562	19,225	19,268	(9)
	First Lien Secured Debt - Revolver	7.75% (P+450)	05/31/24	2,247	2,247	2,213	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	05/31/24	2,247	(75)	(34)	(8)(9)(21)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	1.00% Unfunded	05/30/25	5,618	(33)	(84)	(8)(9)(21)(23)
					21,533	21,516	
					\$ 99,172	\$ 98,416	
Business Services							
Access Information							
Access CIG, LLC	Second Lien Secured Debt	9.53% (3M L+775)	02/27/26	\$ 15,900	\$ 15,789	\$ 15,299	
Ambrosia Buyer Corp.							
Ambrosia Buyer Corp.	Second Lien Secured Debt	9.08% (3M L+800, 1.00% Floor)	08/28/25	21,429	21,066	17,751	
Claritas							
Claritas, LLC	First Lien Secured Debt	7.45% (3M L+600, 1.00% Floor)	12/21/23	3,845	3,815	3,787	(9)
	First Lien Secured Debt - Revolver	7.00% (1M L+600, 1.00% Floor)	12/21/23	619	619	609	(9)(23)
	First Lien Secured Debt - Revolver	7.26% (1M L+600, 1.00% Floor)	12/21/23	129	129	127	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	12/21/23	284	(8)	(4)	(8)(9)(21)(23)
					4,555	4,519	
Continuum							
Continuum Global Solutions, LLC	First Lien Secured Debt - Revolver	7.08% (1M L+550, 1.00% Floor)	02/15/22	8,791	8,791	8,527	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	02/15/22	11,209	(304)	(336)	(8)(9)(21)(23)
	Preferred Equity - Preferred Stock	N/A	N/A	775 Shares	78	78	(9)(13)
					8,565	8,269	

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CT Technologies Intermediate Holdings, Inc							
CT Technologies Intermediate Holdings, Inc	Second Lien Secured Debt	10.45% (3M L+900, 1.00% Floor)	12/01/22	31,253	30,803	27,815	(9)
Education Personnel							
Education Personnel	First Lien Secured Debt	5.42% (3M GBPL+475, 0.50% Floor)	08/31/24	£ 4,076	5,190	4,790	(9)(17)
	First Lien Secured Debt - Revolver	5.42% (3M GBPL+475, 0.50% Floor)	08/31/24	£ 1,471	1,873	1,727	(9)(17)(23)
					7,063	6,517	
Electro Rent Corporation							
Electro Rent Corporation	Second Lien Secured Debt	10.64% (3M L+900, 1.00% Floor)	01/31/25	34,235	33,546	33,208	(9)
Elo Touch							
TGG TS Acquisition Company	First Lien Secured Debt - Revolver	7.40% (3M L+650)	12/14/23	500	500	480	(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	12/14/23	1,250	—	(50)	(8)(21)(23)
					500	430	
Ensemble Health							
EHL Merger Sub, LLC	First Lien Secured Debt - Revolver	6.00% (P+275)	08/01/24	1,662	1,662	1,512	(23)
	First Lien Secured Debt - Unfunded Revolver	0.25% Unfunded	08/01/24	2,493	(330)	(224)	(8)(21)(23)
					1,332	1,288	
Jacent							
Jacent Strategic Merchandising	First Lien Secured Debt	7.36% (3M L+575, 1.00% Floor)	04/23/24	22,579	22,304	21,315	(9)
	First Lien Secured Debt - Revolver	7.36% (3M L+575, 1.00% Floor)	04/23/24	1,400	1,400	1,320	(9)(23)
	First Lien Secured Debt - Revolver	6.82% (3M L+575, 1.00% Floor)	04/23/24	467	467	440	(9)(23)
	First Lien Secured Debt - Revolver	7.53% (3M L+575, 1.00% Floor)	04/23/24	700	700	660	(9)(23)
	First Lien Secured Debt - Revolver	6.75% (3M L+575, 1.00% Floor)	04/23/24	933	891	880	(9)(23)
	Common Equity - Common Stock	N/A	N/A	5,000 Shares	500	204	(9)(13)
					26,262	24,819	
Jones & Frank							
JF Acquisition, LLC	First Lien Secured Debt	6.77% (3M L+550, 1.00% Floor)	07/31/24	5,272	5,179	5,087	(9)
	First Lien Secured Debt	7.28% (3M L+550, 1.00% Floor)	07/31/24	8,118	7,977	7,832	(9)
	First Lien Secured Debt - Revolver	6.50% (1M L+550, 1.00% Floor)	07/31/24	628	600	605	(9)(23)
	First Lien Secured Debt - Revolver	7.28% (3M L+550, 1.00% Floor)	07/31/24	188	188	182	(9)(23)
	First Lien Secured Debt - Revolver	7.75% (P+450)	07/31/24	753	753	726	(9)(23)
					14,697	14,432	
MAKS							
Trident Bidco Limited	First Lien Secured Debt	7.25% (1M L+625, 1.00% Floor)	11/08/25	35,000	34,019	33,649	(9)(17)
McLarens							
Margaux Acquisition Inc.	First Lien Secured Debt	7.41% (3M L+550, 1.00% Floor)	12/19/24	18,800	18,526	17,800	(9)
	First Lien Secured Debt - Revolver	6.50% (1M L+550, 1.00% Floor)	12/19/24	1,601	1,576	1,516	(9)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	1.00% Unfunded	12/19/24	4,461	(92)	(236)	(8)(9)(21)(23)

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Margaux UK Finance Limited	First Lien Secured Debt	6.50% (3M GBPL+550, 1.00% Floor)	12/19/24	£ 5,896	7,332	6,930	(9)(17)
	First Lien Secured Debt - Revolver	6.50% (1M GBPL+550, 1.00% Floor)	12/19/24	£ 538	632	631	(9)(17)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	12/19/24	£ 4	(11)	—	(8)(9)(17)(21)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	1.00% Unfunded	12/19/24	£ 1,353	(27)	(89)	(8)(9)(17)(21)(23)
					27,936	26,552	
Ministry Brands, LLC							
Ministry Brands, LLC	Second Lien Secured Debt	10.51% (2M L+925, 1.00% Floor)	06/02/23	10,000	9,925	9,795	
Newscycle Solutions, Inc.							
Newscycle Solutions, Inc.	First Lien Secured Debt	8.45% (3M L+700, 1.00% Floor)	12/29/22	14,641	14,434	14,202	(9)
	First Lien Secured Debt	8.58% (3M L+700, 1.00% Floor)	12/29/22	1,131	1,121	1,097	(9)
	First Lien Secured Debt - Revolver	8.00% (1M L+700, 1.00% Floor)	12/29/22	40	33	39	(9)(23)
	First Lien Secured Debt - Revolver	8.45% (1M L+700, 1.00% Floor)	12/29/22	460	460	446	(9)(23)
					16,048	15,784	
PSI Services, LLC							
Lifelong Learner Holdings, LLC	First Lien Secured Debt	6.75% (1M L+575, 1.00% Floor)	10/19/26	32,865	32,234	31,334	(9)
	First Lien Secured Debt - Revolver	6.75% (3M L+575, 1.00% Floor)	10/20/25	478	478	457	(9)(23)
	First Lien Secured Debt - Revolver	6.87% (3M L+575, 1.00% Floor)	10/20/25	1,373	1,373	1,315	(9)(23)
	First Lien Secured Debt - Revolver	7.33% (3M L+575, 1.00% Floor)	10/20/25	239	239	229	(9)(23)
	First Lien Secured Debt - Revolver	7.71% (3M L+575, 1.00% Floor)	10/20/25	299	299	286	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	10/20/25	597	(55)	(25)	(8)(9)(21)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	0.00% Unfunded	10/19/26	2,388	(18)	(111)	(8)(9)(21)(23)
					34,550	33,485	
RA Outdoors, LLC (Active Outdoors)							
RA Outdoors, LLC	First Lien Secured Debt	5.82% (6M L+475, 1.00% Floor)	09/11/24	6,626	6,542	6,428	(9)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	09/09/22	1,200	(12)	(24)	(8)(9)(21)(23)
	Second Lien Secured Debt	9.82% (6M L+875, 1.00% Floor)	09/11/25	31,950	31,404	30,352	(9)
					37,934	36,756	
Soliant							
Soliant Holdings, LLC	First Lien Secured Debt	6.50% (1M L+550, 1.00% Floor)	12/31/26	18,064	17,715	17,587	(9)
	First Lien Secured Debt - Revolver	6.50% (1M L+550, 1.00% Floor)	12/31/24	323	323	310	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	12/31/24	1,614	(37)	(62)	(8)(9)(21)(23)
Soliant Health, Inc.	Common Equity/Interests - Common Stock	N/A	N/A	300 Shares	300	300	(9)(13)
					18,301	18,135	
Transplace Holdings, Inc.							
Transplace Holdings, Inc.	Second Lien Secured Debt	9.82% (3M L+875, 1.00% Floor)	10/06/25	8,599	8,449	8,169	

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US Legal Support							
US Legal Support Investment Holdings, LLC	Common Equity/Interests - Series A-1 Units	N/A	N/A	631,972 Shares	632	623	(9)(13)
USLS Acquisition, Inc.	First Lien Secured Debt	6.82% (6M L+575, 1.00% Floor)	12/02/24	24,498	24,111	23,630	(9)
	First Lien Secured Debt - Revolver	6.82% (6M L+575)	12/02/24	1,522	1,497	1,436	(9)(23)
	First Lien Secured Debt - Letters of Credit	5.75%	06/06/20 - 12/21/20	86	—	(5)	(8)(9)(23)
					26,240	25,684	
Vertafore							
Vertafore, Inc.	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	06/30/23	14,576	(1,121)	(1,676)	(8)(21)(23)
	First Lien Secured Debt - Letter of Credit	3.25%	01/17/21	424	—	(49)	(8)(23)
					(1,121)	(1,725)	
Total Business Services					\$ 376,459	\$ 360,631	
Chemicals, Plastics & Rubber							
Carbonfree Chemicals SPE I LLC (f/k/a Maxus Capital Carbon SPE I LLC)							
Carbonfree Caustic SPE LLC (4)	First Lien Secured Debt	5.00%	12/31/24	\$ 13,111	\$ 13,111	\$ 13,111	
Carbonfree Chemicals SPE I LLC (f/k/a Maxus Capital Carbon SPE I LLC) (4)	First Lien Secured Debt	3.00%	12/31/24	17,057	17,057	4,389	
Carbonfree Chemicals Holdings LLC (4)	Common Equity/Interests - Common Stock	N/A	N/A	1,446 Shares	30,886	15,105	(13)
Carbonfree Chemicals SA LLC (4)	Common Equity/Interests - Class B Units	N/A	N/A	1,313 Shares	15,403	—	(13)
					76,457	32,605	
Niacet Corporation							
Hare Bidco, Inc.	Second Lien Secured Debt	9.75% (1M E+875)	08/01/24	€ 13,574	14,506	14,671	
Westfall Technik, Inc.							
Westfall Technik, Inc.	First Lien Secured Debt	7.20% (3M L+575, 1.00% Floor)	09/13/24	15,268	15,033	14,839	(9)
	First Lien Secured Debt	7.02% (3M L+575, 1.00% Floor)	09/13/24	671	665	653	(9)
	First Lien Secured Debt - Revolver	7.21% (3M L+550, 1.00% Floor)	09/13/24	135	105	131	(9)(23)
	First Lien Secured Debt - Revolver	8.00% (P+475)	09/13/24	1,885	1,885	1,831	(9)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	1.00% Unfunded	09/13/24	12,829	(112)	(360)	(8)(9)(21)(23)
					17,576	17,094	
Total Chemicals, Plastics & Rubber					\$ 108,539	\$ 64,370	
Construction & Building							
Englert							
Gutter Buyer, Inc.	First Lien Secured Debt	7.25% (1M L+625, 1.00% Floor)	03/06/25	\$ 26,915	\$ 26,479	\$ 25,873	(9)
	First Lien Secured Debt - Revolver	8.50% (P+525)	03/06/24	2,727	2,674	2,621	(9)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	1.00% Unfunded	03/06/25	2,045	(42)	(79)	(8)(9)(21)(23)
Gutter Holdings, LP	Common Equity/Interests - Common Stock	N/A	N/A	500 Shares	500	558	(9)(13)
Total Construction & Building					\$ 29,611	\$ 28,973	

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Consumer Goods – Durable						
A&V						
A&V Holdings Midco, LLC	First Lien Secured Debt	5.75% (3M L+475, 1.00% Floor)	03/10/27	\$ 11,137	\$ 11,027	\$ 11,027
	First Lien Secured Debt - Revolver	5.50% (1M L+450, 1.00% Floor)	03/10/25	813	813	805 (23)
	First Lien Secured Debt - Revolver	5.50% (3M L+450, 1.00% Floor)	03/10/25	90	90	89 (23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	03/10/25	602	(134)	(6) (8)(21)(23)
					11,796	11,915
Dan Dee						
Project Comfort Buyer, Inc.	First Lien Secured Debt	8.00% (6M L+700, 1.00% Floor)	02/03/25	26,283	25,665	24,969 (9)
	First Lien Secured Debt	9.25% (P+600)	02/03/25	867	846	823 (9)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	02/01/24	3,461	(80)	(173) (8)(9)(21)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	0.50% Unfunded	02/03/25	2,308	(28)	(115) (8)(9)(21)(23)
	Preferred Equity - Preferred Stock	N/A	N/A	461,538 Shares	462	231 (9)(13)
					26,865	25,735
Hayward Industries, Inc.						
Hayward Industries, Inc.	Second Lien Secured Debt	9.24% (1M L+825)	08/04/25	21,919	21,693	20,639
KDC						
KDC US Holdings	First Lien Secured Debt - Revolver	5.50% (P+225)	12/21/23	5,731	5,732	5,173 (23)
	First Lien Secured Debt - Unfunded Revolver	0.25% Unfunded	12/21/23	214	—	(22) (8)(21)(23)
	First Lien Secured Debt - Letters of Credit	3.25%	11/06/20 - 03/08/21	65	—	(6) (8)(23)
	First Lien Secured Debt - Letter of Credit	3.25%	02/05/21	£ 10	—	— (8)(23)
					5,732	5,145
KLO Holdings, LLC						
9357-5991 Quebec Inc.	First Lien Secured Debt	11.82% (3M L+775 Cash plus 2.00% PIK)	04/07/22	9,562	8,653	2,118 (13)(14)
KLO Acquisition LLC	First Lien Secured Debt	11.82% (3M L+775 Cash plus 2.00% PIK)	04/07/22	5,373	4,838	30 (13)(14)
					13,491	2,148
NSi Industries						
Wildcat BuyerCo, Inc.	First Lien Secured Debt	7.14% (3M L+550, 1.00% Floor)	02/27/26	6,087	5,946	5,946
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	02/27/26	717	(16)	(16) (8)(21)(23)
	First Lien Secured Debt - Letter of Credit	5.50%	08/30/20	8	—	— (23)
	First Lien Secured Debt - Unfunded Delayed Draw	0.00% Unfunded	02/27/26	3,188	(35)	(72) (8)(21)(23)
Wildcat Parent LP	Common Equity/Interests - Common Stock	N/A	N/A	1,000 Shares	100	100 (13)
					5,995	5,958

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Industry / Company	Investment Type	Interest Rate (20)	Maturity Date	Par/Shares (12)	Cost (28)	Fair Value (1)(29)	
Liqui-Box							
Liqui-Box Holdings, Inc.	First Lien Secured Debt - Revolver	5.95% (3M L+450, 1.00% Floor)	02/26/25	475	475	470	(23)
	First Lien Secured Debt - Revolver	5.50% (3M L+450, 1.00% Floor)	02/26/25	712	712	705	(23)
	First Lien Secured Debt - Revolver	5.73% (3M L+450, 1.00% Floor)	02/26/25	1,186	1,186	1,175	(23)
	First Lien Secured Debt - Revolver	5.77% (3M L+450, 1.00% Floor)	02/26/25	712	712	705	(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	02/26/25	401	(35)	(4)	(8)(21)(23)
	First Lien Secured Debt - Letters of Credit	4.50%	09/27/20 - 10/01/20	32	—	—	(23)
	First Lien Secured Debt - Letter of Credit	4.50%	06/30/21	€ 42	—	—	(23)
					3,050	3,051	
Sorenson Holdings, LLC							
Sorenson Holdings, LLC	Common Equity/Interests - Membership Interests	N/A	N/A	587 Shares	—	418	(10)(13)
Total Consumer Goods – Durable					\$ 88,622	\$ 75,009	
Consumer Goods – Non-durable							
3D Protein							
Protein For Pets Opco, LLC	First Lien Secured Debt	6.00% (1M L+500, 1.00% Floor)	11/28/25	\$ 12,717	\$ 12,495	\$ 12,399	(9)
	First Lien Secured Debt - Revolver	6.22% (3M L+500, 1.00% Floor)	05/31/24	444	444	433	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	05/31/24	1,775	(48)	(44)	(8)(9)(21)(23)
					12,891	12,788	
Beauty Industry Group (BIG)							
BIG Buyer, LLC	First Lien Secured Debt	7.57% (6M L+650, 1.00% Floor)	11/20/23	22,368	21,889	21,504	(9)
	First Lien Secured Debt - Revolver	7.57% (6M L+650, 1.00% Floor)	11/20/23	120	120	114	(9)(23)
	First Lien Secured Debt - Revolver	7.50% (1M L+650, 1.00% Floor)	11/20/23	602	602	570	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	11/20/23	1,083	(39)	(57)	(8)(9)(21)(23)
					22,572	22,131	
DMC							
Lion Cashmere Midco Limited	First Lien Secured Debt	6.75% (6M L+575, 1.00% Floor)	03/21/25	13,053	12,863	11,969	(9)(17)
	First Lien Secured Debt - Revolver	5.75% (3M E+525)	03/21/24	€ 356	392	357	(9)(17)(23)
	First Lien Secured Debt - Revolver	5.75% (6M E+525)	03/21/24	€ 605	655	608	(9)(17)(23)
	First Lien Secured Debt - Revolver	5.86% (6M GBPL+525)	03/21/24	€ 225	247	226	(9)(17)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	2.01% Unfunded	03/21/25	€ 2,371	(39)	(216)	(8)(9)(17)(21)(23)
					14,118	12,944	
Olaplex							
Olaplex, Inc.	First Lien Secured Debt	7.50% (1M L+650, 1.00% Floor)	01/08/26	26,200	25,696	25,696	(9)
	First Lien Secured Debt - Revolver	7.50% (1M L+650, 1.00% Floor)	01/08/25	3,800	3,727	3,724	(9)(23)
					29,423	29,420	

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Sequential Brands Group, Inc.							
Sequential Brands Group, Inc.	Second Lien Secured Debt	9.75% (1M L+875)	02/07/24	12,965	\$ 12,882	\$ 12,289	(17)
Total Consumer Goods – Non-durable					\$ 91,886	\$ 89,572	
Consumer Services							
1A Smart Start LLC							
1A Smart Start LLC	Second Lien Secured Debt	9.32% (3M L+825, 1.00% Floor)	08/22/22	\$ 25,100	\$ 24,842	\$ 24,282	
Clarus Commerce							
Marlin DTC-LS Midco 2, LLC	First Lien Secured Debt	6.57% (6M L+550, 1.00% Floor)	07/01/25	9,245	9,103	8,806	
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	07/01/25	685	(10)	(33)	(8)(21)(23)
					9,093	8,773	
First Heritage							
First Heritage Credit, LLC	First Lien Secured Debt	6.33% (1M L+475)	04/02/22	18,450	18,340	17,959	(9)
	First Lien Secured Debt - Revolver	7.08% (1M L+550)	04/02/22	517	517	504	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	04/02/22	3,233	(25)	(83)	(8)(9)(21)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	0.50% Unfunded	04/02/22	7,800	(65)	(207)	(8)(9)(21)(23)
					18,767	18,173	
Only About Children							
Nemo (BC) Bidco Pty Ltd	First Lien Secured Debt	6.75% (1M BBSW+575, 1.00% Floor)	04/06/24	A\$ 6,768	4,923	3,894	(17)
	First Lien Secured Debt - Unfunded Delayed Draw	2.59% Unfunded	04/06/24	A\$ 232	(7)	(9)	(8)(17)(21)(23)
					4,916	3,885	
Paper Source							
Paper Source, Inc.	First Lien Secured Debt	8.78% (3M L+700, 1.00% Floor)	05/22/24	11,620	11,427	10,981	(9)
	First Lien Secured Debt - Revolver	9.25% (P+600)	05/22/24	1,890	1,890	1,786	(9)(23)
	First Lien Secured Debt - Revolver	8.70% (3M L+700, 1.00% Floor)	05/22/24	205	154	194	(9)(23)
	First Lien Secured Debt - Revolver	8.74% (3M L+700, 1.00% Floor)	05/22/24	411	411	388	(9)(23)
	First Lien Secured Debt - Revolver	8.83% (3M L+700, 1.00% Floor)	05/22/24	205	205	194	(9)(23)
	First Lien Secured Debt - Revolver	8.85% (3M L+700, 1.00% Floor)	05/22/24	370	370	350	(9)(23)
					14,457	13,893	
Pinstripe Holdings, LLC							
Pinstripe Holdings, LLC	First Lien Secured Debt	7.08% (6M L+600, 1.00% Floor)	01/17/25	6,930	6,819	6,547	
The Club Company							
Eldrickco Limited	First Lien Secured Debt	6.04% (3M GBPL+550, 0.50% Floor)	11/21/25	£ 750	938	869	(9)(17)
	First Lien Secured Debt	6.23% (3M GBPL+550, 0.50% Floor)	11/21/25	£ 9,914	12,376	11,336	(9)(17)
	First Lien Secured Debt - Revolver	5.52% (3M GBPL+500, 0.50% Floor)	05/21/25	£ 345	394	394	(9)(17)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	1.93% Unfunded	11/21/25	£ 3,991	(104)	(326)	(8)(9)(17)(21)(23)
					13,604	12,273	

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Tidewater Consumer Receivables, LLC							
Tidewater Consumer Receivables, LLC	First Lien Secured Debt	7.33% (1M L+575)	12/28/23	11,333	11,248	11,090	(9)(17)
	First Lien Secured Debt - Revolver	7.33% (1M L+575)	12/28/23	1,537	1,537	1,504	(9)(17)(23)
	First Lien Secured Debt - Unfunded Revolver	0.00% Unfunded	12/28/23	130	(9)	(3)	(8)(9)(17)(21)(23)
					12,776	12,591	
US Auto							
U.S. Auto Finance, Inc.	First Lien Secured Debt	6.33% (3M L+475)	04/17/22	20,893	20,824	20,351	(9)
	First Lien Secured Debt - Revolver	7.08% (3M L+550)	04/17/22	3,052	3,052	2,973	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	04/17/22	16,948	(71)	(441)	(8)(9)(21)(23)
					23,805	22,883	
			Total Consumer Services		\$ 129,079	\$ 123,300	
Containers, Packaging & Glass							
TricorBraun Holdings, Inc.							
TricorBraun Holdings, Inc.	First Lien Secured Debt - Revolver	4.05% (1M L+325)	11/30/21	\$ 1,500	\$ 1,500	\$ 1,478	(23)
	First Lien Secured Debt - Revolver	5.50% (P+225)	11/30/21	3,750	3,750	3,695	(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	11/30/21	375	(169)	(6)	(8)(21)(23)
			Total Containers, Packaging & Glass		\$ 5,081	\$ 5,167	
Diversified Investment Vehicles, Banking, Finance, Real Estate							
Celink							
Compu-Link Corporation	First Lien Secured Debt - Revolver	6.50% (1M L+550, 1.00% Floor)	06/11/24	\$ 45	\$ 3	\$ 44	(9)(23)
	First Lien Secured Debt - Revolver	6.72% (3M L+550, 1.00% Floor)	06/11/24	2,227	2,227	2,152	(9)(23)
Peer Advisors, LLC	First Lien Secured Debt	6.50% (1M L+550, 1.00% Floor)	06/11/24	21,875	21,461	21,138	(9)
					23,691	23,334	
Exeter Property Group, LLC							
Exeter Property Group, LLC	First Lien Secured Debt	6.08% (1M L+450)	08/28/24	4,772	4,714	4,618	(9)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	08/28/24	192	(2)	(6)	(8)(9)(21)(23)
					4,712	4,612	
Flock Financial, LLC							
Flock SPV I, LLC	First Lien Secured Debt	8.08% (1M L+650)	08/30/22	13,067	13,018	12,788	(9)(17)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	08/30/22	1,333	(8)	(28)	(8)(9)(17)(21)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	0.50% Unfunded	08/30/22	5,600	(64)	(119)	(8)(9)(17)(21)(23)
					12,946	12,641	
Golden Bear							
Golden Bear 2016-R, LLC (4)	Structured Products and Other - Membership Interests	N/A	09/20/42	—	16,729	9,748	(3)(17)

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Purchasing Power, LLC							
Purchasing Power Funding I, LLC	First Lien Secured Debt - Revolver	8.08% (1M L+650)	01/24/22	4,608	4,608	4,529	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	01/24/22	4,504	—	(77)	(8)(9)(21)(23)
					4,608	4,452	
Taupo River II, LLC							
Taupo River II, LLC	First Lien Secured Debt	7.16% (3M L+525, 1.00% Floor)	06/08/20	14,000	13,993	13,966	(9)(17)
Ten-X, LLC							
Ten-X, LLC	First Lien Secured Debt - Revolver	4.00% (1M L+325)	09/29/22	3,120	3,120	2,911	(23)
	First Lien Secured Debt - Revolver	4.19% (1M L+325)	09/29/22	1,560	1,350	1,455	(23)
					4,470	4,366	
Total Diversified Investment Vehicles, Banking, Finance, Real Estate					\$ 81,149	\$ 73,119	
Education							
NFA Group							
SSCP Spring Bidco Limited	First Lien Secured Debt	6.94% (6M GPBL+625, 0.50% Floor)	07/30/25	£ 535	\$ 641	\$ 634	(9)(17)
	First Lien Secured Debt	6.99% (6M GBPL+625, 0.50% Floor)	07/30/25	£ 28,370	33,983	33,627	(9)(17)
	First Lien Secured Debt - Unfunded Delayed Draw	1.88% Unfunded	07/30/25	£ 1,095	(29)	(60)	(8)(9)(17)(21)(23)
Total Education					\$ 34,595	\$ 34,201	
Energy – Electricity							
AMP Solar Group, Inc.							
AMP Solar Group, Inc. (4)	Common Equity/Interests - Class A Common Unit	N/A	N/A	243,646 Shares	\$ 10,000	\$ 8,736	(13)(17)
Renew Financial LLC (f/k/a Renewable Funding, LLC)							
AIC SPV Holdings II, LLC (4)	Preferred Equity - Preferred Stock	N/A	N/A	143 Shares	534	442	(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	3,284	(13)
	Preferred Equity - Series D Preferred Stock	N/A	N/A	436,689 Shares	5,568	2,101	(13)
Renew JV LLC (4)	Common Equity/Interests - Membership Interests	N/A	N/A	893,336 Shares	893	914	(13)(17)
					15,338	6,741	
Solarplicity Group Limited (f/k/a AMP Solar UK)							
Solarplicity UK Holdings Limited	First Lien Secured Debt	4.00%	03/08/23	£ 5,562	7,637	3,787	(13)(14)(17)
	Preferred Equity - Preferred Stock	N/A	N/A	4,286 Shares	5,861	—	(2)(13)(17)
	Common Equity - Ordinary Shares	N/A	N/A	2,825 Shares	4	—	(2)(13)(17)
					13,502	3,787	
Total Energy – Electricity					\$ 38,840	\$ 19,264	
Energy – Oil & Gas							
Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.)							
Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.) (5)	Second Lien Secured Debt	10.00% PIK Toggle (8.00% Cash)	03/29/21	\$ 37,234	\$ 36,926	\$ 14,711	(13)(14)
	Common Equity/Interests - Common Stock	N/A	N/A	5,000,000 Shares	30,078	—	(13)
					67,004	14,711	

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Pelican							
Pelican Energy, LLC (4)	Common Equity/Interests - Membership Interests	N/A	N/A	1,444 Shares	16,822	2,411	(13)(16)(17)
Spotted Hawk							
SHD Oil & Gas, LLC (5)	First Lien Secured Debt - Tranche C Note	12.00%	07/31/21	24,000	24,000	24,720	
	First Lien Secured Debt - Tranche A Note	4.00% (4.00% Cash plus 0.00% PIK)	07/31/21	45,457	44,998	22,495	(13)(14)
	First Lien Secured Debt - Tranche B Note	3.00% PIK	07/31/21	84,484	44,380	—	(13)(14)
	Common Equity/Interests - Series A Units	N/A	N/A	7,600,000 Shares	1,411	—	(13)(16)
					114,789	47,215	
Total Energy – Oil & Gas					\$ 198,615	\$ 64,337	
Environmental Industries							
Denali							
Dispatch Acquisition Holdings, LLC	First Lien Secured Debt	7.27% (3M L+550, 1.00% Floor)	01/29/27	\$ 16,342	\$ 15,983	\$ 15,983	(9)
	First Lien Secured Debt - Revolver	7.28% (3M L+550, 1.00% Floor)	01/29/26	325	325	317	(9)(23)
	First Lien Secured Debt - Revolver	7.27% (3M L+550, 1.00% Floor)	01/29/26	812	812	793	(9)(23)
	First Lien Secured Debt - Revolver	7.75% (P+450)	01/29/26	325	325	317	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	01/29/26	1,786	(71)	(40)	(8)(9)(21)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	0.75% Unfunded	01/29/27	5,411	(66)	(122)	(8)(9)(21)(23)
					17,308	17,248	
Ortega National Parks							
Ortega National Parks, LLC	First Lien Secured Debt	6.32% (6M L+525, 1.00% Floor)	10/31/25	11,229	11,020	10,551	(9)
	First Lien Secured Debt	6.52% (3M L+525, 1.00% Floor)	10/31/25	492	487	462	(9)
	First Lien Secured Debt - Revolver	6.45% (3M L+525, 1.00% Floor)	10/31/25	1,503	1,465	1,411	(9)(23)
	First Lien Secured Debt - Revolver	7.04% (3M L+525, 1.00% Floor)	10/31/25	273	273	257	(9)(23)
	First Lien Secured Debt - Revolver	7.16% (3M L+525, 1.00% Floor)	10/31/25	273	273	257	(9)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	1.00% Unfunded	10/31/25	6,202	(62)	(375)	(8)(9)(21)(23)
					13,456	12,563	
Total Environmental Industries					\$ 30,764	\$ 29,811	
Food & Grocery							
Bumble Bee Foods S.À R.L.							
Bumble Bee Holdings Inc	First Lien Secured Debt	N/A	01/31/24	\$ 443	\$ —	\$ 430	
Connors Bros Clover Leaf Seafoods Company	First Lien Secured Debt	N/A	01/31/24	126	—	122	
Tonos US LLC	First Lien Secured Debt	8.96% (3M L+725, 1.50% Floor)	01/31/24	15,123	15,319	14,670	
Total Food & Grocery					\$ 15,319	\$ 15,222	
Healthcare & Pharmaceuticals							
Altasciences, Inc.							
9360-1367 Quebec Inc.	First Lien Secured Debt	8.49% (3M CADL+625, 1.00% Floor)	06/09/23	C\$ 2,357	\$ 1,734	\$ 1,602	(9)(17)
	First Lien Secured Debt	7.32% (6M L+625, 1.00% Floor)	06/09/23	\$ 2,821	2,787	2,730	(9)(17)
	First Lien Secured Debt	7.25% (1M L+625, 1.00% Floor)	06/09/23	19	19	18	(9)(17)

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Altasciences US Acquisition, Inc.	First Lien Secured Debt	7.32% (6M L+625, 1.00% Floor)	06/09/23	5,959	5,879	5,765	(9)
	First Lien Secured Debt	7.25% (1M L+625, 1.00% Floor)	06/09/23	37	37	36	(9)
	First Lien Secured Debt - Revolver	7.30% (3M L+625, 1.00% Floor)	06/09/23	392	392	379	(9)(23)
	First Lien Secured Debt - Revolver	7.45% (3M L+625, 1.00% Floor)	06/09/23	456	456	441	(9)(23)
	First Lien Secured Debt - Revolver	7.52% (3M L+625, 1.00% Floor)	06/09/23	570	570	552	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.25% Unfunded	06/09/23	7	(17)	—	(8)(9)(11)(21)(23)
					11,857	11,523	
American Veterinary Group							
AVG Intermediate Holdings LLC	First Lien Secured Debt	9.00% (1M L+800, 1.00% Floor)	02/08/24	11,759	11,642	11,097	(9)
	First Lien Secured Debt - Unfunded Delayed Draw	1.00% Unfunded	02/08/24	1,466	(113)	(83)	(8)(9)(21)(23)
					11,529	11,014	
AmeriVet							
Amerivet Partners Management, Inc.	First Lien Secured Debt	7.75% (1M L+675, 1.00% Floor)	06/05/24	26,429	25,944	25,480	(9)
	First Lien Secured Debt - Revolver	9.00% (P+575)	06/05/24	524	524	505	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	06/05/24	282	(14)	(10)	(8)(9)(21)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	0.50% Unfunded	06/05/24	7,648	(95)	(275)	(8)(9)(21)(23)
Amerivet Partners Parent LP	Common Equity/Interests - Class D Partnership Units	N/A	N/A	13 Shares	125	144	(9)(13)
					26,484	25,844	
Analogic							
Analogic Corporation	First Lien Secured Debt	6.25% (1M L+525, 1.00% Floor)	06/22/24	18,215	17,894	17,851	(9)
	First Lien Secured Debt - Revolver	6.25% (1M L+525, 1.00% Floor)	06/22/23	157	157	153	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	06/22/23	1,670	(42)	(33)	(8)(9)(21)(23)
					18,009	17,971	
BioClinica Holding I, LP							
BioClinica Holding I, LP	Second Lien Secured Debt	9.25% (1M L+825, 1.00% Floor)	10/21/24	24,612	24,303	23,345	
BK Medical							
BK Medical Holding Company, Inc.	First Lien Secured Debt	6.25% (1M L+525, 1.00% Floor)	06/22/24	7,304	7,235	7,234	(9)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	06/22/23	783	(7)	(8)	(8)(9)(21)(23)
					7,228	7,226	
CARE Fertility							
Royton Bidco Limited	First Lien Secured Debt	6.29% (3M GBPL+575, 0.50% Floor)	05/09/25	£ 559	647	650	(9)(17)
	First Lien Secured Debt	6.42% (3M GBPL+575, 0.50% Floor)	05/09/25	£ 15,588	19,794	18,130	(9)(17)
	First Lien Secured Debt	6.48% (6M GBPL+575, 0.50% Floor)	05/09/25	£ 293	370	340	(9)(17)
	First Lien Secured Debt - Unfunded Delayed Draw	2.01% Unfunded	05/09/25	£ 3,559	(74)	(274)	(8)(9)(17)(21)(23)
					20,737	18,846	

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Industry / Company	Investment Type	Interest Rate (20)	Maturity Date	Par/Shares (12)	Cost (28)	Fair Value (1) (29)	
Cerus							
Cerus Corporation	First Lien Secured Debt	7.25% (1M L+545, 1.80% Floor)	03/01/24	12,000	11,952	12,146	(9)(17)
	First Lien Secured Debt - Revolver	5.55% (1M L+375, 1.80% Floor)	03/01/24	187	187	189	(9)(17)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	03/01/24	313	(1)	—	(9)(17)(21)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	0.00% Unfunded	03/01/24	9,000	(36)	—	(9)(17)(21)(23)
					12,102	12,335	
Dohmen Life Science Services							
LSCS Holdings, Inc	Second Lien Secured Debt	9.70% (3M L+825)	03/16/26	19,818	19,473	18,901	
Emmes Corporation							
Emmes Blocker, Inc.	Common Equity/Interests - Common Stock	N/A	N/A	306 Shares	306	314	(9)(13)
The Emmes Company, LLC	First Lien Secured Debt	6.58% (1M L+500, 1.00% Floor)	03/03/25	12,122	11,973	11,819	(9)
	First Lien Secured Debt - Revolver	6.00% (1M L+500, 1.00% Floor)	03/03/25	2,449	2,419	2,388	(9)(23)
					14,698	14,521	
Genesis Healthcare, Inc.							
Genesis Healthcare, Inc.	First Lien Secured Debt	12.58% (1M L+1100, 1.00% Floor)	03/06/23	8,370	8,370	8,197	(9)
	First Lien Secured Debt	7.58% (1M L+600, 0.50% Floor)	03/06/23	25,000	24,780	24,237	(9)
	First Lien Secured Debt - Revolver	7.58% (1M L+600, 0.50% Floor)	03/08/23	14,069	14,069	13,605	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	03/08/23	46,801	(462)	(1,542)	(8)(9)(21)(23)
					46,757	44,497	
Gossamer							
GB001, Inc.	First Lien Secured Debt	8.15% (1M L+615, 2.00% Floor)	05/01/24	6,000	5,970	6,049	(9)(17)
	First Lien Secured Debt - Unfunded Delayed Draw	0.00% Unfunded	05/01/24	24,000	(196)	—	(9)(17)(21)(23)
					5,774	6,049	
Health & Safety Institute							
HSI Halo Acquisition, Inc.	First Lien Secured Debt	6.75% (1M L+575, 1.00% Floor)	08/31/26	25,288	25,053	24,360	(9)
	First Lien Secured Debt - Revolver	8.00% (P+475)	08/30/25	2,049	2,049	1,983	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	08/30/25	410	(22)	(13)	(8)(9)(21)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	1.00% Unfunded	08/31/26	2,131	(38)	(78)	(8)(9)(21)(23)
	Common Equity/Interests - Common Stock	N/A	N/A	500 Shares	500	398	(9)(13)
					27,542	26,650	
IMA Group							
IMA Group Management Company, LLC	First Lien Secured Debt	6.57% (6M L+550, 1.00% Floor)	05/30/24	5,126	5,083	4,921	
IM Acquirer LLC	First Lien Secured Debt - Revolver	6.50% (1M L+550, 1.00% Floor)	05/30/24	289	287	277	(23)
					5,370	5,198	

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KureSmart							
Clearway Corporation (f/k/a NP/Clearway Holdings, Inc.)	Common Equity/Interests - Partnership Interests	N/A	N/A	133 Shares	133	120	(9)(13)
Kure Pain Holdings, Inc.	First Lien Secured Debt	6.50% (1M L+550, 1.00% Floor)	08/27/24	22,102	21,810	21,015	(9)
	First Lien Secured Debt - Revolver	6.50% (1M L+550, 1.00% Floor)	08/27/24	2,654	2,619	2,522	(9)(23)
					24,562	23,657	
Lanai Holdings III, Inc. (Patterson Medical)							
Lanai Holdings III, Inc.	Second Lien Secured Debt	10.28% (3M L+1050 PIK, 1.00% Floor)	08/28/23	17,391	17,138	14,383	
Mannkind Corporation							
Mannkind Corporation	First Lien Secured Debt	8.75% (1M L+675, 2.00% Floor)	08/01/24	13,867	13,806	13,639	(9)
	First Lien Secured Debt - Unfunded Delayed Draw	0.00% Unfunded	08/01/24	12,133	(53)	(199)	(8)(9)(21)(23)
					13,753	13,440	
Maxor National Pharmacy Services, LLC							
Maxor National Pharmacy Services, LLC	First Lien Secured Debt	6.95% (3M L+550, 1.00% Floor)	11/22/23	24,476	24,107	23,754	(9)
	First Lien Secured Debt - Revolver	7.75% (P+450)	11/22/22	779	779	760	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	11/22/22	779	(21)	(19)	(8)(9)(21)(23)
					24,865	24,495	
Medical Guardian							
Medical Guardian, LLC	First Lien Secured Debt	9.50% (1M L+850, 1.00% Floor)	12/31/24	34,286	33,635	33,600	(9)
	First Lien Secured Debt - Revolver	9.50% (1M L+850, 1.00% Floor)	12/31/24	381	381	373	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	12/31/24	5,333	(108)	(107)	(8)(9)(21)(23)
					33,908	33,866	
Orchard							
Orchard Therapeutics plc	First Lien Secured Debt	7.58% (1M L+600, 1.00% Floor)	05/24/24	8,333	8,299	8,257	(9)(17)
	First Lien Secured Debt - Unfunded Delayed Draw	0.00% Unfunded	05/24/24	16,667	(69)	(153)	(8)(9)(17)(21)(23)
					8,230	8,104	
Ovation Fertility							
FPG Services, LLC	First Lien Secured Debt	6.95% (3M L+550, 1.00% Floor)	06/13/25	12,537	12,319	11,820	(9)
	First Lien Secured Debt - Revolver	6.50% (6M L+550, 1.00% Floor)	06/13/24	2,105	2,070	1,985	(9)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	1.00% Unfunded	06/13/25	5,263	(46)	(301)	(8)(9)(21)(23)
					14,343	13,504	
Partner Therapeutics, Inc							
Partner Therapeutics, Inc	First Lien Secured Debt	8.23% (1M L+665, 1.00% Floor)	01/01/23	10,000	9,896	9,945	(9)
	Preferred Equity - Preferred Stock	N/A	N/A	55,556 Shares	333	333	(9)(13)
	Warrants	N/A	N/A	33,333 Shares	135	88	(9)(13)
					10,364	10,366	

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PHS							
PHS Buyer, Inc.	First Lien Secured Debt	6.70% (3M L+525, 1.00% Floor)	01/31/25	12,870	12,636	12,548	(9)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	01/31/25	2,000	(36)	(50)	(8)(9)(21)(23)
					12,600	12,498	
ProPharma							
ProPharma Group Intermediate, LLC	First Lien Secured Debt	6.74% (1M L+575, 0.50% Floor)	07/12/23	€ 6,357	7,196	6,835	
	First Lien Secured Debt	6.74% (1M L+575, 0.50% Floor)	07/12/23	£ 4,220	5,490	5,128	
	First Lien Secured Debt	6.74% (1M L+575, 0.50% Floor)	07/12/23	11,358	11,276	11,132	
	First Lien Secured Debt - Revolver	7.20% (1M L+575, 0.50% Floor)	07/12/23	1,032	1,025	1,012	(23)
					24,987	24,107	
PTC Therapeutics, Inc							
PTC Therapeutics, Inc	First Lien Secured Debt	7.73% (1M L+615, 1.00% Floor)	05/01/21	7,389	7,379	7,463	(9)(17)
Radius Health							
Radius Health, Inc.	First Lien Secured Debt	7.75% (1M L+575, 2.00% Floor)	06/01/24	3,000	2,993	2,993	(9)(17)
	First Lien Secured Debt - Unfunded Revolver	0.00% Unfunded	06/01/24	2,000	(5)	(5)	(8)(9)(17)(21)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	0.00% Unfunded	06/01/24	13,500	—	(33)	(8)(9)(17)(21)(23)
					2,988	2,955	
RHA Health Services							
Pace Health Companies, LLC	First Lien Secured Debt	5.95% (3M L+450, 1.00% Floor)	08/02/24	547	538	525	(9)
	First Lien Secured Debt - Revolver	5.50% (1M L+450, 1.00% Floor)	08/02/24	433	424	415	(9)(23)
	First Lien Secured Debt - Letter of Credit	4.50%	12/10/20	68	—	(3)	(8)(9)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	0.00% Unfunded	08/02/24	3,950	(35)	(163)	(8)(9)(21)(23)
					927	774	
Rigel Pharmaceuticals							
Rigel Pharmaceuticals, Inc.	First Lien Secured Debt	7.23% (1M L+565, 1.50% Floor)	09/01/24	3,000	3,001	2,959	(9)
	First Lien Secured Debt - Unfunded Delayed Draw	0.00% Unfunded	09/01/24	3,000	—	(41)	(8)(9)(21)(23)
					3,001	2,918	
RiteDose Holdings I, Inc.							
RiteDose Holdings I, Inc.	First Lien Secured Debt	8.41% (3M L+650, 1.00% Floor)	09/13/23	14,662	14,387	14,114	(9)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	09/13/22	2,000	(32)	(57)	(8)(9)(21)(23)
					14,355	14,057	
Teladoc, Inc.							
Teladoc, Inc.	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	07/14/20	1,306	(6)	—	(17)(21)(23)
	First Lien Secured Debt - Letters of Credit	7.25%	05/11/20 - 07/14/20	360	—	—	(17)(23)
					(6)	—	
Wright Medical Group, Inc.							
Wright Medical Group, Inc.	First Lien Secured Debt	9.43% (1M L+785, 1.00% Floor)	12/23/21	6,667	6,603	6,733	(9)(17)
	First Lien Secured Debt - Revolver	5.83% (1M L+425, 0.75% Floor)	12/23/21	7,666	7,666	7,724	(9)(17)(23)

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	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	12/23/21	50,667	(224)	—	(9)(17)(21)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	0.00% Unfunded	12/23/21	11,667	(63)	—	(9)(17)(21)(23)
					13,982	14,457	
Total Healthcare & Pharmaceuticals					\$ 479,239	\$ 464,964	
High Tech Industries							
Acronis AG							
Acronis AG	First Lien Secured Debt	7.43% (1M L+585, 1.50% Floor)	12/18/24	\$ 21,000	\$ 20,901	\$ 20,217	(9)(17)
American Megatrends							
AMI US Holdings Inc.	First Lien Secured Debt	6.83% (1M L+525, 1.00% Floor)	04/01/25	21,872	21,507	21,216	(9)
	First Lien Secured Debt - Revolver	6.25% (1M L+525)	04/01/24	1,395	1,395	1,351	(9)(23)
	First Lien Secured Debt - Revolver	6.32% (6M L+525)	04/01/24	698	698	675	(9)(23)
	First Lien Secured Debt - Revolver	6.83% (1M L+525)	04/01/24	581	581	563	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	04/01/24	233	(46)	(7)	(8)(9)(21)(23)
					24,135	23,798	
Calero Holdings, Inc.							
Telesoft Holdings, LLC	First Lien Secured Debt	7.20% (3M L+575, 1.00% Floor)	12/16/25	22,727	22,240	21,723	
	First Lien Secured Debt - Revolver	6.75% (1M L+575, 1.00% Floor)	12/16/25	1,515	1,515	1,448	(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	12/16/25	758	(49)	(33)	(8)(21)(23)
					23,706	23,138	
ChargePoint							
ChargePoint, Inc.	First Lien Secured Debt	8.13% (1M L+655, 1.25% Floor)	06/01/23	10,500	10,432	10,321	(9)
ChyronHego Corporation							
ChyronHego Corporation	First Lien Secured Debt	7.43% (P+468)	3/9/20	3,725	3,725	3,650	(27)
	First Lien Secured Debt	7.43% (P+468)	3/9/20	34,579	34,382	29,738	(18)(27)
	First Lien Secured Debt	5.54% (1M L+390, 1.00% Floor)	3/9/20	34,753	30,630	31,625	(27)
	First Lien Secured Debt - Revolver	5.54% (1M L+390, 1.00% Floor)	3/9/20	5,050	5,050	4,848	(23)(27)
	First Lien Secured Debt - Unfunded Revolver	0.375% Unfunded	3/9/20	700	(678)	(28)	(8)(21)(23)(27)
					73,109	69,833	
Digital Reasoning							
Digital Reasoning Systems, Inc.	First Lien Secured Debt	8.25% (1M L+625, 2.00% Floor)	08/01/24	3,750	3,721	3,630	(9)
	First Lien Secured Debt - Unfunded Delayed Draw	0.00% Unfunded	08/01/24	1,250	(11)	(40)	(8)(9)(21)(23)
	Warrants	N/A	N/A	48,596 Shares	—	48	(9)(13)
					3,710	3,638	
FiscalNote							
FiscalNote, Inc.	First Lien Secured Debt	9.00% (1M L+800, 1.00% Floor)	08/21/23	28,431	27,905	27,075	(9)
	First Lien Secured Debt - Revolver	9.00% (1M L+800, 1.00% Floor)	08/21/23	3,867	3,867	3,654	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	08/21/23	2,508	(79)	(138)	(8)(9)(21)(23)
	Preferred Equity - Series F Preferred Stock	N/A	N/A	259,565 Shares	1,500	1,500	(9)(13)
					33,193	32,091	

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GoHealth							
Norvax, LLC	First Lien Secured Debt	7.96% (3M L+650, 1.00% Floor)	09/15/25	31,659	30,939	30,222	(9)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	09/13/24	3,182	(71)	(129)	(8)(9)(21)(23)
					30,868	30,093	
International Cruise & Excursion Gallery, Inc.							
International Cruise & Excursion Gallery, Inc.	First Lien Secured Debt	6.32% (3M L+525, 1.00% Floor)	06/06/25	14,737	14,517	13,439	
LabVantage Solutions							
LabVantage Solutions Inc.	First Lien Secured Debt	9.15% (1M L+750, 1.00% Floor)	12/29/20	10,324	10,274	10,221	
LabVantage Solutions Limited	First Lien Secured Debt	8.50% (1M E+750, 1.00% Floor)	12/29/20	€ 10,513	11,262	11,420	(17)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	12/29/20	€ 3,435	(11)	(38)	(8)(17)(21)(23)
					21,525	21,603	
Magnitude Software							
New Amsterdam Software BidCo LLC	First Lien Secured Debt	5.00% (3M E+500, 1.00% Floor)	05/01/26	€ 743	819	783	(9)
	First Lien Secured Debt	6.77% (3M L+500, 1.00% Floor)	05/01/26	6,865	6,745	6,590	(9)
	First Lien Secured Debt - Unfunded Delayed Draw	0.50% Unfunded	05/01/26	2,250	(20)	(90)	(8)(9)(21)(23)
					7,544	7,283	
MYCOM							
Magnate Holding Corp.	First Lien Secured Debt	7.32% (6M L+625, 1.00% Floor)	12/16/24	16,587	16,392	10,597	(9)(17)
	First Lien Secured Debt - Revolver	7.32% (6M L+625, 1.00% Floor)	12/14/23	1,025	1,025	655	(9)(17)(23)
	First Lien Secured Debt - Revolver	7.23% (6M L+625, 1.00% Floor)	12/14/23	999	999	638	(9)(17)(23)
	First Lien Secured Debt - Revolver	7.90% (3M L+625, 1.00% Floor)	12/14/23	666	666	426	(9)(17)(23)
	First Lien Secured Debt - Unfunded Revolver	1.75% Unfunded	12/14/23	500	(37)	(181)	(8)(9)(17)(21)(23)
	First Lien Secured Debt - Letter of Credit	5.00%	04/22/20	140	—	(50)	(8)(9)(17)(23)
					19,045	12,085	
Omnitrac, LLC							
Omnitrac, LLC	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	03/23/23	3,750	(201)	(375)	(8)(21)(23)
Schlesinger Group							
Schlesinger Global, LLC	First Lien Secured Debt	7.45% (3M L+600, 1.00% Floor)	07/12/25	8,984	8,764	8,764	(9)
	First Lien Secured Debt	7.00% (1M L+600, 1.00% Floor)	07/12/25	154	151	151	(9)
	First Lien Secured Debt - Unfunded Delayed Draw	1.00% Unfunded	07/12/25	846	(10)	(21)	(8)(9)(21)(23)
					8,905	8,894	
Simeio							
Simeio Group Holdings, Inc.	First Lien Secured Debt	7.53% (3M L+575, 1.00% Floor)	01/30/26	8,654	8,528	8,528	(9)
	First Lien Secured Debt - Revolver	7.20% (3M L+575, 1.00% Floor)	01/30/26	577	577	568	(9)(23)
	First Lien Secured Debt - Revolver	8.00% (P+475)	01/30/26	577	577	568	(9)(23)
	First Lien Secured Debt - Revolver	6.80% (3M L+575, 1.00% Floor)	01/30/26	577	552	568	(9)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	0.75% Unfunded	01/30/26	4,615	(34)	(69)	(8)(9)(21)(23)
					10,200	10,163	

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Sirsi Corporation							
Sirsi Corporation	First Lien Secured Debt	5.75% (1M L+475, 1.00% Floor)	03/15/24	6,895	6,813	6,722	(9)
	First Lien Secured Debt - Revolver	5.75% (1M L+475, 1.00% Floor)	03/15/24	43	43	42	(9)(23)
	First Lien Secured Debt - Revolver	7.00% (P+375)	03/15/24	43	43	42	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	03/15/24	343	(5)	(9)	(8)(9)(21)(23)
					6,894	6,797	
Springbrook							
Springbrook Holding Company, LLC	First Lien Secured Debt	7.20% (3M L+575, 1.00% Floor)	12/23/26	9,853	9,691	9,656	
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	12/23/26	1,463	(25)	(29)	(8)(21)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	0.50% Unfunded	12/23/26	3,658	(34)	(73)	(8)(21)(23)
					9,632	9,554	
Telestream Holdings Corporation							
Telestream Holdings Corporation	First Lien Secured Debt	7.61% (3M L +645, 1.00% Floor)	03/24/22	38,085	37,891	36,942	(18)
ZPower, LLC							
ZPower, LLC	First Lien Secured Debt	L+600	07/01/22	6,716	6,853	2,066	(9)(13)(14)
	Warrants	N/A	N/A	29,630 Shares	48	—	(9)(13)
					6,901	2,066	
				Total High Tech Industries	\$ 362,907	\$ 341,580	
Hotel, Gaming, Leisure, Restaurants							
Garden Fresh							
GFRC Holdings LLC	First Lien Secured Debt	L+800 Cash (L+800 PIK Toggle)	02/01/22	\$ 2,500	\$ 2,500	\$ 2,425	(13)(14)
				Total Hotel, Gaming, Leisure, Restaurants	\$ 2,500	\$ 2,425	
Insurance							
PGM Holdings Corporation							
Turbo Buyer, Inc.	First Lien Secured Debt	7.52% (1M L+600, 1.00% Floor)	12/02/25	11,942	11,660	11,524	(9)
	First Lien Secured Debt - Revolver	7.00% (6M L+600, 1.00% Floor)	12/02/25	923	901	891	(9)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	1.00% Unfunded	12/02/25	2,105	(25)	(74)	(8)(9)(21)(23)
					12,536	12,341	
PIB Group							
Ivy Finco Limited	First Lien Secured Debt	5.27% (1M GBPL+500)	06/07/25	£ 12,131	\$ 15,103	\$ 14,154	(9)(17)
	First Lien Secured Debt	5.73% (1M GBPL+500)	06/07/25	£ 2,657	3,348	3,100	(9)(17)
	First Lien Secured Debt - Unfunded Delayed Draw	1.50% Unfunded	06/07/25	£ 2,712	(131)	(198)	(8)(9)(17)(21)(23)
					18,320	17,056	
Relation Insurance							
AQ Sunshine, Inc.	First Lien Secured Debt	7.42% (6M L+550, 1.00% Floor)	04/15/25	\$ 17,008	16,773	16,354	(9)
	First Lien Secured Debt - Revolver	7.42% (6M L+550, 1.00% Floor)	04/15/24	588	588	569	(9)(23)
	First Lien Secured Debt - Revolver	6.57% (3M L+550, 1.00% Floor)	04/15/24	471	471	455	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	04/15/24	79	(19)	(3)	(8)(9)(21)(23)

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Industry / Company	Investment Type	Interest Rate (20)	Maturity Date	Par/Shares (12)	Cost (28)	Fair Value (1)(29)	
	First Lien Secured Debt - Letter of Credit	5.50%	04/30/20	38	—	(1)	(8)(9)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	1.00% Unfunded	04/15/25	1,694	(79)	(65)	(8)(9)(21)(23)
					17,734	17,309	
Risk Strategies							
RSC Acquisition , Inc.	First Lien Secured Debt	7.28% (3M L+550, 1.00% Floor)	11/02/26	16,121	15,832	15,468	(17)
	First Lien Secured Debt	6.95% (3M L+550, 1.00% Floor)	11/02/26	1,003	1,010	962	(17)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	11/02/26	494	(9)	(20)	(8)(17)(21)(23)
	First Lien Secured Debt - Letter of Credit	5.50%	04/07/20	5	—	—	(17)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	1.00% Unfunded	11/02/26	2,714	(86)	(110)	(8)(17)(21)(23)
					16,747	16,300	
				Total Insurance	\$ 65,337	\$ 63,006	
Manufacturing, Capital Equipment							
AVAD, LLC							
AVAD Canada Ltd.	First Lien Secured Debt - Revolver	5.58% (1M L+400, 1.00% Floor)	10/02/23	\$ 534	\$ 534	\$ 511	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	10/02/23	800	(14)	(35)	(8)(9)(21)(23)
AVAD, LLC	First Lien Secured Debt	9.33% (1M L+775, 1.00% Floor)	10/02/23	8,587	8,464	8,231	(9)
	First Lien Secured Debt - Revolver	5.58% (1M L+400, 1.00% Floor)	10/02/23	10,086	10,086	9,649	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	10/02/23	8,580	(219)	(372)	(8)(9)(21)(23)
					18,851	17,984	
Kauffman							
Kauffman Holdco, LLC	Common Equity/Interests - Class A Units	N/A	N/A	250,000 Shares	250	187	(9)(13)
Kauffman Intermediate, LLC	First Lien Secured Debt	7.20% (3M L+575, 1.00% Floor)	05/08/25	16,839	16,552	16,275	(9)
	First Lien Secured Debt - Revolver	6.97% (3M L+575, 1.00% Floor)	05/08/25	1,243	1,243	1,199	(9)(23)
	First Lien Secured Debt - Revolver	7.50% (3M L+575, 1.00% Floor)	05/08/25	233	233	225	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	05/08/25	932	(44)	(33)	(8)(9)(21)(23)
	First Lien Secured Debt - Letter of Credit	5.75%	07/25/20	155	—	(6)	(8)(9)(23)
					18,234	17,847	
MedPlast Holdings Inc.							
MedPlast Holdings Inc.	Second Lien Secured Debt	9.20% (3M L+775)	07/02/26	8,000	7,937	7,538	
				Total Manufacturing, Capital Equipment	\$ 45,022	\$ 43,369	
Media – Diversified & Production							
New Wave Entertainment							
NW Entertainment, Inc.	First Lien Secured Debt	8.00% (1M L+700, 1.00% Floor)	08/16/24	\$ 23,700	\$ 23,285	\$ 22,738	(9)
	First Lien Secured Debt - Revolver	8.00% (1M L+700, 1.00% Floor)	08/16/24	2,400	2,400	2,297	(9)(23)
	First Lien Secured Debt - Revolver	8.36% (1M L+700, 1.00% Floor)	08/16/24	600	548	574	(9)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	1.00% Unfunded	08/16/24	3,000	(52)	(122)	(8)(9)(21)(23)
					26,181	25,487	

See notes to financial statements.

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Industry / Company	Investment Type	Interest Rate (20)	Maturity Date	Par/Shares (12)	Cost (28)	Fair Value (1)(29)	
Nitro World Entertainment							
NWE OPCO LP	First Lien Secured Debt	8.50% (1M L+650, 2.00% Floor)	12/19/22	5,000	4,977	4,755	(9)
Sonar Entertainment							
Sonar Entertainment, Inc.	First Lien Secured Debt	9.18% (1M L+760, 1.25% Floor)	11/15/21	8,058	7,981	7,917	(9)
	First Lien Secured Debt - Revolver	9.18% (1M L+760, 1.25% Floor)	11/15/21	4,097	4,097	4,025	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	11/15/21	18,734	(216)	(328)	(8)(9)(21)(23)
					11,862	11,614	
Total Media – Diversified & Production					\$ 43,020	\$ 41,856	
Metals & Mining							
Magnetation, LLC							
Magnetation, LLC	First Lien Secured Debt	9.91% (6M L+800 Cash (PIK Toggle))	12/31/19	\$ 1,213	\$ 581	\$ —	(13)(14)(26)
Total Metals & Mining					\$ 581	\$ —	
Retail							
IPS							
SI Holdings, Inc.	First Lien Secured Debt	7.45% (3M L+600, 1.00% Floor)	07/25/25	\$ 31,641	\$ 31,067	\$ 30,420	(9)
	First Lien Secured Debt - Revolver	7.45% (3M L+600, 1.00% Floor)	07/25/24	853	853	820	(9)(23)
	First Lien Secured Debt - Revolver	7.20% (3M L+600, 1.00% Floor)	07/25/24	2,560	2,501	2,460	(9)(23)
					34,421	33,700	
Rapid Displays							
Rapid Displays Acquisition Corporation	First Lien Secured Debt	6.00% (1M L+500, 1.00% Floor)	07/01/25	440	432	423	(9)
	First Lien Secured Debt	6.76% (3M L+500, 1.00% Floor)	07/01/25	10,385	10,203	9,991	(9)
	First Lien Secured Debt	6.78% (3M L+500, 1.00% Floor)	07/01/25	577	571	555	(9)
	First Lien Secured Debt - Revolver	7.25% (P+400)	07/01/25	2,308	2,267	2,214	(9)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	1.00% Unfunded	07/01/25	1,154	(15)	(44)	(8)(9)(21)(23)
					13,458	13,139	
Total Retail					\$ 47,879	\$ 46,839	
Telecommunications							
IPC Corporation							
IPC Corporation	First Lien Secured Debt	6.78% (3M L+500, 1.00% Floor)	08/06/21	\$ 10,000	\$ 9,959	\$ 8,996	(9)
IPC Information Systems UK Holdings Limited	First Lien Secured Debt	8.21% (3M L+650, 1.50% Floor)	08/06/21	843	815	789	(9)(17)
	First Lien Secured Debt	8.24% (3M L+650, 1.50% Floor)	08/06/21	562	543	526	(9)(17)
					11,317	10,311	
Securus Technologies Holdings, Inc.							
Securus Technologies Holdings, Inc.	Second Lien Secured Debt	9.25% (1M L+825, 1.00% Floor)	11/01/25	12,878	12,788	10,817	
Total Telecommunications					\$ 24,105	\$ 21,128	
Transportation – Cargo, Distribution							
Dynamic Product Tankers (Prime), LLC							
Dynamic Product Tankers, LLC (5)	First Lien Secured Debt	8.94% (3M L+700)	06/30/23	\$ 42,000	\$ 41,870	\$ 42,000	(17)
	First Lien Secured Debt - Letters of Credit	2.25%	09/20/20 - 03/31/21	6,050	—	—	(17)(23)
	Common Equity/Interests - Class A Units	N/A	N/A	N/A	49,806	36,457	(13)(17)(24)
					91,676	78,457	

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Industry / Company	Investment Type	Interest Rate (20)	Maturity Date	Par/Shares (12)	Cost (28)	Fair Value (1)(29)	
Heniff and Superior							
Heniff Holdco, LLC	First Lien Secured Debt	7.25% (1M L+575, 1.00% Floor)	12/03/26	31,075	30,477	29,611	(9)
	First Lien Secured Debt - Revolver	6.75% (1M L+575, 1.00% Floor)	12/03/24	327	327	315	(9)(23)
	First Lien Secured Debt - Revolver	7.25% (1M L+575, 1.00% Floor)	12/03/24	327	327	315	(9)(23)
	First Lien Secured Debt - Revolver	6.80% (3M L+575, 1.00% Floor)	12/03/24	981	981	944	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	12/03/24	2,290	(73)	(87)	(8)(9)(21)(23)
					32,039	31,098	
MSEA Tankers LLC							
MSEA Tankers LLC (5)	Common Equity/Interests - Class A Units	N/A	N/A	N/A	61,950	59,735	(17)(25)
Total Transportation – Cargo, Distribution					\$ 185,665	\$ 169,290	
Wholesale							
Banner Solutions							
Banner Buyer, LLC	First Lien Secured Debt	6.75% (1M L+575, 1.00% Floor)	10/31/25	\$ 12,549	\$ 12,345	\$ 11,915	(9)
	First Lien Secured Debt - Revolver	6.75% (1M L+575, 1.00% Floor)	10/31/25	1,548	1,548	1,469	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	10/31/25	387	(32)	(20)	(8)(9)(21)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	0.75% Unfunded	10/31/25	5,484	(45)	(277)	(8)(9)(21)(23)
Banner Parent Holdings, Inc	Common Equity/Interests - Common Stock	N/A	N/A	5,000 Shares	500	331	(9)(13)
Total Wholesale					\$ 14,316	\$ 13,418	
Total Investments before Cash Equivalents					\$ 3,089,613	\$ 2,785,433	
J.P. Morgan U.S. Government Money Market Fund				\$ 37,301	\$ 37,301	\$ 37,301	(22)
Total Investments after Cash Equivalents					\$ 3,126,914	\$ 2,822,734	(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, 2020, we had a 100% equity ownership interest in Golden Bear 2016-R, LLC.

See notes to financial statements.

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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, 2019 and March 31, 2020 along with transactions during the year ended March 31, 2020 in these affiliated investments are as follows:

Name of Issuer	Fair Value at March 31, 2019	Gross Additions •	Gross Reductions ■	Net Change in Unrealized Gains (Losses)	Fair Value at March 31, 2020	Net Realized Gains (Losses)	Interest/Dividend/Other Income
AIC SPV Holdings II, LLC, Preferred Stock	\$ 440	\$ —	\$ —	\$ 2	\$ 442	\$ —	\$ 94
AMP Solar Group, Inc., Class A Common Unit	6,236	—	—	2,500	8,736	—	—
Carbonfree Caustic SPE LLC, Term Loan	—	13,111	—	—	13,111	—	524
Carbonfree Chemicals SA LLC, Class B Units	—	15,403	—	(15,403)	—	—	—
Carbonfree Chemicals Holdings LLC, Common Equity / Interest	—	30,886	—	(15,781)	15,105	—	—
Carbonfree Chemicals SPE I LLC (f/k/a Maxus Capital Carbon SPE I LLC), Term Loan	—	17,057	—	(12,668)	4,389	—	318
Golden Bear 2016-R, LLC, Membership Interests	12,936	83	—	(3,271)	9,748	—	1,192
Pelican Energy, LLC, Membership Interests	5,320	—	(1,553)	(1,356)	2,411	—	—
Renew Financial LLC (f/k/a Renewable Funding, LLC), Series B Preferred Stock	14,573	—	—	(11,289)	3,284	—	—
Renew Financial LLC (f/k/a Renewable Funding, LLC), Series D Preferred Stock	5,890	—	—	(3,789)	2,101	—	—
Renew JV LLC, Membership Interests	2,296	4,216	(5,118)	(480)	914	2,800	—
SquareTwo Financial Corp. (CA Holdings, Collect America, Ltd.)	—	—	—	—	—	1,209	—
Solarplicity Group Limited, First Lien Term Loan	1,990	—	(5,811)	3,821	—	(4,740)	—
	<u>\$ 49,681</u>	<u>\$ 80,756</u>	<u>\$ (12,482)</u>	<u>\$ (57,714)</u>	<u>\$ 60,241</u>	<u>\$ (731)</u>	<u>\$ 2,128</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.

See notes to financial statements.

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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, 2019 and March 31, 2020 along with transactions during the year ended March 31, 2020 in these controlled investments are as follows:

Name of Issuer	Fair Value at March 31, 2019	Gross Additions ●	Gross Reductions ■	Net Change in Unrealized Gains (Losses)	Fair Value at March 31, 2020	Net Realized Gains (Losses)	Interest/Dividend/Other Income
Dynamic Product Tankers, LLC, Class A Units	\$ 36,879	\$ —	\$ —	\$ (422)	\$ 36,457	\$ —	\$ —
Dynamic Product Tankers, LLC, First Lien Term Loan	42,000	40	—	(40)	42,000	—	3,969
Dynamic Product Tankers, LLC, Letters of Credit	—	—	—	—	—	—	—
Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.), Second Lien Term Loan	33,705	3,222	—	(22,216)	14,711	—	3,221
Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.), First Lien Term Loan	9,000	—	(9,000)	—	—	—	416
Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.), Common Stock	3,346	—	—	(3,346)	—	—	—
Merx Aviation Finance, LLC, Membership Interests	54,281	—	—	(25,834)	28,447	—	2,500
Merx Aviation Finance, LLC, Revolver	371,200	13,100	(79,000)	—	305,300	—	38,679
Merx Aviation Finance, LLC, Letters of Credit	—	—	—	—	—	—	—
MSEA Tankers LLC, Class A Units	73,369	—	(12,500)	(1,135)	59,735	—	4,649
SHD Oil & Gas, LLC, Series A Units	—	—	—	—	—	—	—
SHD Oil & Gas, LLC, Tranche A Note	46,821	—	(460)	(23,866)	22,495	—	1,400
SHD Oil & Gas, LLC, Tranche B Note	39,432	—	—	(39,432)	—	—	—
SHD Oil & Gas, LLC, Tranche C Note	21,012	3,600	—	108	24,720	—	2,741
	<u>\$ 731,045</u>	<u>\$ 19,962</u>	<u>\$ (100,960)</u>	<u>\$ (116,183)</u>	<u>\$ 533,865</u>	<u>\$ —</u>	<u>\$ 57,575</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, 2020, 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.

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- (6) Aggregate gross unrealized gain and loss for federal income tax purposes is \$49,776 and \$405,396, respectively. Net unrealized loss is \$355,620 based on a tax cost of \$3,178,354.
- (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) The unused line fees of 0.25% are collected for the 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.
- (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.
- (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, 2020, non-qualifying assets represented approximately 17.23% 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) 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, 2020.
- (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), EURIBOR loans are typically indexed to 90-day EURIBOR rates (3M E), Bank Bill Swap rates are typically index to 90-day Bank Bill Swap rates (3M BBSW), GBP LIBOR loans are typically indexed to 90-day GBP LIBOR rates (3M GBP L) and EUR LIBOR loans are typically indexed to 90-day EUR LIBOR rates (3M E L) at the borrower’s option. LIBOR and EURIBOR loans may be subject to interest floors. As of March 31, 2020, rates for 1M L, 2M L, 3M L, 6M L, 1M E, 3M E, 3M BBSW, 3M GBP L, 3M E L and Prime are 0.99%, 1.26%, 1.45%, 1.18%, (0.42%), (0.36%), 0.42%, 0.59%, (0.25%) and 3.25%, 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, 2020, 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
A&V Holdings Midco, LLC	\$ 1,505	\$ 903	\$ —	\$ 602
Altasciences US Acquisition, Inc.	1,425	1,418	—	7
Amerivet Partners Management, Inc.	8,454	524	—	7,930
AMI US Holdings Inc.	2,907	2,674	—	233
Analogic Corporation	1,827	157	—	1,670
AQ Sunshine, Inc.	2,870	1,059	38	1,773
Arlington Industries Group Limited*	4,960	—	—	4,960
AVAD Canada Ltd.	1,334	534	—	800
AVAD, LLC	18,666	10,086	—	8,580
AVG Intermediate Holdings LLC	1,466	—	—	1,466
Banner Buyer, LLC	7,419	1,548	—	5,871
BIG Buyer, LLC	1,805	722	—	1,083
BK Medical Holding Company, Inc.	783	—	—	783
Cerus Corporation	9,500	187	—	9,313
ChyronHego Corporation	5,750	5,050	—	700
Claritas, LLC	1,032	748	—	284
Compu-Link Corporation	2,272	2,272	—	—
Continuum Global Solutions, LLC	20,000	8,791	—	11,209
Digital Reasoning Systems, Inc.	1,250	—	—	1,250
Dispatch Acquisition Holdings, LLC	8,659	1,462	—	7,197
Dynamic Product Tankers, LLC	6,050	—	6,050	—
Eagle Foods Family Group, LLC	3,751	1,334	—	2,417
Education Personnel*	1,823	1,823	—	—
EHL Merger Sub, LLC	4,155	1,662	—	2,493
Eldrickco Limited*	5,377	428	—	4,949
Erickson Inc	40,500	31,812	1,263	7,425
Exeter Property Group, LLC	192	—	—	192
First Heritage Credit, LLC	11,550	517	—	11,033
FiscalNote, Inc.	6,375	3,867	—	2,508
Flock SPV I, LLC	6,933	—	—	6,933
Florida Food Products, LLC	1,713	1,713	—	—
FPG Services, LLC	7,368	2,105	—	5,263
GB001, Inc.	24,000	—	—	24,000
Genesis Healthcare, Inc.	60,870	14,069	—	46,801
Gutter Buyer, Inc.	4,772	2,727	—	2,045
Heniff Holdco, LLC	3,925	1,635	—	2,290
HSI Halo Acquisition, Inc.	4,590	2,049	—	2,541
IM Acquirer LLC	289	289	—	—
Ivy Finco Limited*	3,363	—	—	3,363
Jacent Strategic Merchandising	3,500	3,500	—	—
JF Acquisition, LLC	1,569	1,569	—	—
Kauffman Intermediate, LLC	2,563	1,476	155	932
KDC US Holdings*	6,023	5,731	78	214
Kure Pain Holdings, Inc.	2,654	2,654	—	—
LabVantage Solutions Limited*	3,769	—	—	3,769
Lifelong Learner Holdings, LLC	5,374	2,389	—	2,985

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Portfolio Company	Total Commitment	Drawn Commitment	Letters of Credit	Undrawn Commitment
Lion Cashmere Midco Limited*	3,903	1,301	—	2,602
Liqui-Box Holdings, Inc.*	3,563	3,085	77	401
Magnate Holding Corp.	3,330	2,690	140	500
Mannkind Corporation	12,133	—	—	12,133
Margaux Acquisition Inc.	6,062	1,601	—	4,461
Margaux UK Finance Limited*	2,350	667	—	1,683
Marlin DTC-LS Midco 2, LLC	685	—	—	685
Maxor National Pharmacy Services, LLC	1,558	779	—	779
Medical Guardian, LLC	5,714	381	—	5,333
Merx Aviation Finance, LLC	305,477	305,300	177	—
Nemo (BC) Bidco Pty Ltd*	142	—	—	142
New Amsterdam Software BidCo LLC*	2,250	—	—	2,250
Newsycle Solutions, Inc.	500	500	—	—
Norvax, LLC	3,182	—	—	3,182
NW Entertainment, Inc.	6,000	3,000	—	3,000
Olaplex, Inc.	3,800	3,800	—	—
Omnitracs, LLC	3,750	—	—	3,750
Orchard Therapeutics plc	16,667	—	—	16,667
Ortega National Parks, LLC	8,251	2,049	—	6,202
Pace Health Companies, LLC	4,451	433	68	3,950
Paper Source, Inc.	3,081	3,081	—	—
PHS Buyer, Inc.	2,000	—	—	2,000
PrimeFlight Aviation Services, Inc.	2,842	—	—	2,842
Project Comfort Buyer, Inc.	5,769	—	—	5,769
ProPharma Group Intermediate, LLC*	1,032	1,032	—	—
Protein For Pets Opco, LLC	2,219	444	—	1,775
Purchasing Power Funding I, LLC	9,112	4,608	—	4,504
RA Outdoors, LLC	1,200	—	—	1,200
Radius Health, Inc.	15,500	—	—	15,500
Rapid Displays Acquisition Corporation	3,462	2,308	—	1,154
Rigel Pharmaceuticals, Inc.	3,000	—	—	3,000
RiteDose Holdings I, Inc.	2,000	—	—	2,000
Royton Bidco Limited*	4,413	—	—	4,413
RSC Acquisition , Inc.	3,213	—	5	3,208
Schlesinger Global, LLC	846	—	—	846
SI Holdings, Inc.	3,413	3,413	—	—
Simeio Group Holdings, Inc.	6,346	1,731	—	4,615
Simplifi Holdings, Inc.	8,491	1,200	—	7,291
Sirsi Corporation	429	86	—	343
Soliant Holdings, LLC	1,937	323	—	1,614
Sonar Entertainment, Inc.	22,831	4,097	—	18,734
Springbrook Holding Company, LLC	5,121	—	—	5,121
SSCP Spring Bidco Limited*	1,358	—	—	1,358
Teladoc, Inc.	1,666	—	360	1,306
Telesoft Holdings, LLC	2,273	1,515	—	758
Ten-X, LLC	4,680	4,680	—	—
TGG TS Acquisition Company	1,750	500	—	1,250
The Emmes Company, LLC	2,449	2,449	—	—
THLP CO. LLC	10,112	2,247	—	7,865
Tidewater Consumer Receivables, LLC	1,667	1,537	—	130

See notes to financial statements.

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

Portfolio Company	Total Commitment	Drawn Commitment	Letters of Credit	Undrawn Commitment
TNT Crust LLC	4,228	748	—	3,480
TricorBraun Holdings, Inc.	5,625	5,250	—	375
Truck-Lite Co., LLC	6,759	1,962	85	4,712
Turbo Buyer, Inc.	3,028	923	—	2,105
U.S. Auto Finance, Inc.	20,000	3,052	—	16,948
USLS Acquisition, Inc.	1,608	1,522	86	—
Vertafore, Inc.	15,000	—	424	14,576
Westfall Technik, Inc.	14,849	2,020	—	12,829
Wildcat BuyerCo, Inc.	3,913	—	8	3,905
Wright Medical Group, Inc.	70,000	7,666	—	62,334
Total Commitments	\$ 999,922	\$ 505,464	\$ 9,014	\$ 485,444

* These investments are in a foreign currency and the total commitment has been converted to USD using the March 31, 2020 exchange rate.

- (24) As of March 31, 2020, 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, 2020, 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) This investment has matured but is still held for any potential future cash proceeds. No value has been attributed to these future recoveries.
- (27) The maturity date for these investments are expected to be extended past March 31, 2020. The final terms of the extension are still under negotiation between the Company and the respective portfolio company.

See notes to financial statements.

APOLLO INVESTMENT CORPORATION
SCHEDULE OF INVESTMENTS
March 31, 2020
(In thousands, except share data)

(28) The following shows the composition of the Company's portfolio at cost by control designation, investment type and industry as of March 31, 2020:

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	\$ 39,282	\$ 5,503	\$ —	\$ —	\$ —	\$ —	\$ —	44,785
Aerospace & Defense	31,579	13,462	—	—	—	—	—	45,041
Automotive	41,171	23,489	—	—	—	2,064	—	66,724
Aviation and Consumer Transport	14,461	—	—	—	—	—	—	14,461
Beverage, Food & Tobacco	96,973	—	—	—	—	2,199	—	99,172
Business Services	223,967	150,982	—	—	78	1,432	—	376,459
Chemicals, Plastics & Rubber	17,576	14,506	—	—	—	—	—	32,082
Construction & Building	29,111	—	—	—	—	500	—	29,611
Consumer Goods – Durable	66,367	21,693	—	—	462	100	—	88,622
Consumer Goods – Non-Durable	79,004	12,882	—	—	—	—	—	91,886
Consumer Services	104,237	24,842	—	—	—	—	—	129,079
Containers, Packaging & Glass	5,081	—	—	—	—	—	—	5,081
Diversified Investment Vehicles, Banking, Finance, Real Estate	64,420	—	—	—	—	—	—	64,420
Education	34,595	—	—	—	—	—	—	34,595
Energy – Electricity	7,637	—	—	—	5,861	4	—	13,502
Environmental Industries	30,764	—	—	—	—	—	—	30,764
Food & Grocery	15,319	—	—	—	—	—	—	15,319
Healthcare & Pharmaceuticals	416,793	60,914	—	—	333	1,064	135	479,239
High Tech Industries	361,359	—	—	—	1,500	—	48	362,907
Hotel, Gaming, Leisure, Restaurants	2,500	—	—	—	—	—	—	2,500
Insurance	65,337	—	—	—	—	—	—	65,337
Manufacturing, Capital Equipment	36,835	7,937	—	—	—	250	—	45,022
Media – Diversified & Production	43,020	—	—	—	—	—	—	43,020
Metals & Mining	581	—	—	—	—	—	—	581
Retail	47,879	—	—	—	—	—	—	47,879
Telecommunications	11,317	12,788	—	—	—	—	—	24,105
Transportation – Cargo, Distribution	32,039	—	—	—	—	—	—	32,039
Wholesale	13,816	—	—	—	—	500	—	14,316
Total Non-Controlled / Non-Affiliated Investments	\$ 1,933,020	\$ 348,998	\$ —	\$ —	\$ 8,234	\$ 8,113	\$ 183	\$ 2,298,548
Non-Controlled / Affiliated Investments								
Chemicals, Plastics & Rubber	\$ 30,168	\$ —	\$ —	\$ —	\$ —	\$ 46,289	\$ —	\$ 76,457
Diversified Investment Vehicles, Banking, Finance, Real Estate	—	—	—	16,729	—	—	—	16,729
Energy – Electricity	—	—	—	—	14,445	10,893	—	25,338
Energy – Oil & Gas	—	—	—	—	—	16,822	—	16,822
Total Non-Controlled / Affiliated Investments	\$ 30,168	\$ —	\$ —	\$ 16,729	\$ 14,445	\$ 74,004	\$ —	\$ 135,346
Controlled Investments								
Aviation and Consumer Transport	\$ 305,300	\$ —	\$ —	\$ —	\$ —	\$ 15,000	\$ —	\$ 320,300
Energy – Oil & Gas	113,378	36,926	—	—	—	31,489	—	181,793
Transportation – Cargo, Distribution	41,870	—	—	—	—	111,756	—	153,626
Total Controlled Investments	\$ 460,548	\$ 36,926	\$ —	\$ —	\$ —	\$ 158,245	\$ —	\$ 655,719
Total	\$ 2,423,736	\$ 385,924	\$ —	\$ 16,729	\$ 22,679	\$ 240,362	\$ 183	\$ 3,089,613

See notes to financial statements.

APOLLO INVESTMENT CORPORATION
SCHEDULE OF INVESTMENTS
March 31, 2020
(In thousands, except share data)

(29) The following shows the composition of the Company's portfolio at fair value by control designation, investment type and industry as of March 31, 2020:

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	\$ 38,074	\$ 4,882	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 42,956	4.2 %
Aerospace & Defense	30,902	12,353	—	—	—	—	—	43,255	4.2 %
Automotive	39,513	22,220	—	—	—	491	—	62,224	6.1 %
Aviation and Consumer Transport	13,984	—	—	—	—	—	—	13,984	1.4 %
Beverage, Food & Tobacco	96,048	—	—	—	—	2,368	—	98,416	9.6 %
Business Services	217,036	142,390	—	—	78	1,127	—	360,631	35.2 %
Chemicals, Plastics & Rubber	17,094	14,671	—	—	—	—	—	31,765	3.1 %
Construction & Building	28,415	—	—	—	—	558	—	28,973	2.8 %
Consumer Goods – Durable	53,621	20,639	—	—	231	518	—	75,009	7.3 %
Consumer Goods – Non-durable	77,283	12,289	—	—	—	—	—	89,572	8.7 %
Consumer Services	99,018	24,282	—	—	—	—	—	123,300	12.0 %
Containers, Packaging & Glass	5,167	—	—	—	—	—	—	5,167	0.5 %
Diversified Investment Vehicles, Banking, Finance, Real Estate	63,371	—	—	—	—	—	—	63,371	6.2 %
Education	34,201	—	—	—	—	—	—	34,201	3.3 %
Energy – Electricity	3,787	—	—	—	—	—	—	3,787	0.4 %
Environmental Industries	29,811	—	—	—	—	—	—	29,811	2.9 %
Food & Grocery	15,222	—	—	—	—	—	—	15,222	1.5 %
Healthcare & Pharmaceuticals	406,941	56,627	—	—	332	976	88	464,964	45.4 %
High Tech Industries	340,032	—	—	—	1,500	—	48	341,580	33.4 %
Hotel, Gaming, Leisure, Restaurants	2,425	—	—	—	—	—	—	2,425	0.2 %
Insurance	63,006	—	—	—	—	—	—	63,006	6.2 %
Manufacturing, Capital Equipment	35,644	7,538	—	—	—	187	—	43,369	4.2 %
Media – Diversified & Production	41,856	—	—	—	—	—	—	41,856	4.1 %
Metals & Mining	—	—	—	—	—	—	—	—	— %
Retail	46,839	—	—	—	—	—	—	46,839	4.6 %
Telecommunications	10,310	10,818	—	—	—	—	—	21,128	2.1 %
Transportation – Cargo, Distribution	31,098	—	—	—	—	—	—	31,098	3.0 %
Wholesale	13,087	—	—	—	—	331	—	13,418	1.3 %
Total Non-Controlled / Non-Affiliated Investments	\$ 1,853,785	\$ 328,709	\$ —	\$ —	\$ 2,141	\$ 6,556	\$ 136	\$ 2,191,327	213.9 %
% of Net Assets	181.0 %	32.1 %	— %	— %	0.2 %	0.6 %	— %	213.9 %	
Non-Controlled / Affiliated Investments									
Chemicals, Plastics & Rubber	\$ 17,500	\$ —	\$ —	\$ —	\$ —	\$ 15,105	\$ —	\$ 32,605	3.2 %
Diversified Investment Vehicles, Banking, Finance, Real Estate	—	—	—	9,748	—	—	—	9,748	1.0 %
Energy – Electricity	—	—	—	—	5,827	9,650	—	15,477	1.5 %
Energy – Oil & Gas	—	—	—	—	—	2,411	—	2,411	0.2 %
Total Non-Controlled / Affiliated Investments	\$ 17,500	\$ —	\$ —	\$ 9,748	\$ 5,827	\$ 27,166	\$ —	\$ 60,241	5.9 %
% of Net Assets	1.7 %	— %	— %	1.0 %	0.6 %	2.6 %	— %	5.9 %	

See notes to financial statements.

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

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
Controlled Investments									
Aviation and Consumer Transport	\$ 305,300	\$ —	\$ —	\$ —	\$ —	\$ 28,447	\$ —	\$ 333,747	32.6 %
Energy – Oil & Gas	47,215	14,711	—	—	—	—	—	61,926	6.0 %
Transportation – Cargo, Distribution	42,000	—	—	—	—	96,192	—	138,192	13.5 %
Total Controlled Investments	\$ 394,515	\$ 14,711	\$ —	\$ —	\$ —	\$ 124,639	\$ —	\$ 533,865	52.1 %
% of Net Assets	38.5 %	1.4 %	— %	— %	— %	12.2 %	— %	52.1 %	
Total	\$ 2,265,800	\$ 343,420	\$ —	\$ 9,748	\$ 7,968	\$ 158,361	\$ 136	\$ 2,785,433	271.9 %
% of Net Assets	221.2 %	33.5 %	— %	1.0 %	0.8 %	15.4 %	0.0 %	271.9 %	

See notes to financial statements.

APOLLO INVESTMENT CORPORATION
SCHEDULE OF INVESTMENTS
March 31, 2020
(In thousands, except share data)

Industry Classification	Percentage of Total Investments (at Fair Value) as of March 31, 2020
Healthcare & Pharmaceuticals	16.7%
Business Services	12.9%
Aviation and Consumer Transport	12.5%
High Tech Industries	12.3%
Transportation – Cargo, Distribution	6.1%
Consumer Services	4.4%
Beverage, Food & Tobacco	3.5%
Consumer Goods – Non-durable	3.2%
Consumer Goods – Durable	2.7%
Diversified Investment Vehicles, Banking, Finance, Real Estate	2.6%
Chemicals, Plastics & Rubber	2.3%
Energy – Oil & Gas	2.3%
Insurance	2.3%
Automotive	2.2%
Retail	1.7%
Manufacturing, Capital Equipment	1.6%
Aerospace & Defense	1.6%
Advertising, Printing & Publishing	1.5%
Media – Diversified & Production	1.5%
Education	1.2%
Environmental Industries	1.1%
Construction & Building	1.0%
Telecommunications	0.8%
Energy – Electricity	0.7%
Food & Grocery	0.5%
Wholesale	0.5%
Containers, Packaging & Glass	0.2%
Hotel, Gaming, Leisure, Restaurants	0.1%
Metals & Mining	0.0%
Total Investments	100.0%

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)
					<u>24,898</u>	<u>25,086</u>	
Total Advertising, Printing & Publishing					<u>\$ 30,394</u>	<u>\$ 30,608</u>	
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%	4/21/19 - 10/01/22	6,449	—	(144)	(8)(9)(23)
					<u>26,823</u>	<u>26,158</u>	
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					<u>\$ 73,998</u>	<u>\$ 73,524</u>	
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)
					<u>8,370</u>	<u>1,287</u>	
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					<u>\$ 33,512</u>	<u>\$ 24,278</u>	
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					<u>\$ 386,200</u>	<u>\$ 425,481</u>	
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)
					<u>24,536</u>	<u>24,384</u>	
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)
					<u>23,937</u>	<u>24,258</u>	

See notes to financial statements.

APOLLO INVESTMENT CORPORATION
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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)

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APOLLO INVESTMENT CORPORATION
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(In thousands, except share data)

Industry / Company	Investment Type	Interest Rate (20)	Maturity Date	Par / Shares (12)	Cost (29)	Fair Value (1) (30)	(9)(17)
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	
Newsycle 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)
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	

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Industry / Company	Investment Type	Interest Rate (20)	Maturity Date	Par / Shares (12)	Cost (29)	Fair Value (1) (30)	
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	

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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	

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Tidewater Consumer Receivables, LLC	First Lien Secured Debt	8.25% (1M L+575)	12/28/23	11,333	11,226	11,220	(9)(17)
	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)

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Industry / Company	Investment Type	Interest Rate (20)	Maturity Date	Par / Shares (12)	Cost (29)	Fair Value (1) (30)	
Renew Financial							
AIC SPV Holdings II, LLC (4)	Preferred Equity - Preferred Stock	N/A	N/A	143 Shares	534	440	(17)(15)
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	

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Healthcare & Pharmaceuticals							
Altasciences							
9360-1367 Quebec Inc.	First Lien Secured Debt	8.49% (3M L+625, 1.00% Floor)	06/09/23	\$ 2,394	\$ 1,755	\$ 1,725	(9)(17)
	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	

See notes to financial statements.

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Industry / Company	Investment Type	Interest Rate (20)	Maturity Date	Par / Shares (12)	Cost (29)	Fair Value (1) (30)	
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)
	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)	—	

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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	
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	

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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)
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	

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Industry / Company	Investment Type	Interest Rate (20)	Maturity Date	Par / Shares (12)	Cost (29)	Fair Value (1) (30)
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)
	First Lien Secured Debt - Letters of Credit	2.25%	9/20/19 - 3/31/21	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 Losses	Fair Value at March 31, 2019	Net Realized 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.

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- (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 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 (“£”), and Canadian Dollar (“C\$”), and Australian Dollar (“A\$”).
- (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) 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.

See notes to financial statements.

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

(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

See notes to financial statements.

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

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.

See notes to financial statements.

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

(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.

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

(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	— %
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 %	

See notes to financial statements.

APOLLO INVESTMENT CORPORATION
SCHEDULE OF INVESTMENTS

March 31, 2019

(In thousands, except share data)

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
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 %	

See notes to financial statements.

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

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%

See notes to financial statements.

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

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, 2020, we have raised approximately \$2,210,067 in net proceeds from additional offerings of common stock and repurchased common stock for \$223,072.

Apollo Investment Management, L.P. (the “Investment Adviser” or “AIM”) is our investment adviser and an affiliate of Apollo Global Management, Inc. 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, 2020, 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 the global outbreak of a novel coronavirus (COVID-19) during the first quarter of 2020, 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)

The World Health Organization has designated COVID-19 as a pandemic, and numerous countries, including the United States, have declared national emergencies with respect to COVID-19. The global impact of the outbreak has been rapidly evolving, and as cases of COVID-19 have continued to be identified in additional countries, many countries have reacted by instituting quarantines and restrictions on travel, closing financial markets and/or restricting trading, and limiting operations of non-essential businesses. Such actions are creating disruption in global supply chains, and adversely impacting many industries. The outbreak could have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate adverse impact of COVID-19 on economic and market conditions. The Company believes the estimates and assumptions underlying our financial statements are reasonable and supportable based on the information available as of March 31, 2020. However uncertainty over the ultimate impact COVID-19 will have on the global economy generally, and the Company's business in particular, makes any estimates and assumptions as of March 31, 2020 inherently less certain than they would be absent the current and potential impacts of COVID-19. Actual results may ultimately differ from those estimates.

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, 2020 was \$37,301. Cash equivalents held as of March 31, 2019 was \$36,280.

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.

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

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.

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 the quarter 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 accreted/premium 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 portfolio company or investment being initially valued by the investment professionals of our Investment Adviser who are responsible for the portfolio 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.

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

6. For Level 3 investments entered into within the current quarter, the cost (purchase price adjusted for accreted original issue discount/amortized premium) 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 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, 2020, 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.

APOLLO INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
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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.

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, 2020 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, 2020. 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
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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, 2020, 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 2017 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 which was effective as of close of business November 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. The Company has evaluated the impact of this guidance and determined that there is no material effect on the Company's financial statements.

In April 2019, the FASB issued Accounting Standards Update No. 2019-04, "*Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*." This guidance amends how credit losses are recorded for financial assets and certain other instruments that are not measured at fair value, including trade and interest receivables. The ASU allows for the guidance to be adopted through an accounting policy election effective for interim and annual periods beginning after December 15, 2019. The Company has evaluated the impact of this guidance and determined that there is no material effect on the Company's financial statements.

In March 2020, the FASB issued Accounting Standards Update No. 2020-04, "*Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*." The guidance provides optional expedients and exceptions for applying GAAP to contract modifications, hedging relationships and other transactions, subject to meeting certain criteria, that reference LIBOR or another reference rate expected to be discontinued because of the reference rate reform. ASU 2020-04 is effective for all entities as of March 12, 2020 through December 31, 2022. The Company is evaluating the potential impact that the adoption of this guidance will have on the Company's financial statements.

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NOTES TO FINANCIAL STATEMENTS (Continued)
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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.

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.

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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(In thousands, except share and per share data)

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 the 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%.

(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 Based 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, 2020 and 2019. 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, 2020, 2019 and 2018, the Company recognized \$40,360, \$35,733 and \$47,937, respectively, of management fees, and \$1,983, \$21,190 and \$28,710, respectively, of incentive fees before impact of waived fees. For the years ended March 31, 2020 and 2019, no management fees were waived (as not applicable) and for the year ended March 31, 2018, management fees waived was \$11,984. For the years ended March 31, 2020, 2019 and 2018, incentive fees waived were \$0, \$5,542 and \$7,734, respectively.

As of March 31, 2020 and March 31, 2019, management and performance-based incentive fees payable were \$10,289 and \$8,880, respectively.

For the years ended March 31, 2020 and 2019 there were no amounts of incentive fees on PIK income for which payments have been deferred, and for the year ended March 31, 2018, the amount of incentive fees on PIK income for which payments have been deferred was \$1,543. For the years ended March 31, 2020, 2019 and 2018, the Company reversed \$0, \$979 and \$2,224, respectively, of the deferred incentive fee payable related to PIK income which were deemed to be no longer realizable. As of March 31, 2020 and March 31, 2019, there were no cumulative deferred incentive fees on PIK income included in management and performance-based incentive fee payable line of the Statements of Assets and Liabilities.

For the years ended March 31, 2020, 2019 and 2018, the amount of interest on deferred incentive fees accrued were \$0, \$62 and \$100. For the years ended March 31, 2020, 2019 and 2018, the Company reversed \$0, \$41 and \$43 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, 2020 and March 31, 2019, there was no accrued interest payable on deferred incentive fees.

Fee Offset

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 years ended March 31, 2020, 2019 and 2018 there was no fee offset.

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

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, 2020, 2019 and 2018, the Company recognized administrative services expense under the Administration Agreement of \$6,335, \$6,772 and \$6,915, respectively. There was no payable to AIA and its affiliates for expenses paid on our behalf as of March 31, 2020 and March 31, 2019.

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 and several Merx managed entities. For the years ended March 31, 2020, 2019 and 2018, the Company recognized administrative service expense reimbursements of \$300, \$250 and \$250, respectively, under the Merx Administration Agreement.

Debt Expense Reimbursements

The Company has also entered into debt expense reimbursement agreements with 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, 2020, 2019 and 2018, the Company recognized debt expense reimbursements of \$133, \$273 and \$332, respectively, under the debt expense reimbursement agreements.

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, 2020, the Company’s co-investment holdings were 59% of the portfolio or \$1,653,269, measured at fair value. On a cost basis, 55% of the portfolio or \$1,711,258 were co-investments. 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.

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

Merx Aviation

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 the Company'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 due-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, 2020, 2019 and 2018:

	Year Ended March 31,		
	2020	2019	2018
Basic and Diluted Earnings (Loss) Per Share			
Net increase (decrease) in net assets resulting from operations	\$ (116,064)	\$ 71,946	\$ 87,029
Weighted average shares outstanding	67,228,771	70,645,944	72,874,613
Basic and diluted earnings (loss) per share	\$ (1.73)	\$ 1.02	\$ 1.19

Note 5. Investments

Fair Value Measurement and Disclosures

The following table shows the composition of our investment portfolio as of March 31, 2020, 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	\$ 2,423,736	\$ 2,265,800	\$ —	\$ —	\$ 2,265,800
Second Lien Secured Debt	385,924	343,420	—	—	343,420
Unsecured Debt	—	—	—	—	—
Structured Products and Other	16,729	9,748	—	—	9,748
Preferred Equity	22,679	7,968	—	—	7,968
Common Equity/Interests	240,362	158,361	—	418	157,943
Warrants	183	136	—	—	136
Total Investments before Cash Equivalents	\$ 3,089,613	\$ 2,785,433	\$ —	\$ 418	\$ 2,785,015
Money Market Fund	\$ 37,301	\$ 37,301	\$ 37,301	\$ —	\$ —
Total Cash Equivalents	\$ 37,301	\$ 37,301	\$ 37,301	\$ —	\$ —
Total Investments after Cash Equivalents	\$ 3,126,914	\$ 2,822,734	\$ 37,301	\$ 418	\$ 2,785,015

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

The following table shows the composition of our investment and derivative 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 changes in the fair value of our Level 3 investments during the year ended March 31, 2020:

	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, 2019	\$ 1,586,931	\$ 337,545	\$ —	\$ 45,595	\$ 28,182	\$ 183,754	\$ 150	\$ 2,182,157
Net realized gains (losses)	(9,464)	—	—	7,023	—	(4,401)	—	(6,842)
Net change in unrealized gains (losses)	(135,442)	(30,649)	—	(9,451)	(20,229)	(52,886)	(14)	(248,671)
Net amortization on investments	7,693	871	—	317	—	—	—	8,881
Purchases, including capitalized PIK (3)	1,902,442	7,255	—	84	15	55,459	—	1,965,255
Sales (3)	(1,086,360)	(90,608)	—	(33,820)	—	(23,983)	—	(1,234,771)
Transfers out of Level 3 (1)	—	—	—	—	—	—	—	—
Transfers into Level 3 (1)	—	119,006	—	—	—	—	—	119,006
Fair value as of March 31, 2020	\$ 2,265,800	\$ 343,420	\$ —	\$ 9,748	\$ 7,968	\$ 157,943	\$ 136	\$ 2,785,015
Net change in unrealized gains (losses) on Level 3 investments still held as of March 31, 2020	\$ (142,749)	\$ (38,785)	\$ —	\$ (3,272)	\$ (20,229)	\$ (61,386)	\$ (14)	\$ (266,435)

(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 \$13,795.

(3) Includes reorganizations and restructuring of investments.

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.

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, 2020 and March 31, 2019. 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, 2020 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	\$ 347,299	Discounted Cash Flow	Discount Rate	2.3%	14.7%	12.3%
	61,471	Recovery Analysis	Recoverable Amount	N/A	N/A	N/A
		Market Comparable Technique	Comparable Multiple	1.3x	9.3x	6.3x
	96,729	Recent Transaction	Recent Transaction	N/A	N/A	N/A
	47,215	Recovery Analysis	Commodity Price	30.00	57.50	57.04
	2,066	Recovery Analysis	Liquidation	N/A	N/A	N/A
	1,036	Recovery Analysis	Recoverable Amount	N/A	N/A	N/A
	1,709,984	Yield Analysis	Discount Rate	4.3%	31.1%	9.5%
Second Lien Secured Debt	14,711	Recovery Analysis	Commodity Price	34.00	60.00	56.25
	328,709	Yield Analysis	Discount Rate	6.1%	17.5%	12.8%
Structured Products and Other	9,748	Discounted Cash Flow	Discount Rate	13.5%	13.5%	13.5%
Preferred Equity	442	Discounted Cash Flow	Discount Rate	13.5%	13.5%	13.5%
	2,142	Market Comparable Technique	Comparable Multiple	3.3x	4.7x	3.7x
	5,384	Option Pricing Model	Expected Volatility	47.0%	47.0%	47.0%
	—	Yield Analysis	Discount Rate	20.0%	20.0%	0.0%
Common Equity/Interests	135,288	Discounted Cash Flow	Discount Rate	12.2%	31.3%	14.9%
	20,144	Market Comparable Technique	Comparable Multiple	3.2x	13.0x	6.0x
	100	Recent Transaction	Recent Transaction	N/A	N/A	N/A
	2,411	Recovery Analysis	Commodity Price	30.00	60.00	56.06
Warrants	136	Option Pricing Model	Expected Volatility	35.0%	70.0%	57.7%
	—	Recovery Analysis	Liquidation	N/A	N/A	N/A
Total Level 3 Investments	\$ 2,785,015					

- (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, 2019 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	\$ 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	10.90%	14.80%	12.70%
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 Technique	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	\$ 2,182,157					

- (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, 2020, 2019 and 2018, purchases of investments on a trade date basis were \$1,866,272, \$1,278,061 and \$1,049,363, respectively. For the years ended March 31, 2020, 2019 and 2018, sales and repayments (including prepayments and unamortized fees) of investments on a trade date basis were \$1,265,631, \$1,086,779 and \$1,153,978, 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, 2020, 2019 and 2018, PIK income earned was \$10,936, \$8,585 and \$20,241, respectively.

The following table shows the change in capitalized PIK balance for the years ended March 31, 2020, 2019 and 2018:

	Year Ended March 31,		
	2020	2019	2018
PIK balance at beginning of period	\$ 23,720	\$ 24,454	\$ 53,262
PIK income capitalized	20,083	6,412	14,616
Adjustments due to investments exited or written off	—	(2,446)	(43,054)
PIK income received in cash	(6,322)	(4,700)	(370)
PIK balance at end of period	<u>\$ 37,481</u>	<u>\$ 23,720</u>	<u>\$ 24,454</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, 2020, 2019 and 2018 dividend income from structured products was \$1,286, \$1,198 and \$2,461, respectively.

Investments on Non-Accrual Status

As of March 31, 2020, 5.1% of total investments at amortized cost, or 1.7% of total investments at fair value, were 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.

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%.

Under Rule 3-09, our investment in Merx Aviation Finance, LLC as of March 31, 2020 exceeded the 20% threshold in at least one of the tests. Accordingly, we are attaching the audited financial statements of Merx Aviation Finance, LLC to Form 10-K.

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.

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

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.

As of March 31, 2020, and 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.

The effect of transactions in derivative instruments to the Statements of Operations during the years ended March 31, 2020, 2019 and 2018 were as follows:

	Year Ended March 31,		
	2020	2019	2018
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>\$ —</u>	<u>\$ 19,145</u>	<u>\$ (19,145)</u>
	Year Ended March 31,		
	2020	2019	2018
Net Realized Losses on Derivatives			
Purchased Put Options	\$ —	\$ (5,472)	\$ (2,609)
Written Call Options	—	(24,523)	(1,666)
Net Realized Losses on Derivatives	<u>\$ —</u>	<u>\$ (29,995)</u>	<u>\$ (4,275)</u>

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.

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

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, 2020 and March 31, 2019, the Company did not hold any derivative contracts.

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, 2020 were as follows:

	<u>Date Issued/Amended</u>	<u>Total Aggregate Principal Amount Committed</u>	<u>Principal Amount Outstanding</u>	<u>Fair Value</u>	<u>Final Maturity Date</u>
Senior Secured Facility	11/19/2018	\$ 1,810,000	\$ 1,449,402 *	\$ 1,386,914 (1)	11/19/2023
2025 Notes	3/3/2015	350,000	350,000	262,500 (1)	3/3/2025
Total Debt Obligations		\$ 2,160,000	\$ 1,799,402	\$ 1,649,414	
Deferred Financing Cost and Debt Discount			\$ (4,785)		
Total Debt Obligations, net of Deferred Financing Cost and Debt Discount			\$ 1,794,617		

* 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, 2020. The valuation is based on a yield analysis and discount rate commensurate with the market yields for similar types of debt.

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

	<u>Date Issued/Amended</u>	<u>Total Aggregate Principal Amount Committed</u>	<u>Principal Amount Outstanding</u>	<u>Fair Value</u>	<u>Final Maturity Date</u>
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.

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

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 amendment reduced the Company’s minimum asset coverage financial covenant from 200% to 150%, increased the lenders commitments from \$1,190,000 to \$1,590,000, 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. On May 31, 2019, the Company entered into an amendment to its Senior Secured Facility to increase the multicurrency commitments by \$70,000 from \$1,640,000 to \$1,710,000. On March 13, 2020, the Company entered into an amendment to its Senior Secured Facility to increase the multicurrency commitments by \$100,000 from \$1,710,000 to \$1,810,000 pursuant to the accordion provisions therein. The accordion provisions under the Senior Secured Facility allow 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. 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. As of March 31, 2020, 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.

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) 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, (e) limitations on liens, (f) limitations on investments (other than in the ordinary course of the Company’s business), (g) limitations on mergers and disposition of assets (other than in the normal course of the Company’s business activities), (h) limitations on the creation or existence of agreements that permit liens on properties of the Company’s consolidated subsidiaries and (i) 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, 2020 and March 31, 2019, the Company had \$6,227 and \$15,977, 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 \$354,371 and \$985,135 as of March 31, 2020 and March 31, 2019, respectively. Terms used in this disclosure have the meanings set forth in the Senior Secured Facility agreement.

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

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.

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 were listed on the New York Stock Exchange under the ticker symbol “AIY.”

On August 12, 2019, the Company redeemed the entire \$150,000 aggregate principal amount outstanding of the 2043 Notes in accordance with the terms of the indenture governing the 2043 Notes, before its stated maturity date, which resulted in a realized loss on the extinguishment of debt of \$4,375.

The following table summarizes the average and maximum debt outstanding, and the interest and debt issuance cost for the years ended March 31, 2020, 2019 and 2018:

	Year Ended March 31,		
	2020	2019	2018
Average debt outstanding	\$ 1,529,524	\$ 993,158	\$ 899,289
Maximum amount of debt outstanding	1,878,950	1,274,562	1,056,929
Weighted average annualized interest cost (1)	4.42 %	5.31 %	5.28 %
Annualized amortized debt issuance cost	0.37 %	0.55 %	0.60 %
Total annualized interest cost	4.79 %	5.86 %	5.88 %

(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, 2020, 2019 and 2018 were \$2,150, \$3,142 and \$3,188, respectively.

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

Foreign Currency Transactions and Translations

The Company had the following foreign-denominated debt outstanding on the Senior Secured Facility as of March 31, 2020:

	Original Principal Amount (Local)	Original Principal Amount (USD)	Principal Amount Outstanding	Unrealized Gain/(Loss)	Reset Date
Canadian Dollar	C\$ 2,300	\$ 1,894	\$ 1,616	\$ 278	4/30/2020
Euro	€ 36,400	39,960	39,940	20	4/30/2020
British Pound	£ 3,500	4,456	4,340	116	4/14/2020
British Pound	£ 9,000	11,631	11,159	472	4/24/2020
British Pound	£ 1,500	1,943	1,860	83	4/27/2020
British Pound	£ 87,000	107,751	107,876	(125)	4/30/2020
British Pound	£ 3,000	3,523	3,720	(197)	4/20/2020
Australian Dollar	A\$ 1,000	701	612	89	4/14/2020
Australian Dollar	A\$ 6,000	4,406	3,672	734	4/30/2020
		<u>\$ 176,265</u>	<u>\$ 174,795</u>	<u>\$ 1,470</u>	

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>	

As of March 31, 2020 and March 31, 2019, 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, 2020 and March 31, 2019.

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	50,000	—
February 6, 2019	50,000	23,071	26,929
Total as of March 31, 2020	<u>\$ 250,000</u>	<u>\$ 223,071</u>	<u>\$ 26,929</u>

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NOTES TO FINANCIAL STATEMENTS (Continued)
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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	\$ 5,000
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
June 4, 2019	August 7, 2019	25,000
June 17, 2019	August 7, 2019	20,000
September 16, 2019	November 6, 2019	20,000
December 6, 2019	February 5, 2020	25,000
December 16, 2019	February 5, 2020	15,000
March 12, 2020	March 19, 2020	20,000

During the year ended March 31, 2020, the Company repurchased 3,617,810 shares at a weighted average price per share of \$14.41, inclusive of commissions, for a total cost of \$52,141. This represents a discount of approximately 20.57% of the average net asset value per share for the year ended March 31, 2020.

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.

Since the inception of the Repurchase Plans through March 31, 2020, the Company repurchased 13,654,578 shares at a weighted average price per share of \$16.34, inclusive of commissions, for a total cost of \$223,072. Including fractional shares, the Company has repurchased 13,654,608 shares at a weighted average price per share of \$16.34, inclusive of commissions for a total cost of \$223,072.

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.

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

On July 22, 2019 the Board of Directors approved Articles of Amendment which amended the Company's charter to reduce the amount of authorized capital stock from 400,000,000 shares, par value \$0.001 per share, to 130,000,000 shares, par value \$0.001 per share. The Articles of Amendment were accepted for record by the Department of Assessments and Taxation of the State of Maryland on July 22, 2019 and immediately became effective.

On March 19, 2020 the Company announced a suspension of its stock repurchase program, including amounts allocated to Rule 10b5-1 repurchase plans. The Company retained the right to reinstate the stock repurchase program.

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, 2020 and March 31, 2019, the Company had the following unfunded commitments to its portfolio companies:

	March 31, 2020	March 31, 2019
Unfunded revolver obligations and bridge loan commitments (1)	\$ 269,716	\$ 225,782
Standby letters of credit issued and outstanding (2)	9,014	23,542
Unfunded delayed draw loan commitments (including commitments with performance thresholds not met) (3)	230,778	172,948
Total Unfunded Commitments(4)	<u>\$ 509,508</u>	<u>\$ 422,272</u>

- (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, 2020 and March 31, 2019, 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, 2020 and March 31, 2019, the bridge loan commitments included in the balances were \$15,050 and \$0, 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. For commitments to fund delayed draw loans with performance thresholds, borrowers are required to meet certain performance requirements before the Company is obligated to fulfill these commitments.
- (4) The Company also had an unfunded revolver commitment to its fully controlled affiliate Merx Aviation Finance, LLC of \$194,700 and \$128,800 for the years ended of March 31, 2020 and 2019, respectively. Given the Company's controlling interest, the timing and the amount of the funding has not been determined.

As further discussed in **Note 2**, the full extent of the impact of COVID-19 on the global economy generally, and the Company's business in particular is uncertain. As of March 31, 2020, no contingencies have been recorded on the Company's Statement of Assets and Liabilities as a result of COVID-19, however as the global pandemic continues and the economic implications worsen, it may have long-term impacts on the Company's financial condition, results of operations, and cash flows. Refer to **Note 2** for further discussion of COVID-19.

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

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, 2020, 2019 and 2018 were as follows:

	Year Ended March 31,		
	2020	2019	2018
Ordinary income	\$ 120,107	\$ 112,042	\$ 86,906
Capital gains	—	—	—
Return of capital	—	14,533	44,088
Total distributions paid to stockholders	<u>\$ 120,107</u>	<u>\$ 126,575</u>	<u>\$ 130,994</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, 2020, 2019 and 2018:

	Year Ended March 31,		
	2020	2019	2018
Net increase (decrease) in net assets resulting from operations	\$ (116,064)	\$ 71,946	\$ 87,029
Adjustments:			
Net realized losses	6,318	50,033	258,128
Net change in unrealized losses	255,020	5,770	(211,770)
Income not currently taxable	—	—	—
Income (loss) recognized for tax but not book	(11,895)	(22,478)	(38,479)
Expenses not currently deductible	—	16,477	749
Expenses incurred for tax but not book	—	—	—
Realized gain/loss differences (1)	41,533	(8,301)	(8,243)
Taxable income before deductions for distributions	<u>\$ 174,912</u>	<u>\$ 113,447</u>	<u>\$ 87,414</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, 2020, 2019 and 2018:

	Year Ended March 31,		
	2020	2019	2018
Undistributed ordinary income	\$ 53,132	\$ —	\$ —
Capital loss carryforward	(739,365)	(737,529)	(1,185,617)
Other temporary book-to-tax differences	(35,225)	(47,517)	(35,513)
Unrealized appreciation (depreciation)	(354,168)	(58,232)	2,493
Total accumulated under-distributed (over-distributed) earnings	<u>\$ (1,075,626)</u>	<u>\$ (843,278)</u>	<u>\$ (1,218,637)</u>

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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, 2020, the Company had a post-enactment short-term capital loss carryforward of \$245,100 and long-term capital loss carryforward of \$494,265. 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, 2020, 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 and none of the pre-enactment net capital loss carryforwards expired on March 31, 2020.

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, 2020, the Company deferred no late-year ordinary losses which are deemed to arise on April 1, 2020. 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, 2020, the Company deferred post-October capital loss of \$5,858 deemed to arise on April 1, 2020. 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.

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, 2020, we adjusted accumulated net realized loss by \$1,088 to \$745,645 and overdistributed net investment income by (\$5,631) to \$27,244. Total earnings and net asset value were not affected. 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.

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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, 2020.

	Year Ended March 31,				
	2020	2019	2018	2017	2016
Per Share Data*					
Net asset value at beginning of period	\$ 19.06	\$ 19.67	\$ 20.22	\$ 21.84	\$ 24.54
Net investment income (1)	2.16	1.81	1.83	2.01	2.49
Net realized and change in unrealized gains (losses) (1)	(3.89)	(0.79)	(0.64)	(1.77)	(3.06)
Net increase (decrease) in net assets resulting from operations	(1.73)	1.02	1.19	0.25	(0.57)
Distribution of net investment income (2)	(1.80)	(1.59)	(1.19)	(1.05)	(1.44)
Distribution of return of capital (2)	—	(0.21)	(0.60)	(0.90)	(0.96)
Accretion due to share repurchases	0.20	0.17	0.03	0.12	0.27
Net asset value at end of period	\$ 15.70	\$ 19.06	\$ 19.67	\$ 20.22	\$ 21.84
Per share market value at end of period	\$ 6.75	\$ 15.14	\$ 15.66	\$ 19.68	\$ 16.65
Total return (3)	(48.62)%	8.31 %	(12.06)%	31.44 %	(17.53)%
Shares outstanding at end of period	65,259,176	68,876,986	72,104,032	73,231,551	75,385,499
Weighted average shares outstanding	67,228,771	70,645,944	72,874,613	74,138,358	77,518,605
Ratio/Supplemental Data					
Net assets at end of period (in millions)	\$ 1,024.3	\$ 1,312.6	\$ 1,418.1	\$ 1,481.8	\$ 1,645.6
Ratio of operating expenses to average net assets (4)	4.79 %	5.09 %	5.02 %	4.59 %	5.85 %
Ratio of interest and other debt expenses to average net assets	6.01 %	4.26 %	3.61 %	3.86 %	4.47 %
Ratio of total expenses to average net assets (4)	10.80 %	9.35 %	8.63 %	8.45 %	10.32 %
Ratio of net investment income to average net assets	11.91 %	9.38 %	9.15 %	9.66 %	10.70 %
Average debt outstanding (in millions)	\$ 1,529.5	\$ 993.2	\$ 899.3	\$ 1,048.7	\$ 1,456.4
Average debt per share (5)	\$ 22.75	\$ 14.06	\$ 12.33	\$ 14.13	\$ 18.78
Portfolio turnover rate	46.58 %	46.26 %	45.06 %	23.25 %	34.35 %
Asset coverage per unit (6)	\$ 1,567	\$ 2,153	\$ 2,770	\$ 2,709	\$ 2,235

* 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, 2020 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, 2020, the ratio of operating expenses to average net assets and the ratio of total expenses to average net assets would be 4.81% and 10.83%, respectively, without the voluntary fee waivers. For the year 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.
- (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, 2020:

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, 2020	\$ 71,600	\$ 1.08	\$ 38,786	\$ 0.59	\$ (186,033)	\$ (2.81)	\$ (147,247)	\$ (2.22)
December 31, 2019	68,482	1.03	36,220	0.54	(35,934)	(0.54)	286	0.00
September 30, 2019	70,318	1.04	35,734	0.53	(28,666)	(0.43)	7,068	0.10
June 30, 2019	66,516	0.97	34,534	0.50	(10,705)	(0.16)	23,829	0.35
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

* Totals may not foot due to rounding.

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

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.

The Company believes the estimates and assumptions underlying our financial statements are reasonable and supportable based on the information available as of March 31, 2020. However uncertainty over the ultimate impact COVID-19 will have on the global economy generally, and the Company's business in particular, makes any estimates and assumptions as of March 31, 2020 inherently less certain than they would be absent the current and potential impacts of COVID-19. Actual results may ultimately differ from those estimates. To the extent the Company's portfolio companies are adversely impacted by the effects of the COVID-19 pandemic, it may have a material adverse impact on the Company's future net investment income, the fair value of its portfolio investments, its financial condition and the results of operations and financial condition of the Company's portfolio companies. See Note 2 for information regarding the potential impact of the COVID-19 pandemic.

On May 20, 2020 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 20, 2021.

On May 20, 2020, the Board of Directors declared a distribution of \$0.45 per share, payable on July 8, 2020 to stockholders of record as of June 18, 2020.

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, 2020 (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 2020 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 2020 Annual Stockholder Meeting, to be filed with the SEC within 120 days after March 31, 2020, 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 2020 Annual Stockholder Meeting, to be filed with the SEC within 120 days after March 31, 2020, 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 2020 Annual Stockholder Meeting, to be filed with the SEC within 120 days after March 31, 2020, 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 2020 Annual Stockholder Meeting, to be filed with the SEC within 120 days after March 31, 2020, 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 2020 Annual Stockholder Meeting, to be filed with the SEC within 120 days after March 31, 2020, 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:

- i. Financial Statements – See the Index to Financial Statements in Item 8 of this report.
- ii. Financial Statement Schedules – None.
- iii. 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 (8)
- 3.1(c) Articles of Amendment (12)
- 3.1(d) Articles of Amendment (14)
- 3.2 Fifth Amended and Restated Bylaws (9)
- 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 (7)
- 4.4 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 (7)
- 4.5 Form of 5.250% Notes due 2025 (contained in the Fourth Supplemental Indenture filed as Exhibit 4.8 hereto) (7)
- 4.6 Description of Apollo Investment Corporation's Registered Securities*
- 10.1 Third Amended and Restated Investment Advisory Management Agreement between the Registrant and Apollo Investment Management, L.P. (10)
- 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 (6)
- 10.6 Form of Transfer Agency and Service Agreement (2)
- 10.7 Amended and Restated Senior Secured Revolving Credit Agreement, dated November 19, 2018 (11)
- 10.10 Fee Offset Agreement, dated as of January 16, 2019 (13)
- 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 (5)
- 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, 2020*

* 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 from the Registrant's Registration Statement under the Securities Act of 1933, as amended, on Form N-2, filed on October 7, 2008.
- (6) Incorporated by reference from the Registrant's Form 10-K, filed on May 23, 2012.
- (7) Incorporated by reference to Exhibit 4.1 as applicable, to the Registrant's Form 8-K, filed on March 3, 2015.
- (8) 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.
- (9) Incorporated by reference to Exhibit 3.2 to the Registrant's Form 8-K, filed on May 18, 2018.
- (10) Incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K, filed on August 10, 2018.
- (11) Incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K, filed on November 20, 2018.
- (12) Incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K, filed on December 3, 2018.
- (13) Incorporated by reference to Exhibit 10.2 to the Registrant's Form 10-Q, filed on February 6, 2019.
- (14) Incorporated by reference to Exhibit 3.1 to Registrant's Form 8-K, filed on July 22, 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 21, 2020.

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 21, 2020

/s/ GREGORY W. HUNT

Gregory W. Hunt

Chief Financial Officer and Treasurer

(Principal Financial Officer)

May 21, 2020

/s/ AMIT JOSHI

Amit Joshi

Chief Accounting Officer and Assistant Treasurer

(Principal Accounting Officer)

May 21, 2020

/s/ JOHN J. HANNAN

John J. Hannan

Chairman of the Board of Directors, Director

May 21, 2020

/s/ R. RUDOLPH REINFRANK

R. Rudolph Reinfrank

Director

May 21, 2020

/s/ BARBARA MATAS

Barbara Matas

Director

May 21, 2020

/s/ CARL SPIELVOGEL

Carl Spielvogel

Director

May 21, 2020

/s/ JEANETTE W. LOEB

Jeanette W. Loeb

Director

May 21, 2020

/s/ ELLIOT STEIN, JR.

Elliot Stein, Jr.

Director

May 21, 2020

/s/ FRANK C. PULEO

Frank C. Puleo

Director

May 21, 2020

/s/ BRADLEY J. WECHSLER

Bradley J. Wechsler

Director

May 21, 2020

DESCRIPTION OF APOLLO INVESTMENT CORPORATION'S REGISTERED SECURITIES

The following description is based on relevant portions of the Maryland General Corporation Law and on our charter and bylaws. This summary is not necessarily complete, and we refer you to the Maryland General Corporation Law and our charter and bylaws for a more detailed description of the provisions summarized below, each of which is incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this Exhibit is a part.

References herein to "Apollo Investment," "we," "us," "our" and "Company" refer to Apollo Investment Corporation and not to any of its subsidiaries.

Capital Stock

Our authorized capital stock consists of 130,000,000 shares of stock, par value \$0.001 per share, all of which is currently designated as common stock. Our common stock is quoted on The Nasdaq Global Select Market under the ticker symbol "AINV." There are no outstanding options or warrants to purchase our stock, and no stock has been authorized for issuance under any equity compensation plans. Under Maryland law, our stockholders generally are not personally liable for our debts or obligations.

Under our charter, our board of directors ("Board of Directors") is authorized to classify and reclassify any unissued shares of stock into other classes or series of stock and to authorize the issuance of shares of stock without obtaining stockholder approval. As permitted by the Maryland General Corporation Law, our charter provides that the Board of Directors, without any action by our stockholders, may amend the charter from time to time to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we have authority to issue.

Common Stock

All shares of our common stock have equal rights as to earnings, assets, dividends and voting and, when they are issued, will be duly authorized, validly issued, fully paid and nonassessable. Distributions may be paid to the holders of our common stock if, as and when authorized by our Board of Directors and declared by us out of funds legally available therefor. Shares of our common stock have no preemptive, exchange, conversion or redemption rights and are freely transferable, except where their transfer is restricted by federal and state securities laws or by contract. In the event of a liquidation, dissolution or winding up of Apollo Investment, each share of our common stock would be entitled to share ratably in all of our assets that are legally available for distribution after we pay all debts and other liabilities and subject to any preferential rights of holders of our preferred stock, if any preferred stock is outstanding at such time. Except as may otherwise be specified in our charter, each share of our common stock is entitled to one vote on all matters submitted to a vote of stockholders, including the election of directors. Except as provided with respect to any other class or series of stock, the holders of our common stock will possess exclusive voting power. There is no cumulative voting in the election of directors, which means that, subject to our bylaws, holders of a majority of the outstanding shares of common stock can elect all of our directors, and holders of less than a majority of such shares will be unable to elect any director.

Preferred Stock

Our charter authorizes our Board of Directors to classify and reclassify any unissued shares of stock into other classes or series of stock, including preferred stock. Prior to issuance of shares of each class or series of preferred stock, the Board of Directors is required by Maryland law and by our charter to set the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each class or series. Thus, the Board of Directors could authorize the issuance of shares of preferred stock with terms and conditions which could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for holders of our common stock or otherwise be in their best interest. You should note, however, that any issuance of preferred stock must comply with the requirements of the Investment Company Act of 1940, as amended (the "1940 Act"). The 1940 Act requires, among other things, that (1) immediately after issuance and before any dividend or other distribution is made with respect to our common stock and before any purchase of common stock is made, such preferred stock together with all other senior securities must not exceed an amount equal to approximately 67% of our total assets after such issuance and after deducting the amount of such dividend, distribution or purchase price, as the case may be, and (2) the holders of shares of preferred stock, if any are issued, must be entitled as a class to elect two directors at all times and to elect a majority of the directors if dividends on such preferred stock become in arrears by two years or more until the arrears are eliminated.

Certain matters under the 1940 Act require the separate vote of the holders of any issued and outstanding preferred stock. For example, holders of preferred stock would vote separately from the holders of common stock on a proposal to cease operations as a business development company. We believe that the availability for issuance of preferred stock will provide us with increased flexibility in structuring future financings and acquisitions.

Limitation on Liability of Directors and Officers; Indemnification and Advance of Expenses

Maryland law permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from (a) actual receipt of an improper benefit or profit in money, property or services or (b) active and deliberate dishonesty that is material to a cause of action resulting in a final judgment adverse to the director. Our charter contains such a provision which eliminates directors' and officers' liability to the maximum extent permitted by Maryland law, subject to the requirements of the 1940 Act.

Maryland law requires a corporation (unless its charter provides otherwise, which our charter does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made, or threatened to be made, a party by reason of his or her service in that capacity. Maryland law permits a corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made, or threatened to be made, a party by reason of their service in those or other capacities unless it is established that (a) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (1) was committed in bad faith or (2) was the result of active and deliberate dishonesty, (b) the director or officer actually received an improper personal benefit in money, property or services or (c) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. However, under Maryland law, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that a personal benefit was improperly received, unless in either case a court orders indemnification, and then only for expenses. In addition, Maryland law permits a corporation to advance reasonable expenses to a director or officer upon the corporation's receipt of (a) a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation and (b) a written undertaking by him or her or on his or her behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the standard of conduct was not met.

Our charter authorizes us, to the maximum extent permitted by Maryland law and subject to the requirements of the 1940 Act, to obligate ourselves to indemnify any present or former director or officer or any individual who, while a director or officer and at our request, serves or has served another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner or trustee, from and against any claim or liability to which that person may become subject or which that person may incur by reason of his or her status as a present or former director or officer, and to pay or reimburse their reasonable expenses in advance of final disposition of a proceeding. Our bylaws obligate us, to the maximum extent permitted by Maryland law and subject to the requirements of the 1940 Act, to indemnify and advance expenses to any present or former director or officer or any individual who, while a director or officer and at our request, serves or has served another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner or trustee and who is made, or threatened to be made, a party to the proceeding by reason of his or her service in that capacity and to pay or reimburse their reasonable expenses in advance of final disposition of a proceeding. Our charter and bylaws also permit us to indemnify and advance expenses to any person who served a predecessor of us in any of the capacities described above and any of our employees or agents or any employees or agents of our predecessor, if any. In accordance with the 1940 Act, we will not indemnify any person for any liability to which such person would be subject by reason of such person's willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office.

Provisions of the Maryland General Corporation Law and Our Charter and Bylaws

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 of Apollo Investment or the removal of our directors. In addition to the matters described below, we have adopted other measures pursuant to the Maryland General Corporation Law that may make it difficult for a third party to obtain control of us, including 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.

Classified Board of Directors

Our Board of Directors is divided into three classes of directors serving staggered three-year terms. At each annual meeting of our stockholders, the successors to the class of directors whose terms expire at such meeting will be elected to hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of their election. Each director holds office for the term to which he or she is elected and until his or her successor is duly elected and qualifies. A classified board of directors may render a change in control of us or removal of our incumbent management more difficult. We believe, however, that the longer time required to elect a majority of a classified board of directors will help to ensure the continuity and stability of our management and policies.

Election of Directors

Our charter provides that the affirmative vote of the holders of a majority of the shares of stock outstanding and entitled to vote in the election of directors will be required to elect a director, unless our bylaws provide otherwise. Our bylaws provide that a nominee for director shall be elected as a director only if such nominee receives the affirmative vote of a majority of the total votes cast for and affirmatively withheld as to such nominee at a meeting of stockholders duly called and at which a quorum is present, unless there is a contested election, in which case, directors will be elected by a plurality of the votes cast.

Number of Directors; Vacancies; Removal

Our charter provides that the number of directors will be set only by the Board of Directors in accordance with our bylaws. Our bylaws provide that a majority of our entire Board of Directors may at any time increase or decrease the number of directors. However, unless our bylaws are amended, the number of directors may never be less than four nor more than ten. Pursuant to Section 3-802(b) of the Maryland General Corporation Law, we have elected in our charter to be subject to Section 3-804(c) of the Maryland General Corporation Law regarding the filling of vacancies on the Board of Directors. Accordingly, except as may be provided by the Board of Directors in setting the terms of any class or series of preferred stock, any and all vacancies on the Board of Directors may be filled only by the affirmative vote of a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum, and any director elected to fill a vacancy will serve for the remainder of the full term of the directorship in which the vacancy occurred and until a successor is elected and qualifies, subject to any applicable requirements of the 1940 Act.

Our charter provides that a director may be removed only for cause, as defined in our charter, and then only by the affirmative vote of at least two-thirds of the votes entitled to be cast in the election of directors.

Action by Stockholders

Under the Maryland General Corporation Law, stockholder action can be taken only at an annual or special meeting of stockholders or by unanimous written consent in lieu of a meeting unless the charter provides for a lesser percentage (which our charter does not). These provisions, combined with the requirements of our bylaws regarding the calling of a stockholder-requested special meeting of stockholders discussed below, may have the effect of delaying consideration of a stockholder proposal until the next annual meeting.

Advance Notice Provisions for Stockholder Nominations and Stockholder Proposals

Our bylaws provide that with respect to an annual meeting of stockholders, nominations of persons for election to the Board of Directors and the proposal of business to be considered by stockholders may be made only (1) pursuant to our notice of the meeting, (2) by or at the direction of the Board of Directors or (3) by a stockholder who is entitled to vote at the meeting and who has complied with the advance notice procedures of the bylaws. With respect to special meetings of stockholders, only the business specified in our notice of the meeting may be brought before the meeting. Nominations of persons for election to the Board of Directors at a special meeting may be made (1) by or at the direction of the Board of Directors or (2) provided that, the special meeting has been called for the purpose of electing directors, by a stockholder who is entitled to vote at the meeting and who has complied with the advance notice provisions of the bylaws.

The purpose of requiring stockholders to give us advance notice of nominations and other business is to afford our Board of Directors a meaningful opportunity to consider the qualifications of the proposed nominees and the advisability of any other proposed business and, to the extent deemed necessary or desirable by our Board of Directors, to inform stockholders and make recommendations about such qualifications or business, as well as to provide a more orderly procedure for conducting meetings of stockholders. Although our bylaws do not give our Board of Directors any power to disapprove stockholder nominations for the election of directors or proposals recommending certain action, they may have the effect of precluding a contest for the election of directors or the consideration of stockholder proposals if proper procedures are not followed and of discouraging or deterring a third party from conducting a solicitation of proxies to elect its own slate of directors or to approve its own proposal without regard to whether consideration of such nominees or proposals might be harmful or beneficial to us and our stockholders.

Calling of Special Meetings of Stockholders

Our bylaws provide that special meetings of stockholders may be called by our Board of Directors and certain of our officers. Additionally, our bylaws provide that, subject to the satisfaction of certain procedural and informational requirements by the stockholders requesting the meeting, a special meeting of stockholders will be called by our secretary upon the written request of stockholders entitled to cast not less than a majority of all the votes entitled to be cast at such meeting.

Approval of Extraordinary Corporate Action; Amendment of Charter and Bylaws

Under Maryland law, a Maryland corporation generally cannot dissolve, amend its charter, merge, sell all or substantially all of its assets, engage in a share exchange or engage in similar transactions outside the ordinary course of business, unless approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter. However, a Maryland corporation may provide in its charter for approval of these matters by a lesser percentage, but not less than a majority of all of the votes entitled to be cast on the matter. Our charter generally provides for approval of charter amendments and extraordinary transactions by the stockholders entitled to cast at least a majority of the votes entitled to be cast on the matter. Our charter also provides that certain charter amendments and any proposal for our conversion, whether by merger or otherwise, from a closed-end company to an open-end company or any proposal for our liquidation or dissolution requires the approval of the stockholders entitled to cast at least 80 percent of the votes entitled to be cast on such matter. However, if such amendment or proposal is approved by at least two-thirds of our continuing directors (in addition to approval by our Board of Directors), such amendment or proposal may be approved by a majority of the votes entitled to be cast on such a matter. The “continuing directors” are defined in our charter as our current directors as well as those directors whose nomination for election by the stockholders or whose election by the directors to fill vacancies is approved by a majority of the continuing directors then on the Board of Directors. The holders of any preferred stock outstanding would have a separate class vote on any conversion to an open-end company.

Our charter and bylaws provide that the Board of Directors will have the exclusive power to adopt, alter or repeal any provision of our bylaws and to make new bylaws.

No Appraisal Rights

Except with respect to appraisal rights arising in connection with the Maryland Control Share Acquisition Act discussed below, as permitted by the Maryland General Corporation Law, our charter provides that stockholders will not be entitled to exercise appraisal rights unless the Board of Directors, upon the affirmative vote of a majority of the entire Board of Directors, shall determine that such rights shall apply.

Control Share Acquisitions

We are subject to Subtitle 7 or Title 3 of the Maryland General Corporation Law, the Maryland Control Share Acquisition Act. Our bylaws currently 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 may make it more difficult for a third party to obtain control of us and increase the difficulty of consummating such an offer. The Maryland Control Share Acquisition Act provides that control shares of a Maryland corporation acquired in a control share acquisition have no voting rights except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter. Shares owned by the acquirer, by officers or by directors who are employees of the corporation are excluded from shares entitled to vote on the matter. Control shares are voting shares of stock which, if aggregated with all other shares of stock owned by the acquirer or in respect of which the acquirer is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquirer to exercise voting power in electing directors within one of the following ranges of voting power:

- one-tenth or more but less than one-third;
- one-third or more but less than a majority; or
- a majority or more of all voting power

The requisite stockholder approval must be obtained each time an acquirer crosses one of the thresholds of voting power set forth above. Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A control share acquisition means the acquisition of control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition may compel the Board of Directors of the corporation to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the shares. The right to compel the calling of a special meeting is subject to the satisfaction of certain conditions, including an undertaking to pay the expenses of the meeting. If no request for a meeting is made, the corporation may itself present the question at any stockholders' meeting.

If voting rights are not approved at the meeting or if the acquiring person does not deliver an acquiring person statement as required by the statute, then the corporation may repurchase for fair value any or all of the control shares, except those for which voting rights have previously been approved. The right of the corporation to repurchase control shares is subject to certain conditions and limitations, including, as provided in our bylaws, compliance with the 1940 Act. Fair value is determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by the acquirer or of any meeting of stockholders at which the voting rights of the shares are considered and not approved. If voting rights for control shares are approved at a stockholders' meeting and the acquirer becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of appraisal rights may not be less than the highest price per share paid by the acquirer in the control share acquisition.

The Maryland Control Share Acquisition Act does not apply (a) to shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction or (b) to acquisitions approved or exempted by the charter or bylaws of the corporation.

Our bylaws contain a provision exempting from the Maryland Control Share Acquisition Act any and all acquisitions by any person of our shares of stock. There can be no assurance that such provision will not be amended or eliminated at any time in the future. However, we will amend our bylaws to be subject to the Maryland Control Share Acquisition Act only if the Board of Directors determines that it would be in our best interests based on our determination that our being subject to the Maryland Control Share Acquisition Act does not conflict with the 1940 Act.

Business Combinations

We are subject to Subtitle 6 of Title 3 of the Maryland General Corporation Law, the Maryland Business Combination Act, subject to any applicable requirements of the 1940 Act. Pursuant to the Maryland Business Combination Act, "business combinations" between a Maryland corporation and an interested stockholder or an affiliate of an interested stockholder are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. "Business combinations" include a merger, consolidation, share exchange or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities. An interested stockholder is defined as:

- any person who beneficially owns 10% or more of the voting power of the corporation's shares; or
- an affiliate or associate of the corporation who, at any time within the two-year period to the date in question, was the beneficial owner of 10% or more of the voting power of the then outstanding voting stock of the corporation.

A person is not an interested stockholder under this statute if the Board of Directors approved in advance the transaction by which the person otherwise would have become an interested stockholder. However, in approving a transaction, the Board of Directors may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by the board of directors.

After the five-year prohibition, any business combination between the corporation and an interested stockholder generally must be recommended by the Board of Directors of the corporation and approved by the affirmative vote of at least:

- 80% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation: and
- two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom or with whose affiliate the business combination is to be effected or held by an affiliate or associate of the interested stockholder.

These super-majority vote requirements do not apply if the corporation's common stockholders receive a minimum price, as defined under Maryland law, for their shares in the form of cash or other consideration in the same form as previously paid by the interested stockholder for its shares.

The statute permits various exemptions from its provisions, including business combinations that are exempted by the Board of Directors before the time that the interested stockholder becomes an interested stockholder. Our Board of Directors has adopted a resolution that any business combination between us and any other person is exempted from the provisions of the Business Combination Act, provided that the business combination is first approved by the Board of Directors, including a majority of the directors who are not interested persons as defined in the 1940 Act. This resolution, however, may be altered or repealed in whole or in part at any time. If this resolution is repealed, or the Board of Directors does not otherwise approve a business combination, the statute may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer.

Subtitle 8 of Title 3 of the Maryland General Corporation Law

We are subject to Subtitle 8 of Title 3 of the Maryland General Corporation Law. Subtitle 8 permits Maryland corporations with a class of equity securities registered under the Exchange Act and at least three independent directors to elect to be subject, by provision in its charter or bylaws or a resolution of its board of directors and notwithstanding any contrary provision in the charter or bylaws, to any or all of the following five provisions: a classified board; a two-thirds stockholder vote requirement for removing a director; a requirement that the number of directors be fixed only by vote of the directors; a requirement that a vacancy on the board be filled only by the remaining directors and for the remainder of the full term of the class of directors in which the vacancy occurred; and a requirement that the request of the holders of at least a majority of all votes entitled to be cast shall be necessary to call a special meeting of stockholders. Through provisions in our charter and bylaws, some unrelated to Subtitle 8, we already include provisions classifying our Board of Directors in three classes serving staggered three-year terms; require the affirmative vote of the holders of not less than two-thirds of all of the votes entitled to be cast on the matter for the removal of any director from the board, which removal is allowed only for cause; vest in the board the exclusive power to fix the number of directorships, subject to limitations set forth in our charter and bylaws, and fill vacancies; and require the written request of stockholders entitled to cast not less than a majority of all votes entitled to be cast at such meeting to call a stockholder -initiated special meeting.

Conflict with 1940 Act

Our bylaws provide that, if and to the extent that any provision of the Maryland General Corporation Law, including the Control Share Acquisition Act (if we amend our bylaws to be subject to such act) and the Business Combination Act, or any provision of our charter or bylaws conflicts with any provision of the 1940 Act, the applicable provision of the 1940 Act will control.

Sales of Common Stock Below Net Asset Value

If we seek and receive approval from our stockholders authorizing us, in one or more public or private offerings of our common stock, to sell or otherwise issue shares of our common stock at a price below our then current net asset value ("NAV") per share, such sale would be subject to the following conditions:

- a majority of our independent directors who have no financial interest in the sale have approved the sale;
- a majority of such directors, who are not interested persons of Apollo Investment, in consultation with the underwriter or underwriters of the offering if it is to be underwritten, have determined in good faith, and as of a time immediately prior to the first solicitation by or on behalf of Apollo Investment of firm commitments to purchase such securities or immediately prior to the sale of such securities, that the price at which such securities are to be sold is not less than a price which closely approximates the market value of those securities, less any underwriting commission or discount; and

- the number of shares sold pursuant to such authority does not exceed 25% of our then outstanding common stock immediately prior to each such sale.

If we seek and receive such approval, there will be no maximum level of discount from NAV at which we may sell shares pursuant to such authority.

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Howard Widra, Chief Executive Officer of Apollo Investment Corporation, certify that:

1. I have reviewed this annual report on Form 10-K of Apollo Investment Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 21, 2020

/s/ HOWARD WIDRA

Howard Widra

Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Gregory W. Hunt, Chief Financial Officer of Apollo Investment Corporation, certify that:

1. I have reviewed this annual report on Form 10-K of Apollo Investment Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 21, 2020

/s/ GREGORY W. HUNT

Gregory W. Hunt

Chief Financial Officer and Treasurer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the annual report of Apollo Investment Corporation (the “Company”) on Form 10-K for the period ended March 31, 2020 (the “Report”), I, Howard Widra, Chief Executive Officer of the Company, and I, Gregory W. Hunt, Chief Financial Officer of the Company, each certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. To my knowledge, the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ HOWARD WIDRA

Howard Widra

Chief Executive Officer

May 21, 2020

/s/ GREGORY W. HUNT

Gregory W. Hunt

Chief Financial Officer and Treasurer

May 21, 2020

**Merx Aviation Finance, LLC and Subsidiaries
Consolidated Financial Statements**

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MERX AVIATION FINANCE, LLC AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS

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Report of Independent Auditors

To the Management of Merx Aviation Finance, LLC and its subsidiaries

We have audited the accompanying consolidated financial statements of Merx Aviation Finance, LLC and its subsidiaries, which comprise the consolidated statements of financial position as of March 31, 2020 and 2019, and the related consolidated statements of operations, consolidated statements of other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended March 31, 2020.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Merx Aviation Finance, LLC and its subsidiaries as of March 31, 2020 and 2019, and the results of their operations and their cash flows for the three years in the period ended March 31, 2020 in accordance with accounting principles generally accepted in the United States of America.

/s/ PricewaterhouseCoopers
Dublin, Ireland
19 May 2020

MERX AVIATION FINANCE, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(In thousands)

	Notes	March 31, 2020	March 31, 2019
Current assets			
Cash		\$ 10,446	\$ 39,877
Restricted cash		80,707	88,603
Aircraft held for sale	5 (ii)	—	116,793
Lease income receivable and other assets		19,529	11,775
Due from affiliates	3	12	12
Total current assets		110,694	257,060
Non-current assets			
Aircraft held for lease, net of depreciation	5 (i)	1,622,711	1,739,723
Investment securities	6	—	3,759
Interest in joint venture	7	105,384	101,144
Office equipment, net of depreciation		12	29
Deferred financing costs		17,304	20,570
Total non-current assets		1,745,411	1,865,225
Total assets		\$ 1,856,105	\$ 2,122,285
Current liabilities			
Debt	8	\$ 108,778	\$ 119,157
Deferred revenue		8,737	8,271
Interest payable		3,884	3,755
Accrued expenses and other liabilities		7,528	12,292
Total current liabilities		128,927	143,475
Non-current liabilities			
Debt	8	1,440,128	1,635,580
Maintenance reserves liability	10	242,329	262,100
Derivative financial instruments	11	25,007	8,372
Lease deposit liability	9	18,108	21,630
Deferred revenue		109	1,030
Deferred income tax liability	14	2,651	4,331
Total non-current liabilities		1,728,332	1,933,043
Total liabilities		\$ 1,857,259	\$ 2,076,518
Equity			
Merx Aviation Finance, LLC shareholders' equity:			
Member's equity		\$ 26,506	\$ 54,893
Cash flow hedge reserve		(5,492)	(166)
Total Merx Aviation Finance, LLC shareholders' equity		21,014	54,727
Non-controlling interests in consolidated entities		(22,168)	(8,960)
Total equity		\$ (1,154)	\$ 45,767
Total liabilities and equity		\$ 1,856,105	\$ 2,122,285

The accompanying notes are an integral part of these consolidated financial statements.

MERX AVIATION FINANCE, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands)

		For the year ended March 31,		
	Notes	2020	2019	2018
Revenues				
Lease revenue	12	\$ 221,514	\$ 212,788	\$ 64,323
Investment income		720	2,988	22,894
Redelivery income		687	—	16,933
Management fee income	3	1,008	645	1,275
Other income	13	3,193	51,251	272
Total revenues		\$ 227,122	\$ 267,672	\$ 105,697
Expenses				
Interest and other debt expenses		\$ 103,455	\$ 98,183	\$ 62,881
Depreciation and impairment		127,022	105,797	31,749
Management fee expense		943	68	2,283
General and administrative expenses		30,051	32,581	11,378
Total expenses		\$ 261,471	\$ 236,629	\$ 108,291
Other income (expenses)				
Interest in joint venture profit		\$ 14,938	\$ 11,199	\$ 12,007
Net (loss) gain on sale of aircraft		(10,674)	3,325	7,325
Fair value movement in derivative financial instruments		4	(1,245)	3
Net (loss) profit before taxes		\$ (30,081)	\$ 44,322	\$ 16,741
Income tax	14	2,299	916	(236)
Net (loss) profit after taxes		\$ (27,782)	\$ 45,238	\$ 16,505
Net loss after taxes attributable to non-controlling interests		(1,895)	(2,000)	—
Net (loss) profit after taxes attributable to Merx Aviation Finance, LLC		\$ (25,887)	\$ 47,238	\$ 16,505

The accompanying notes are an integral part of these consolidated financial statements.

MERX AVIATION FINANCE, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
(In thousands)

	For the year ended March 31,		
	2020	2019	2018
Net (loss) / profit after taxes	\$ (27,782)	\$ 45,238	\$ 16,505
Other comprehensive income			
Movement in cash flow hedge reserve, net of tax	(16,639)	(12,798)	3,163
Total other comprehensive (loss) income	\$ (16,639)	\$ (12,798)	\$ 3,163
Other comprehensive (loss) attributable to non-controlling interests	(13,208)	(8,960)	—
Total comprehensive (loss) income attributable to Merx Aviation Finance, LLC	\$ (31,213)	\$ 41,400	\$ 19,668

The accompanying notes are an integral part of these consolidated financial statements.

MERX AVIATION FINANCE, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In thousands)

	Merx Aviation Finance, LLC shareholders		Non-controlling interests in consolidated entities	Total equity
	Cashflow hedge reserve	Member's equity		
Balance at March 31, 2017	\$ 2,509	\$ 17,106	\$ —	\$ 19,615
Distribution to member	—	(16,556)	—	(16,556)
Net profit after taxes	—	16,505	—	16,505
Movement in cash flow hedge reserve	3,163	—	—	3,163
Balance at March 31, 2018	\$ 5,672	\$ 17,055	\$ —	\$ 22,727
Distribution to member	—	(9,400)	—	(9,400)
Net profit (loss) after taxes	—	47,238	(2,000)	45,238
Movement in cash flow hedge reserve	(5,838)	—	(6,960)	(12,798)
Balance at March 31, 2019	\$ (166)	\$ 54,893	\$ (8,960)	\$ 45,767
Distribution to member	—	(2,500)	—	(2,500)
Net (loss) after taxes	—	(25,887)	(1,895)	(27,782)
Movement in cash flow hedge reserve	(5,326)	—	(11,313)	(16,639)
Balance at March 31, 2020	\$ (5,492)	\$ 26,506	\$ (22,168)	\$ (1,154)

The accompanying notes are an integral part of these consolidated financial statements.

MERX AVIATION FINANCE, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	For the year ended March 31,		
	2020	2019	2018
Cash flows from operating activities			
Net (loss) / profit after tax	\$ (27,782)	\$ 45,238	\$ 16,505
Adjustments to reconcile net profit after tax to net cash provided by operating activities:			
Depreciation and impairment	127,021	109,228	33,120
Loss (gain) on sale of aircraft	10,674	(3,325)	(7,325)
Movement in derivative financial instruments	(4)	1,245	(3)
Movement in investment securities	(720)	(46,283)	—
Amortization of deferred financing costs	3,266	—	—
Interest in joint venture (profits) losses	(14,938)	(11,199)	(12,007)
Changes in operating assets and liabilities net of effects of business acquired:			
Decrease (increase) in interest receivable and other assets	(7,754)	(10,314)	(5,109)
Decrease (increase) in due from affiliates	—	—	78
(Decrease) increase in deferred revenue	(455)	604	(2,236)
Increase (decrease) in interest payable	129	(5,019)	(324)
Increase (decrease) in due to affiliates	—	—	(28)
(Decrease) increase in accrued expenses and other liabilities	(4,764)	12,537	(4,575)
(Decrease) increase in deferred income tax liabilities	(1,680)	(916)	226
Net cash provided by (used in) operating activities	\$ 82,994	\$ 91,796	\$ 18,322
Cash flows from investing activities			
Acquisition of aircraft	\$ (9,993)	\$ (486,886)	\$ —
Net cash received in business combination	—	179,410	—
Proceeds from disposal of aircraft	106,119	44,668	115,238
Purchase of investment in securities	—	—	—
Investment in joint venture	10,698	13,621	(180,290)
Receipts from investments in securities	4,479	7,600	54,351
Receipts from investment in joint venture	—	—	130,626
Lease deposits returned	(3,522)	(206)	(1,283)
Net cash movements in maintenance reserves	(19,771)	17,259	(9,054)
Net cash provided (used in) by investing activities	\$ 88,010	\$ (224,534)	\$ 109,588
Cash flows from financing activities			
Drawdowns of debt	\$ 31,718	\$ 1,334,547	\$ 139,700
Repayments of debt	(237,549)	(1,072,625)	(251,287)
Distribution to member	(2,500)	(9,400)	(16,556)
Net cash (used in) provided by financing activities	\$ (208,331)	\$ 252,522	\$ (128,143)
Net (decrease) increase in cash and restricted cash	\$ (37,327)	\$ 119,784	\$ (233)
Cash and restricted cash, beginning of year	\$ 128,480	\$ 8,696	\$ 8,929
Cash and restricted cash, end of year	\$ 91,153	\$ 128,480	\$ 8,696

MERX AVIATION FINANCE, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	For the year ended March 31,		
	2020	2019	2018
Supplemental disclosure of cash flow information			
Cash paid for interest	\$ 100,060	\$ 107,412	\$ 61,833
Cash paid for tax	—	6	11
Supplemental disclosure of non-cash activities			
Transfer of maintenance reserve and security deposit	\$ —	\$ —	\$ —
Net assets acquired upon business acquisition (net of cash)	—	182,069	—
Non-cash consideration paid for the business acquisition	—	182,069	—
Supplemental disclosure of cash and restricted cash reconciliation			
Cash per Consolidated Statement of Financial Position	\$ 10,446	\$ 39,877	\$ 4,572
Restricted cash per Consolidated Statement of Financial Position (1)	80,707	88,603	4,124
Total cash and restricted cash	<u>\$ 91,153</u>	<u>\$ 128,480</u>	<u>\$ 8,696</u>

(1) Restricted cash consists of pledged security deposits, maintenance reserves and other reserves related to secured aircraft financing arrangements.

The accompanying notes are an integral part of these consolidated financial statements

MERX AVIATION FINANCE, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands except share and per share data)

Note 1. Organization

Merx Aviation Finance, LLC ("Merx"), a Delaware limited liability company, commenced operations on March 31, 2014. Merx and its subsidiaries ("Merx Aviation", the "Company", "we", "us", or "our") are principally engaged in acquiring and leasing commercial aircraft to airlines throughout the world. The Company has executive offices and employees in New York City, New York as well as Dublin, Ireland.

Merx was formed by Apollo Investment Corporation ("AIC"), a Maryland corporation. AIC is the sole member of Merx. On March 31, 2014, AIC entered into an agreement whereby it exchanged its 100% membership interest in Merx Aviation Finance Holdings, LLC ("Holdings, LLC") for a 100% membership interest in Merx. In connection with the exchange, all debt (the "Revolver", discussed in Note 3) and equity due to AIC held by Holdings, LLC was assumed by the Merx, and in return Merx received equity in Holdings, LLC.

As of March 31, 2020, the Company owned a fleet of 81 aircraft in its operating lease portfolio through securitized vehicles, joint ventures and direct ownership, and managed an additional 18 aircraft. In addition to its leasing activities, the Company sells aircraft from its operating lease portfolio to third parties, including other lease companies, financial services companies, airlines and other investors. The Company also provides aircraft management services to investors and owners of aircraft portfolios for a management fee.

Note 2. Significant Accounting Policies

Basis of Accounting and Principles of Consolidation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. ("U.S. GAAP").

The consolidated financial statements include the accounts of Merx Aviation and all of its subsidiaries as well as those entities for which Merx Aviation is deemed to be the primary beneficiary, which include MAPS 2018-1 and MAPS 2019-1. The Company obtained control and consolidated the operations of MAPS 2018-1 and MAPS 2019-1 as of May 15, 2018. All intercompany transactions and balances have been eliminated on consolidation. We use judgment when (a) evaluating whether an entity is subject to consolidation as a variable interest entity ("VIE"), (b) identifying the entity's variable interest holders, (c) estimating the potential expected losses and residual returns that may inure to the variable interest holders, and (d) assessing whether Merx Aviation is the primary beneficiary. When evaluating whether Merx Aviation is the primary beneficiary, we consider (1) the entity's purpose and design, and the risks that are intended to be passed on its variable interest holders, (2) whether Merx Aviation has the power to direct the activities that most significantly impact the entity's economic performance, and (3) whether Merx Aviation's obligation to absorb losses of the entity or the right to receive benefits from the entity could potentially be significant to the VIE. When certain events occur, we reconsider whether we are the primary beneficiary of VIEs. We do not reconsider whether we are a primary beneficiary solely because of operating losses incurred by an entity.

Functional currency

The group functional currency is the United States dollar (\$), being the currency that represents the economic effects of the underlying transactions, events and conditions.

Use of Estimates

The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. While the Company believes that the estimates and related assumptions used in the preparation of the consolidated financial statements are appropriate, actual results could differ from those estimates, and such differences could be material.

Risk and Uncertainties

In the normal course of business, Merx Aviation encounters several significant types of economic risk including credit, market, aviation industry and capital market risks. Credit risk is the risk of another party's inability or unwillingness to make contractually required payments and to fulfill its other contractual obligations. Market risk reflects the change in the value of the investments due to changes in interest rate spreads or other market factors, including the value of collateral underlying the investments. Aviation industry risk is the risk of a downturn in the commercial aviation industry which could adversely impact a lessee's ability to make payments, increase the risk of unscheduled lease terminations and depress lease rates and the value of the Company's aircraft. Capital market risk is the risk that the Company is unable to obtain capital at reasonable rates to fund the growth of our business or to refinance existing debt facilities.

Worldwide Pandemic

As a result of the rapid spread of the novel coronavirus, COVID-19, throughout the world, on March 11, 2020, the World Health Organization ("WHO") classified the virus as a pandemic. The speed with which the effects of the COVID-19 pandemic have changed the worldwide economic landscape, outlook, and in particular the travel industry, has been swift and unexpected. The unprecedented and rapid spread of COVID-19 and the related travel restrictions and social distancing measures implemented throughout the world have significantly reduced demand for air travel. After initially impacting air travel service to China beginning in January, the spread of the virus and the resulting global pandemic next affected the majority of the international network.

Beginning in March, large public events were cancelled, governmental authorities began imposing restrictions on non-essential activities, businesses suspended travel and popular leisure destinations temporarily closed to visitors. Certain countries that are key markets for business have imposed bans on international travelers for specified periods or indefinitely. As a result, demand for travel declined at an accelerated pace, which has had an unprecedented and materially adverse impact on revenues and financial position of airline companies. The length and severity of the reduction in demand due to the pandemic is uncertain; while we are expecting for a modest demand recovery beginning in the September 2020 quarter, the exact timing and pace of the recovery is uncertain given the significant impact of the pandemic on the global economy. Airlines have taken numerous measures with respect to expense and liquidity management to minimize the impact of the pandemic. Additionally, central governments across the globe have taken initiatives to provide, relief, and economic security to the airlines.

Our financial condition depends on the ability of our lessees to perform their payment and other obligations to us under our leases. The downturn in the aviation industry resulting from COVID-19 could weaken the financial condition and exacerbate the liquidity problems of some of our lessees, and increases the risk that they will delay, reduce or fail to make rental payments when due. In addition, the downturn in the future could result in lower utilization of our aircraft assets and could impact our ability to lease or sell our aircraft. All of these actual and potential developments arising from the outbreak of COVID-19 could materially and adversely affect our financial condition, results and cash flows.

Beginning in the first calendar quarter of 2020 and continuing in the second calendar quarter, we began receiving requests from our customers for accommodations such as deferral of lease payments or other lease concessions. As of May 20, 2020, most of our lessees have requested some form of rental relief. We evaluate such requests on a case-by-case basis and have worked out accommodation arrangements with 9 of our lessees with respect to 18 aircraft, generally in the form of partial lease deferrals for payments due in the first and second quarter of 2020, typically with a short-term repayment period, with the majority of the deferrals repaid by the end of this year. In some cases, lease extensions or other amendments were also negotiated as part of the deferral accommodations. As of May 20, 2020, the Company has agreed to defer approximately \$19.0 million in lease payments, which represents approximately 9% of our total revenue for fiscal year 2020. We remain in active discussions with our other airline customers and expect to continue to provide accommodation arrangements on a case-by-case basis.

While lease deferrals may delay our receipt of cash, we generally recognize the lease revenue during the period even if a deferral is provided to the lessee, unless we determine collection is not reasonably assured. We monitor all lessees with past due lease payments and discuss relevant operational and financial issues facing those lessees in order to determine an appropriate course of action. As of March 31, 2020, we concluded that collection of lease rental payments was not probable from several lessees, resulting in creation of an allowance for doubtful debts of \$2.7 million which represents less than 1.2% of our aggregate lease revenue for the year ended March 31, 2020.

Depending on the severity and longevity of the COVID-19 pandemic, the efforts taken to reduce its spread and the possibility of a resurgence of COVID-19, some of our lessees may return aircraft to us before the return date in their lease agreement or experience insolvency or initiate bankruptcy or similar proceedings that result in aircraft being returned to us. If this occurs, we may not be able to reposition the aircraft with other airlines as quickly as we have historically, or we may incur increased costs in repositioning such aircraft. As a result, our revenues and collection rates would decline.

The future cash flows supporting the carrying value of our aircraft are based on current lease contracts and our estimates of future lease rates, useful lives and residual values for these aircraft. As a result of the COVID -19 outbreak and its impact on the aviation industry and the global economic environment, there is more uncertainty regarding the future cash flows relating to our aircraft. A reduction in the future expected cash flows relating to our aircraft could result in impairment losses that could be material to our financial results. Upon review, the Company determined that, based on the facts and circumstances in existence as of March 31, 2020, the book values of certain of its aircraft more likely than not exceeded their fair values and therefore, quantitative tests were required. Based upon the results of quantitative tests, the Company recorded an impairment of \$25.9 million.

The Company's assumptions about future conditions important to its assessment of potential impairment of its amortizable assets, and receivables, including the impacts of the COVID-19 pandemic and other ongoing impacts to its business, are subject to uncertainty, and the Company will continue to monitor these conditions in future periods as new information becomes available, and will update its analysis accordingly.

Business Combinations

An acquisition of a business, an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return directly to investors, is a business combination. Determining whether the acquisition meets the definition of a business combination requires judgment to be applied on a case by case basis.

Business combinations, except for transactions between entities under common control, are accounted for using the acquisition method of accounting. The acquired identifiable tangible and intangible assets, liabilities and contingent liabilities are measured at their fair values at the date of the acquisition. Acquisition costs incurred are expensed under selling, general and administrative expenses.

Goodwill is initially measured at the excess of the aggregate of the consideration transferred and the amount recognized for any non-controlling interest over the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date. The non-controlling interest is measured at fair value or at the proportion of the acquired entity's identifiable net assets as elected for each business combination.

Cash

Cash held at U.S. financial institutions, at times, may exceed the amount insured by the Federal Deposit Insurance Corporation. Cash is carried at cost which approximates fair value. As of March 31, 2020, the Standards & Poor's credit rating of J.P. Morgan & Chase N.A. was A+, Allied Irish Bank plc was BBB+, Sumitomo Mitsui Banking Corp. was A, Wells Fargo Bank N.A. was A+ and Deutsche Bank AG was BBB+.

Restricted Cash

Cash held at financial institutions may be classified as restricted cash if provisions exist in contracts with other parties that affect the Company's ability to readily access or utilize cash for business purposes. Under certain of the Company's debt arrangements, payments received from lessees serve as collateral to the lenders and are thus subject to withdrawal restrictions. The Company's restricted cash consists primarily of (i) security deposits and maintenance reserves received from lessees under the terms of various lease agreements; (ii) a portion of rents collected required to be held for debt repayments; and (iii) cash held in securitized vehicles.

Aircraft Held for Lease

Aircraft held for lease are stated at cost less depreciation and impairment. Depreciation is charged using the straight-line method, typically over a 25-year life from the date of manufacture. Estimated residual values are generally determined to be approximately 10% of the purchase price. Management may make exceptions to this policy on a case-by-case basis when, in its judgment, the residual value or the useful life calculated pursuant to this policy does not appear to reflect current expectations of value. In accounting for aircraft held for lease, we make estimates about the expected useful lives and the estimated residual values. In making these estimates, we rely upon industry experience with the same or similar aircraft types and our anticipated lessee's utilization of the aircraft. Aircraft may be pledged as collateral for external funding arrangements.

Aircraft Held for Sale

Management evaluates all contemplated aircraft sale transactions to determine whether all the required criteria have been met under Generally Accepted Accounting Principles (“GAAP”) to classify aircraft as flight equipment held for sale. Management uses judgment in evaluating these criteria. Due to the significant uncertainties of potential sale transactions, the held for sale criteria generally will not be met unless the aircraft is subject to a signed sale agreement, or management has made a specific determination and obtained appropriate approvals to sell a particular aircraft or group of aircraft.

Aircraft held for sale are recorded at the lesser of carrying value or fair value, less estimated cost to sell. The Company continues to recognize rent from aircraft held for sale until the date the aircraft is sold. Rent collected from the sale contract date through the aircraft disposition date reduces the sale proceeds and gain on sale of aircraft. In addition, depreciation ceases once an aircraft is classified as held for sale. The Company performs an impairment review of aircraft held for sale. An impairment loss is recorded for an asset or asset group held for sale when the carrying value of the asset or asset group exceeds its fair value, less estimated cost to sell.

Repair and Maintenance of Aircraft

Major improvements and modifications incurred in connection with the acquisition of aircraft that are required to get the aircraft ready for use are capitalized and depreciated over the remaining life of the aircraft. In addition, costs paid by us for scheduled maintenance and overhauls are capitalized and depreciated over a period to the next scheduled maintenance or overhaul event. Miscellaneous repairs are expensed when incurred.

Impairment of Aircraft

We perform a recoverability assessment of all aircraft in our fleet, on an aircraft-by-aircraft basis, at least annually. In addition, a recoverability assessment is performed whenever events or changes in circumstances or indicators indicate that the carrying value of an asset may not be recoverable. Indicators may include but are not limited to a significant lease restructuring or early lease termination, significant air traffic decline, the introduction of newer technology aircraft or engines, the discontinuation of the production of an aircraft type or an issuance of a significant airworthiness directive. When we perform a recoverability assessment, we measure whether the estimated future undiscounted net cash flows expected to be generated by the aircraft exceed its carrying value. The undiscounted cash flows consist of cash flows from currently contracted leases, future projected lease rates, transition costs, estimated down time and estimated residual or scrap values for an aircraft.

We develop assumptions used in the recoverability analysis based on our knowledge of active lease contracts, current and future expectations of the global demand for a particular aircraft type, and historical experience in the aircraft leasing market and aviation industry, as well as information received from third-party industry sources. The factors considered in estimating the undiscounted cash flows are affected by changes in future periods due to changes in contracted lease rates, economic conditions, technology, and airline demand for a particular aircraft type. In the event that an aircraft does not meet the recoverability test and the aircraft’s carrying amount falls below estimated values from third-party industry sources, the aircraft will be recorded at fair value in accordance with the Company’s fair value measurement policy, resulting in an impairment charge.

Investment Securities

Where the Company has the intent and ability to hold securities for the foreseeable future, we have classified them as held-for-investment. These investments are reported in the balance sheet at outstanding principal adjusted for any charge-offs, repayments, allowance for loan losses, any deferred fees or costs on originated loans, and any unamortized premiums or discounts.

Interest in Joint Venture

The Company recognizes interest in joint ventures using the equity method of accounting. Investments accounted for under the equity method are recorded at the amount of the Company’s investment and adjusted each period for the Company’s share of the joint venture's income or loss.

Lease Rental Receivable

Lease rental receivables represent unpaid, current lessee rental obligations under existing lease contracts. An allowance for credit losses on trade receivables is established when the risk of non-recovery is probable. The risk of non-recovery is primarily based on the extent to which amounts outstanding exceed the value of security held, together with an assessment of the financial strength and condition of a debtor and the economic conditions persisting in the debtor's operating environment. The allowance for credit losses is classified as leasing expenses in our Consolidated Statement of Operations.

Debt and Deferred Debt Issuance Costs

Long-term debt is carried at the principal amount borrowed, including unamortized discounts, premiums, and debt issuance costs, where applicable. We amortize the amount of discounts, premiums and over the period the debt is outstanding using the effective interest method. The costs we incur for issuing debt are capitalized and amortized as an increase to interest expense over the life of the debt using the effective interest method. Debt issuance costs related to our line-of-credit arrangements are presented within other assets.

Derivative Financial Instruments

The Company enters into derivative contracts to manage its exposure to interest rate risk. Interest rate swaps are used to minimize exposures to interest rate movement on underlying debt obligations of the Company. Our derivative assets are recorded in non-current assets and our derivative liabilities are recorded in non-current liabilities in our Consolidated Balance Sheets, unless there is a legal liability and intention to settle net.

The Company has elected to apply hedge accounting to its derivative instruments, as such when cash flow hedge accounting treatment is applied, the changes in fair values related to the effective portion of the derivatives are recorded in Other Comprehensive Income ("OCI"), and the ineffective portion is recognized immediately in the Consolidated Statements of Operations. Amounts reflected in OCI related to the effective portion are reclassified into the Consolidated Statements of Operations in the same period or periods during which the hedged transaction affects interest expense.

We discontinue hedge accounting prospectively when (i) we determine that the derivative is no longer effective in offsetting changes in the fair value or cash flows of the hedged item; (ii) the derivative expires or is sold, terminated, or exercised; or (iii) management determines that designating the derivative as a hedging instrument is no longer appropriate. In all situations in which hedge accounting is discontinued and the derivative remains outstanding, we recognize the changes in the fair value in current-period earnings. The remaining balance in OCI at the time we discontinue hedge accounting is not recognized in our Consolidated Statements of Operations unless it is probable that the forecasted transaction will not occur. Such amounts are recognized in Consolidated Statements of Operations when the hedged transaction affects interest expense.

When cash flow hedge accounting treatment is not applied, the changes in fair values between periods are recognized as a fair value movement in the Consolidated Statements of Operations. Net cash received or paid under derivative contracts in any reporting period is classified as operating cash flows in our Consolidated Statements of Cash Flows.

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 receivables for investments sold and payables for investments purchased, respectively, in the Consolidated Statements of Financial Position.

Fair Value Measurements

Fair value is defined as the amount 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. The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- **Level 1 Inputs:** Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.

- **Level 2 Inputs:** Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- **Level 3 Inputs:** One or more inputs to valuation techniques are significant and unobservable.

In some cases, the inputs used to measure fair value can fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given financial instrument is based on the lowest level of input that is significant to the fair value measurement.

The Company measures the fair value of certain assets on a non-recurring basis, principally our flight equipment, when GAAP requires the application of fair value, including events or changes in circumstances that indicate that the carrying amounts of assets may not be recoverable.

The Company records flight equipment at fair value when we determine the carrying value may not be recoverable. The Company principally uses the income approach to measure the fair value of flight equipment. The income approach is based on the present value of cash flows from contractual lease agreements and projected future lease payments, including contingent rentals, net of expenses, which extend to the end of the aircraft's economic life in its highest and best use configuration, as well as a disposition value based on expectations of market participants. These valuations are considered Level 3 valuations, as the valuations contain significant non-observable inputs.

Lease Revenue

The Company leases aircraft principally under operating leases and reports rental income ratably over the life of each lease. At lease inception, we review all necessary criteria to determine proper lease classification. We account for lease agreements that include uneven rental payments on a straight-line basis. Most of our lease contracts require rental payments in advance. Rentals received, but unearned, under the lease agreements are recorded as deferred revenue on the Company's Consolidated Statements of Financial Position until earned. The difference between the rental income recorded and the cash received under the provisions of the lease is included in Lease receivables, as a component of current assets on the Company's Consolidated Statements of Financial Position. An allowance for doubtful accounts will be recognized for past-due rentals based on management's assessment of collectability. Management monitors all lessees with past due lease payments and discuss relevant operational and financial issues facing those lessees in order to determine an appropriate allowance for doubtful accounts.

All of the Company's lease agreements are triple net leases whereby the lessee is responsible for all taxes, insurance, and aircraft maintenance. In many operating lease contracts, the lessee is obligated to make periodic payments, which are calculated with reference to the utilization of the airframe, engines, and other major life-limited components during the lease. In these leases, we will make a payment to the lessee to compensate the lessee for the cost of the qualifying event incurred, up to the maximum of the amount of maintenance reserves payment made by the lessee during the lease term, net of previous reimbursements. These payments are made upon the lessee's presentation of invoices evidencing the completion of such qualifying event. The Company records as lease revenue, the portion of maintenance reserves liability that is virtually certain will not be reimbursed to the lessee. Maintenance reserves payments which we may be required to reimburse to the lessee are reflected in our maintenance reserve liability, as a component of non-current liabilities in our consolidated statements of financial position. Any maintenance reserves or end of lease payments collected that were not reimbursed to the lessee during the term of the lease for a qualifying event are recognized as lease revenue at the end of the lease.

Investment Income

Interest income is recognized on an accrual basis. Discounts or premiums are accreted or amortized into interest income on an effective yield or "interest" method based upon a comparison of actual and expected cash flows, through the expected maturity date of the security.

Redelivery Income

In certain contracts, the lessee is required to re-deliver the aircraft in a specified maintenance condition (normal wear and tear excepted), with reference to major life-limited components of the aircraft. To the extent that such components are re-delivered in a different condition than specified, there is normally an end-of-lease compensation adjustment for the difference at re-delivery. Amounts received as part of these re-delivery adjustments are recorded as lease rental income at lease termination.

Management Fee Income

Management fee income is accounted for on an accruals basis.

Expenses

Expenses include interest expense, management fee expense, compensation expenses and benefits, selling, other general and administrative expenses. Expenses are recognized on an accrual basis.

Income Taxes

The Company and two of its subsidiaries are single member limited liability companies and were structured as disregarded entities for U.S. federal, state and local tax purposes. Accordingly no provision for income taxes is made for these Companies. Two of the Company's subsidiaries are structured as taxable entities for U.S. federal, state and local tax purposes. Accordingly, the Company uses the liability method in accounting for deferred income taxes for this subsidiary. Deferred income tax assets and liabilities are recognized for the future tax consequences attributed to temporary differences between the carrying value and tax basis of existing assets and liabilities using enacted rates applicable to the periods in which the differences are expected to be reversed. A valuation allowance is established, if necessary, to reduce deferred tax assets to the amount estimated to be recoverable. The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities.

The Company wholly owns subsidiaries which qualify as controlled foreign corporations for U.S. federal, state and local tax purposes. These entities are subject to tax at the rate of their jurisdiction of incorporation.

Non-controlling interests

For entities that are consolidated, but not 100% owned, a portion of the income or loss and corresponding equity is allocated to owners other than the Company. The aggregate of the income or loss and corresponding equity that is not owned by the Company is included in non-controlling interests in the consolidated financial statements.

The authoritative guidance for non-controlling interests in the consolidated financial statements requires reporting entities to present non-controlling interest as equity and provides guidance on the accounting for transactions between an entity and non-controlling interests. According to the guidance, (1) non-controlling interests are presented as a separate component of shareholders' equity on the Company's consolidated statements of financial condition, (2) net profit (loss) after taxes includes the net profit (loss) after taxes attributable to the non-controlling interest holders on the Company's consolidated statements of operations, (3) the primary components of non-controlling interest are separately presented in the Company's consolidated statements of changes in shareholders' equity to clearly distinguish the interests in the Company and other ownership interests in the consolidated entities and (4) profits and losses are allocated to non-controlling interests in proportion to their ownership interests regardless of their basis.

Recently Adopted Accounting Standards

On April 10, 2020, the Financial Accounting Standards Board ("FASB") issued a question-and-answer document regarding accounting for lease concessions and other effects of the coronavirus ("COVID-19") pandemic. The document clarifies that entities may elect to not evaluate whether lease-related relief that lessors provide to mitigate the economic effects of COVID-19 on lessees is a lease modification under Leases ASC 840. The Company has chosen to continue accounting for lease concessions in accordance with guidance in Topic 840.

On December 18, 2019, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes. This new standard eliminates certain exceptions in Accounting Standards Codification ("ASC") 740 related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period, and the recognition of deferred tax liabilities for outside basis differences. It also clarifies and simplifies other aspects of the accounting for income taxes. This standard is effective for fiscal years, and interim periods within those years, beginning after December 15, 2020, with early adoption permitted in any interim period within that year. The Company elected to early adopt this standard as of January 1, 2020. However, the early adoption as of January 1, 2020, did not have an impact on the Company's financial statements or disclosures for the year ended 2020.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02 ("ASU 2016-02"), "Leases (Topic 842)". The amendments in ASU 2016-02 set out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. In July 2018, the FASB issued ASU No. 2018-10, "Codification Improvements to Topic 842, Leases", which provides narrow amendments to clarify how to apply certain aspects of the new lease standard. In addition, in August 2018, the FASB issued ASU No. 2018-11, "Targeted Improvements to ASC 842", which includes an option to apply the new lease standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption rather than restate comparative periods in transition. In December 2018, the FASB issued ASU 2018-20, "Narrow-Scope Improvements for Lessors". This ASU provides an election for lessors to exclude sales and related taxes from consideration in the contract and requires lessors to exclude from revenue and expense lessor costs paid directly to a third party by lessees. In March 2019, the FASB Issued ASU 2019-01, "Codification Improvements". This ASU address issues relating to (i) Determining the fair value of the underlying asset by lessors that are not manufacturers or dealers; (ii) Presentation on the statement of cash flows-sales-type and direct financing leases; and Transition disclosures related to Topic 250, Accounting Changes and Error Corrections. Recently, the effective date of ASC 842 for private companies has further extended for one year by FASB. The standard will be effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021.

The Company will adopt the amendments to Accounting Standards Codification ("ASC") 842 on April 1, 2021. As a result, the Company will continue to disclose comparative reporting periods under the previous accounting guidance, ASC 840. Based on our evaluation of the guidance, we noted that Lessor accounting is similar to the current model, but the guidance will impact us in scenarios where we are the Lessee. The Company is evaluating the potential effects on the consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13 ("ASU 2016-13"), "Financial Instruments - Credit Losses (Topic 326) Measurement of Credit Losses on Financial Instruments". ASU 2016-13 revises the measurement of credit losses for financial assets measured at amortized cost from an incurred loss methodology to an expected loss methodology. ASU 2016-13 affects trade receivables, debt securities, net investment in leases, and most other financial assets that represent a right to receive cash. Additional disclosures about significant estimates and credit quality are also required. In November 2018, the FASB issued ASU No. 2018-19, "Codification Improvements to Topic 326, Financial Instruments - Credit Losses". This ASU clarifies that receivables from operating leases are accounted for using the lease guidance and not as financial instruments. The effective date will be the first quarter of fiscal year 2023. The Company is evaluating the potential effects on the consolidated financial statements.

Note 3. Related Party Arrangements

The Company is party to an administration agreement (the "Administration Agreement") with Apollo Investment Administration, LLC (the "Administrator" or "AIA"), under which the Administrator, subject to review by the Company's management and the Board of Directors of AIC, provides administrative services to the Company. AIA is an affiliated entity of Apollo Investment Management, L.P. which provides investment advisory services to AIC. The Administration Agreement provides that the Company will reimburse the Administrator for all costs and expenses incurred by Administrator in performing its obligations and providing personnel under the agreement. Additionally, the Company will bear all costs and expenses incurred by any person or entity, including the Administrator, in connection with the business operations of the Company, including, without limitation, payments based upon the allocable portion for the Company of the Administrator's overhead in performing its obligations. For the years ended March 31, 2020 (FY2020), March 31, 2019 (FY2019), and March 31, 2018 (FY2018), the Company paid \$250, \$250 and \$250, respectively, to AIA for the provision of administrative services.

Apollo Global Management ("AGM") is an affiliate of both AIA and AIC, and pays certain expenses on behalf of the Company and other affiliates. Accordingly, the Company periodically reimburses AGM for expenses paid on its behalf.

AIC has also entered into an expense reimbursement agreement with Merx Aviation Finance Assets Ireland Limited ("Merx Ireland"), an affiliate of the Company, that will reimburse AIC for reasonable out-of-pocket expenses incurred, including any interest, fees or other amounts incurred by AIC in connection with letters of credit issued on behalf of Merx Ireland. For the year ended March 31, 2020, the Company reimbursed expenses of \$4 (FY2019: \$74; FY2018: \$86) to AIC under the expense reimbursement agreement.

Athene Holding Ltd. and its subsidiaries (collectively "Athene") is a related party of AGM. Athene has invested in OVI Aviation Designated Activity Company alongside the Company through Profit Participating Note securities. The aggregate of the income or loss and corresponding equity that is not owned by the Company is included in non-controlling interests in the consolidated financial statements.

The Company is party to servicing agreements with several affiliates of AIC, AGM and Athene, under which the Company provides administrative and technical services. For providing these services, the Company receives fees. For the year ended March 31, 2020, the Company recognized \$1,008 (FY2019: \$645; FY2018: \$1,275) in fee income from these affiliates.

In March 2014, AIC issued a revolving credit facility (the "Revolver") to the Company with an interest rate of 12% and maturity date of October 31, 2023. As of March 31, 2020, the Revolver provided the Company with financing capacity of up to \$500,000 at the sole discretion of AIC. Borrowings under the revolver may be used for working capital needs in the ordinary course of business and other general corporate purposes (including, but not limited to making investments). The total amount outstanding under the Revolver was \$305,300 and \$371,200 as of March 31, 2020 and March 31, 2019, respectively. See Note 8 for additional disclosures.

The following related party balances are included in the Consolidated Statements of Financial Position.

	March 31, 2020	March 31, 2019
Due from affiliates		
Management fees - AIC affiliate	\$ 12	\$ 12
Due from affiliates	\$ 12	\$ 12

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, the Company entered into a series of service arrangements with affiliates of AGM. Under a servicing agreement with Apollo Capital Management, L.P. ("ACM"), the Company serves as technical servicer to aircraft clients of ACM and its affiliates. Under a research support agreement with ACM, the Company's employees assist ACM with technical diligence and underwriting of new aircraft-related investment opportunities. Under a technical support agreement, the Company and AMH share the services of Mr. Gary Rothschild.

Note 4. Business Combinations

On May 15, 2018, the Company acquired control in AABS Limited and its subsidiaries ("AABS"), and RISE Limited and its subsidiaries ("RISE") securitized vehicles which are considered VIEs. The Company is considered to be the primary beneficiary and has the power to direct the activities that most significantly impact the economic performance of these VIEs. Therefore, management determined that the VIEs' financial information needs to be consolidated with the Company's consolidated financial statements.

Historically, the Company had investment in M1 and E Notes issued by AABS and RISE (See Note 6). On May 15, 2018 as part of the control acquisition, the Company purchased M2 notes of AABS and RISE and entered into a servicing agreement to provide servicing to both these entities. As a result of the transaction, the company was deemed to have acquired control.

The following is a summary of the allocation of the purchase price based on the estimated fair values of the identifiable assets acquired and the liabilities assumed at the closing date. As of March 31, 2019, all known measurement period adjustments were taken into consideration.

	Fair value recognized on acquisition	
	AABS	RISE
Assets		
Aircraft held for lease	\$ 457,687	\$ 588,188
Cash and restricted cash	196,784	27,736
Total Assets	\$ 654,471	\$ 615,924
Liabilities		
Debt payable	\$ 469,984	\$ 376,481
Maintenance reserves and security deposits	92,075	95,241
Other net liabilities	1,284	288
Total Liabilities	\$ 563,343	\$ 472,010
Total identifiable net assets at fair value	\$ 91,128	\$ 143,914
Consideration paid		
Cash paid	\$ 19,265	\$ 25,846
Others	71,863	118,068
Purchase consideration transferred upon acquisition	\$ 91,128	\$ 143,914

The following table shows the composition of investment securities at fair value that the Company held in AABS and RISE as of May 15, 2018, prior to the acquisition of the control. These investments were previously included under investment securities as of March 31, 2018. No goodwill was acquired as part of the acquisition.

	AABS	RISE
Asset backed securities held for investment	\$ 71,863	\$ 118,068

The following table shows the composition of investment securities at fair value that the Company acquired in AABS and RISE as of May 15, 2018 as part of the acquisition of the control.

	AABS	RISE
Asset backed securities held for investment	\$ 19,265	\$ 25,846

AABS announced it changed its name to MAPS 2018-1 Limited (“MAPS 2018-1”), effective April 19, 2018 and refinanced its debt outstanding as of May 15, 2018. As part of the refinancing, existing Series A and Series B debt totaling \$298,289 were redeemed and New Series A and Series B notes were issued for a total amount of \$469,984. MAPS 2018-1 also issued Series C notes amounting to \$36,500 and E Notes amounting to \$20,365 to the Company in exchange for its existing M1 Interest, M2 Interest and E Interest. Both C Notes and E Notes were eliminated during consolidation. Debt issuance costs of \$6,230 were also incurred as part of the refinancing.

RISE announced it changed its name to MAPS 2019-1 Limited (“MAPS 2019-1”), effective January 10, 2019 and refinanced its debt outstanding as of March 15, 2018. As part of the refinancing, existing Series A and Series B debt totaling \$337,905 were redeemed and New Series A, Series B and Series C notes were issued for a total amount of \$429,058. MAPS 2019-1 also converted its E certificates consisting of M1, M2 and E Notes to New E Notes with principal amount of \$155,114. New E Notes are held by the Company and eliminated during consolidation. Debt issuance costs of \$7,178 were also incurred as part of the refinancing.

The following table presents revenues and earnings contributed by MAPS 2018-1 for the year ended March 31, 2020 and period from May 15, 2018 to March 31, 2019.

	Year ended March 31, 2020	Period from May 15, 2018 to March 31, 2019
Total revenue	\$ 79,835	\$ 116,195
Net loss before tax	\$ (6,432)	\$ (6,333)

The following table presents revenues and earnings contributed by MAPS 2019-1 for the year ended March 31, 2020 and period from May 15, 2018 to March 31, 2019.

	Year ended March 31, 2020	Period from May 15, 2018 to March 31, 2019
Total revenue	\$ 69,747	\$ 69,987
Net profit (loss) before tax	\$ 3,291	\$ (595)

The Company did not have any material, nonrecurring adjustments directly attributable to the business combination included in the reported revenue and net income. These amounts have been calculated after applying the Company's accounting policies. No significant adjustments were made in this respect. The Company did not incur any of acquisition-related costs during the year ended March 31, 2019.

The following table presents carrying values of assets and liabilities of MAPS 2018-1 as of March 31, 2020 and March 31, 2019 as included on the consolidated balance sheet.

	March 31, 2020	March 31, 2019
Assets	\$ 642,637	\$ 664,822
Liabilities	\$ 587,486	\$ 580,598

The following table presents carrying values of assets and liabilities of MAPS 2019-1 as of March 31, 2020 and March 31, 2019 as included on the consolidated balance sheet.

	March 31, 2020	March 31, 2019
Assets	\$ 579,377	\$ 647,991
Liabilities	\$ 484,230	\$ 531,210

Note 5 (i). Aircraft Held for Lease

The following table shows the changes in aircraft held for lease, net of depreciation, for the years ended March 31, 2020 and March 31, 2019. See Note 12 for additional disclosure including geographic detail of aircraft held for lease.

	March 31, 2020	March 31, 2019
Beginning balance	\$ 1,739,723	\$ 453,357
Acquisitions and capital improvements	9,993	486,886
Acquired in business combination	—	1,045,875
Transferred to aircraft held for sale, net of related accumulated depreciation	—	(116,793)
Dispositions, net of related accumulated depreciation	—	(23,820)
Depreciation	(101,119)	(97,324)
Impairment	(25,886)	(8,458)
Ending balance	\$ 1,622,711	\$ 1,739,723

The following table presents accumulated depreciation and impairment for the aircraft held for lease as of March 31, 2020 and March 31, 2019.

	March 31, 2020	March 31, 2019
Accumulated Depreciation	\$ 263,246	\$ 162,142
Impairment	\$ 36,267	\$ 10,381

There were 57 aircraft classified as held for lease at year end.

Note 5 (ii). Aircraft Held for Sale

The following table shows the changes in aircraft held for sale, net of depreciation, for the years ended March 31, 2020 and March 31, 2019.

	March 31, 2020	March 31, 2019
Beginning balance	\$ 116,793	\$ 17,523
Transferred from Aircraft held for lease, net of related accumulated depreciation	—	116,793
Dispositions, net of related accumulated depreciation	(116,793)	(17,523)
Ending balance	\$ —	\$ 116,793

There were no aircraft classified as held for sale at year end.

Note 6. Investment Securities

The Company did not hold any investment securities as of March 31, 2020.

The following table shows the composition of investment securities as of March 31, 2019.

	Expected Maturity	Outstanding Face Amount	Amortized Cost Basis	Fair Value (1)	Gross amount of unrealized gains
Structured credit held for investment	February 2020	\$ 3,759	\$ 3,759	\$ 3,996	\$ 237
Total investment securities		\$ 3,759	\$ 3,759	\$ 3,996	\$ 237

(1) The fair value has been estimated by management using Level 3 inputs in the absence of readily determinable market prices and recognizing the illiquid nature of the instruments.

No impairment was recorded on investment securities during the years ended March 31, 2020 and March 31, 2019. No gross unrealized losses on investment securities at the years ended March 31, 2020 and March 31, 2019.

The Company earned investment income of \$720 and \$2,988 for the year ended March 31, 2020 and March 31, 2019, respectively.

Note 7. Interest in Joint Venture

The Company has investments in two joint ventures, Merx Aviation GA Telesis 1 Limited ("Merx GAT") and Sora Airlease Designated Activity Company ("Sora DAC"). The Company holds 47.5% interest in Merx GAT and 50% interest in Sora DAC. The Company recorded the investment at cost and adjusted each period for the Company's share of the joint venture's income or loss.

The following table shows the summarized financial information of Merx GAT as of March 31, 2020 and March 31, 2019.

	March 31, 2020	March 31, 2019
Total assets	\$ 39	\$ 84
Total liabilities	(35)	(29)
Total equity	<u>\$ 4</u>	<u>\$ 55</u>

The following table shows the summarized financial information of Sora DAC as of March 31, 2019 and March 31, 2018.

	March 31, 2020	March 31, 2019
Total assets	\$ 666,347	\$ 833,142
Total liabilities	(603,328)	(788,503)
Total equity	<u>\$ 63,019</u>	<u>\$ 44,639</u>

Total liabilities of SORA DAC include Senior debt of \$7,212 (FY2019: 17,218) and Junior debt of \$52,698 (2019: 52,698) owed to the Company. This debt is included within Interest in joint venture on the consolidated statements of financial position as of March 31, 2020.

The following table shows the Company's summarized interest in joint ventures as of March 31, 2020 and March 31, 2019.

As of March 31, 2020			
	Sora DAC	GAT	Total
Share of total assets	\$ 333,174	\$ 19	\$ 333,193
Share of total liabilities	(301,664)	(17)	\$ (301,681)
Share of capital contributions	(12,500)	—	(12,500)
Investment by the Company into joint venture	72,409	—	72,409
Accrued interest on investment in joint venture	13,963	—	13,963
	<u>\$ 105,382</u>	<u>\$ 2</u>	<u>\$ 105,384</u>

As of March 31, 2019			
	Sora DAC	GAT	Total
Share of total assets	\$ 416,571	\$ 40	\$ 416,611
Share of total liabilities	(394,252)	(14)	\$ (394,266)
Share of capital contribution	(12,500)	—	(12,500)
Investment by the Company into joint venture	82,415	—	82,415
Accrued interest on investment in joint venture	8,884	—	8,884
	<u>\$ 101,118</u>	<u>\$ 26</u>	<u>\$ 101,144</u>

Note 8. Debt

Interest on the Revolver and notes payable is paid on a monthly or quarterly basis at various interest rates. See Note 3 for additional disclosure on Revolver.

Many of the Company's aircraft were partially financed with the Revolver and notes payable. As the notes are held by subsidiaries and are secured by a lien on the specific aircraft acquired with no recourse against any other aircraft or asset owned by the Company or its subsidiaries, management has estimated that the fair value of each debt instrument approximates its amortized cost. Management determines fair value based on level 3 inputs.

As of March 31, 2020 and March 31, 2019, the Company was in compliance with all debt covenants.

The Company's outstanding debt obligations as of March 31, 2020 were as follows:

	Issuance Date	Outstanding Principal	Amortized Cost	Interest Rate
Revolver due October 2023	Mar-14	\$ 305,300	\$ 305,300	12.00%
Profit Participating Note due June 2078 (1)	Jun-18	100,464	100,464	N/A
Note Payable due May 2023	Sep-15	24,544	23,685	1M LIBOR + 1.60%
Note Payable due Oct 2023	Sep-15	36,000	36,000	1M LIBOR + 2.63%
Note Payable due July 2025	Jun-18	109,366	108,005	1M LIBOR + 2.15%
Note Payable due July 2025	Sep-18	112,322	110,876	1M LIBOR + 2.15%
Note Payable due November 2024	Sep-18	44,492	43,983	1M LIBOR + 2.50%
Series A Note due May 2043	May-18	353,817	347,932	4.21%
Series B Note due May 2043	May-18	46,892	46,112	5.19%
Series C Note due May 2043	May-18	26,506	26,065	6.41%
Series A Note due March 2044	Mar-19	297,021	292,424	4.46%
Series B Note due March 2044	Mar-19	66,004	64,983	5.56%
Series C Note due March 2044	Mar-19	26,178	25,773	7.39%
Total		\$ 1,548,906	\$ 1,531,602	

(1) The Profit Participating Note is a senior unsecured security issued to Athene with a term of sixty years with no stated interest rate. These are reported in the consolidated statements of financial position at outstanding principal adjusted for any charge-off, allowances for loan losses, any deferred fees or costs on originated loans, and any unamortized premiums or discounts. Pro-rata share of profits of the borrower, excluding a marginal amount accrues as interest to the lenders.

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

	Issuance Date	Outstanding Principal	Amortized Cost	Interest Rate
Revolver due October 2023	Mar-14	\$ 371,200	\$ 371,200	12.00%
Profit Participating Note due June 2078 (1)	Jun-18	108,862	108,862	N/A
Note Payable due February 2021	Feb-16	4,445	4,354	3.51%
Note Payable due March 2021	Feb-16	4,443	4,351	3.51%
Note Payable due October 2020	Feb-16	6,895	6,791	3.51%
Note Payable due December 2020	Feb-16	7,327	7,214	3.52%
Note Payable due March 2024	Mar-14	14,615	14,423	1M LIBOR + 4.00%
Note Payable due March 2024	Apr-14	14,596	14,403	1M LIBOR + 4.00%
Note Payable due May 2023	Sep-15	32,638	31,500	1M LIBOR + 1.60%
Note Payable due Oct 2023	Sep-15	36,000	36,000	1M LIBOR + 2.63%
Note Payable due July 2025	Jun-18	118,328	116,712	1M LIBOR + 2.15%
Note Payable due July 2025	Sep-18	121,316	119,599	1M LIBOR + 2.15%
Note Payable due November 2024	Sep-18	48,157	47,654	1M LIBOR + 2.50%
Series A Note due March 2043	May-18	385,729	378,865	4.21%
Series B Note due March 2043	May-18	51,121	50,212	5.19%
Series A Note due March 2044	Mar-19	325,675	320,334	4.46%
Series B Note due March 2044	Mar-19	72,372	71,185	5.56%
Series C Note due March 2044	Mar-19	31,018	30,508	7.39%
Total		\$ 1,754,737	\$ 1,734,167	

Scheduled repayments of these notes over the next five years and thereafter are as follows:

As of March 31, 2020		As of March 31, 2019	
Years ending March 31,	Amount	Years ending March 31,	Amount
2021	\$ 108,778	2020	\$ 119,157
2022	110,742	2021	123,980
2023	112,263	2022	109,505
2024	447,405	2023	111,248
2025	122,702	2024	517,227
Thereafter	647,016	Thereafter	773,619
Total	\$ 1,548,906	Total	\$ 1,754,736

Note 9. Lease Deposit Liability

As of March 31, 2020, cash security deposits in connection with lease agreements amounted to \$18,108 (FY2019: \$21,630). Lease deposit liabilities are generally refundable at the end of the contract lease period after all lease obligations have been met by the lessee. In addition, at March 31, 2020 the Company held letters of credit in lieu of cash security deposits that amounted to \$15,641 (FY2019: \$20,444).

Note 10. Maintenance Reserves Liability

As of March 31, 2020, maintenance reserves collected in connection with lease agreements amounted to \$242,329 (FY2019: \$262,100). In addition, at March 31, 2020 the Company held letters of credit in lieu of cash that amounted to \$10,120 (FY2019: \$7,500). Maintenance reserves represent the obligation to make periodic payments which are calculated with reference to the utilization of airframes, engines and other major life limited components during the lease. In such contracts, upon lessee presentation of invoices evidencing the completion of qualified work on the aircraft, the company reimburses the lessee for the work.

Note 11. Derivative Financial Instruments

The Company utilizes interest rate swap contracts to economically hedge its interest rate exposure on certain of its variable rate debt. An interest rate swap is an instrument in which two parties agree to exchange interest rate cash flows based on a specified notional amount from a floating rate to a fixed rate or from one floating rate to another. Under the swap transactions, the Company makes fixed rate payments and receives floating rate payments to convert the floating rate notes payable to fixed rate obligations to better match the fixed rate cash flows from the leasing of aircraft. Derivative financial instruments are measured at fair value using Level 2 inputs.

The table below shows the fair values of derivative financial instruments designated as cash flow hedges, recorded as assets or liabilities, together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at year end and are indicative of neither the market risk nor the credit risk.

Some of our agreements with derivative counterparties require a cash collateralization of derivative fair values. As of March 31, 2020, and March 31, 2019, no cash collateral was received or advanced to counterparties.

The counterparties to our interest rate derivatives are primarily major international financial institutions. We continually monitor our positions and the credit ratings of the counterparties involved and limit the amount of credit exposure to any one party. We could be exposed to potential losses due to the credit risk of non-performance by these counterparties. We have not experienced any losses to date.

As of March 31, 2020			
	Outstanding notional amount	Fair value assets	Fair value liabilities
Derivative liabilities designated as cash flow hedges	\$ 270,191	\$ —	\$ 25,007

As of March 31, 2019			
	Outstanding notional amount	Fair value assets	Fair value liabilities
Derivative liabilities designated as cash flow hedges	\$ 294,705	\$ —	\$ 8,372

Note 12. Lease Revenue

Minimum future lease payments

The minimum future lease payments on non-cancelable operating leases of aircraft in our fleet were as follows:

As of March 31, 2020		As of March 31, 2019	
Years ending March 31,	Amount	Years ending March 31,	Amount
2021	\$ 192,004	2020	\$ 209,476
2022	177,740	2021	193,252
2023	160,973	2022	171,462
2024	131,172	2023	153,644
2025	101,691	2024	120,985
Thereafter	161,470	Thereafter	230,690
Total	\$ 925,050	Total	\$ 1,079,509

Geographic and credit risks

Lease rental revenue includes \$927 (FY2019: \$1,364; FY2018: \$2,629) related to leases of aircraft component parts in use by non-U.S. domiciled airlines. As of March 31, 2020, leased aircraft held by the Company were operated by 30 lessees (FY2019: 33 lessees) whose principal places of business are located in 19 countries (FY2019: 20 countries).

Carrying value of aircraft held for lease and for sale, and lease revenues by geographic area were as follows:

	Carrying value as of March 31, 2020	%	Lease revenue for the year ended March 31, 2020	%	Number of Customers as of March 31, 2020	%
Africa	\$ 58,245	4 %	\$ 8,514	4 %	3	5 %
Asia/Pacific	521,178	32 %	73,027	33 %	19	33 %
Australia	61,575	4 %	6,684	3 %	2	4 %
Europe	406,218	25 %	60,901	28 %	13	22 %
Latin America	122,581	8 %	16,576	7 %	4	7 %
Middle East	54,540	3 %	5,232	2 %	2	4 %
North America	378,458	23 %	50,580	23 %	12	21 %
Off-Lease	19,916	1 %	—	0 %	2	4 %
Total	\$ 1,622,711	100 %	\$ 221,514	100 %	57	100 %

	Carrying value as of March 31, 2019	%	Lease revenue for the year ended March 31, 2019	%	Number of Customers as of March 31, 2019	%
Africa	\$ 63,173	3 %	\$ 9,590	4 %	3	5 %
Asia/Pacific	508,658	28 %	53,842	25 %	17	27 %
Australia	64,808	3 %	5,460	3 %	2	3 %
Europe	512,704	28 %	64,311	31 %	16	26 %
Latin America	193,360	10 %	22,772	11 %	6	10 %
Middle East	57,557	3 %	8,326	4 %	2	3 %
North America	456,256	25 %	48,487	22 %	16	26 %
Total	\$ 1,856,516	100 %	\$ 212,788	100 %	62	100 %

Note 13. Other Income

Other income of \$3,193 mainly includes management fees, interest on bank deposits and other miscellaneous income (FY2019: Out of \$51,251, \$46,283 income recognized on the refinancing of MAPS 2018-1 and MAPS 2019-1 during the year. The remaining amount relates to interest on bank deposits and other miscellaneous income.).

Note 14. Income Taxes

Two of the Company's subsidiaries are recognized as a corporation for U.S. tax purposes and are subject to U.S. federal, state, and local income taxes. Income taxes have been provided for based upon the tax laws and rates in the U.S. where the operations are conducted and income is earned. The subsidiary's net profit (loss) before income taxes for the year ended March 31, 2020 was \$12 (FY2019: (\$46); FY2018: (\$51)). The components of the income tax provision consisted of the following:

	For the year ended March 31,		
	2020	2019	2018
Current income tax			
Domestic tax	\$ —	\$ 4	\$ 10
Foreign tax	27	—	—
Total current income tax	\$ 27	\$ 4	\$ 10
Deferred income tax			
Domestic tax	\$ —	\$ —	\$ —
Foreign tax	(2,326)	(920)	226
Total deferred income tax	\$ (2,326)	\$ (920)	\$ 226
Total income tax	\$ (2,299)	\$ (916)	\$ 236

The Company did not have significant domestic deferred tax assets and liabilities at March 31, 2020 or March 31, 2019.

	March 31, 2020	March 31, 2019
Opening deferred tax balance	\$ (4,331)	\$ (849)
Deferred tax charge to statement of operations	2,326	920
Others	(646)	—
Deferred tax acquired in business combination	—	(4,402)
Closing deferred tax balance	\$ (2,651)	\$ (4,331)

The Company did not have net taxable operating loss ("NOL") carry forward available at March 31, 2020 (FY2019: \$0; FY2018: \$0) to offset future taxable income subject to U.S. graduated tax rates. If not utilized, the Company's prior year NOLs would begin to expire in 2033. Deferred tax assets and liabilities are netted as they both fall within the U.S. tax jurisdiction. The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities. The Company is subject to examination by taxing authorities in the U.S. for a period of three fiscal years after tax returns are filed.

Note 15. Commitments and Contingencies

As of March 31, 2020, the Company was obligated under non-cancelable operating leases relating to office facilities in New York, New York and Dublin, Ireland for future minimum lease payments as follows:

Years ending March 31,	Amount
2021	\$ 616
2022	617
2023	617
2024	471
2025	458
Thereafter	38
Total	\$ 2,817

As of March 31, 2019, the Company was obligated under non-cancelable operating leases relating to office facilities in New York, New York and Dublin, Ireland for future minimum lease payments as follows:

Years ending March 31,	Amount
2020	\$ 548
2021	619
2022	620
2023	620
2024	471
Thereafter	496
Total	\$ 3,374

Note 16. 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.

See Note 2 for information regarding the potential impact of the COVID-19 pandemic. While we cannot currently reasonably estimate the extent to which the COVID-19 pandemic and measures taken to contain its spread will ultimately impact our business, we believe the airline industry will eventually recover and aircraft travel will return to historical levels over the long term. We believe we are well positioned to offer solutions for airlines, as we can offer the ability to lease Boeing 737NG and Airbus A320ceo aircraft which have compelling operating costs, especially in light of the current low fuel cost environment, at a time when airlines will be focused on managing costs. As the COVID-19 pandemic and efforts to mitigate its spread continue, we expect our business, results of operations and financial condition to be negatively impacted. We have considered a number of potential outcomes. Depending on the severity and longevity of the COVID-19 pandemic, the related efforts taken to reduce its spread, and the possibility of a resurgence of COVID-19, the COVID-19 pandemic could have a material, adverse impact on future revenue growth, liquidity and cash flow.

Subsequent to March 31, 2020, three of our customers have filed for voluntary bankruptcy proceedings (or the local equivalent), seeking a reorganization of business affairs, debts, and assets, as a result of the unforeseeable impact of the COVID-19 pandemic. As these airlines have filed recently, it is not yet known whether the leases of our aircraft will be rejected, restructured, or affirmed.

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APOLLO | Investment Corporation

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