

ARES CAPITAL CORP  
Form 10-Q  
August 06, 2009  
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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549







# FORM 10-Q



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

**For the quarterly period ended June 30, 2009**

**OR**

o

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



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For the transition period to

Commission File No. 000-50697

# **ARES CAPITAL CORPORATION**

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(Exact name of Registrant as specified in its charter)

**Maryland**  
(State or other jurisdiction of  
incorporation or organization)

**33-1089684**  
(I.R.S. Employer  
Identification Number)

**280 Park Avenue, 22nd Floor, Building East, New York, NY 10017**

(Address of principal executive office) (Zip Code)

**(212) 750-7300**

(Registrant's telephone number, including area code)

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**N/A**

(Former name, former address and former fiscal year, if changed since last report)

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer   
(Do not check if a smaller reporting company)

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

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

<b>Class</b>	<b>Outstanding at August 6, 2009</b>
Common stock, \$0.001 par value	97,152,820

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(dollar amounts in thousands, except per share data)

	<b>June 30, 2009</b> <b>(unaudited)</b>	<b>As of</b>	<b>December 31, 2008</b>
<b>ASSETS</b>			
Investments at fair value (amortized cost of \$2,272,976 and \$2,267,593, respectively)			
Non-controlled/non-affiliate company investments	\$ 1,504,277	\$	1,477,492
Non-controlled affiliate company investments	339,167		329,326
Controlled affiliate company investments	119,027		166,159
Total investments at fair value	1,962,471		1,972,977
Cash and cash equivalents	46,297		89,383
Receivable for open trades	442		3
Interest receivable	26,630		17,547
Other assets	11,215		11,423
Total assets	\$ 2,047,055	\$	2,091,333
<b>LIABILITIES</b>			
Debt	\$ 879,255	\$	908,786
Management and incentive fees payable	48,287		32,989
Payable for open trades	16,744		
Accounts payable and accrued expenses	11,726		10,006
Interest and facility fees payable	2,223		3,869
Dividend payable	98		40,804
Total liabilities	958,333		996,454
Commitments and contingencies (Note 6)			
<b>STOCKHOLDERS EQUITY</b>			
Common stock, par value \$.001 per share, 200,000,000 common shares authorized, 97,152,820 common shares issued and outstanding	97		97
Capital in excess of par value	1,395,958		1,395,958
Accumulated undistributed net investment income (loss)	3,151		(7,637)
Accumulated net realized gain (loss) on investments, foreign currency transactions and extinguishment of debt	(741)		(124)
Net unrealized loss on investments and foreign currency transactions	(309,743)		(293,415)
Total stockholders equity	1,088,722		1,094,879
Total liabilities and stockholders equity	\$ 2,047,055	\$	2,091,333
<b>NET ASSETS PER SHARE</b>	\$ 11.21	\$	11.27

See accompanying notes to consolidated financial statements.

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(dollar amounts in thousands, except per share data)

	For the three months ended		For the six months ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>INVESTMENT INCOME:</b>				
From non-controlled/non-affiliate company investments:				
Interest from investments	\$ 45,307	\$ 37,768	\$ 89,138	\$ 72,734
Capital structuring service fees	603	8,421	1,653	11,146
Interest from cash & cash equivalents	57	441	210	989
Dividend income	617	375	1,043	871
Other income	1,748	583	2,697	1,408
Total investment income from non-controlled/non-affiliate company investments	48,332	47,588	94,741	87,148
From non-controlled affiliate company investments:				
Interest from investments	6,528	8,198	12,103	16,697
Capital structuring service fees				1,095
Dividend income	123	218	137	266
Management fees	1,192	188	1,317	188
Other income	78	190	168	431
Total investment income from non-controlled affiliate company investments	7,921	8,794	13,725	18,677
From controlled affiliate company investments:				
Interest from investments	2,155	3,758	5,093	6,180
Capital structuring service fees		2,900	194	3,000
Management fees	695	409	1,286	606
Other income	8	15	88	60
Total investment income from controlled affiliate company investments	2,858	7,082	6,661	9,846
Total investment income	59,111	63,464	115,127	115,671
<b>EXPENSES:</b>				
Interest and credit facility fees	6,301	7,155	12,882	17,078
Base management fees	7,496	7,679	14,994	14,766
Incentive management fees	7,987	9,015	15,537	15,508
Professional fees	2,308	1,653	3,705	2,871
Insurance	341	349	675	626
Administrative	1,092	365	2,096	900
Depreciation	165	102	338	204
Directors fees	134	66	236	140
Other	1,261	881	2,407	1,728
Total expenses	27,085	27,265	52,870	53,821
<b>NET INVESTMENT INCOME BEFORE INCOME TAXES</b>	<b>32,026</b>	<b>36,199</b>	<b>62,257</b>	<b>61,850</b>

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Income tax expense (benefit), including excise tax	78	138	109	(184)
NET INVESTMENT INCOME	31,948	36,061	62,148	62,034
REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS AND FOREIGN CURRENCY TRANSACTIONS:				
Net realized gains (losses):				
Non-controlled/non-affiliate company investments	(857)	10	(2,162)	217
Non-controlled affiliate company investments		1	(482)	1
Controlled affiliate company investments				
Foreign currency transactions	116	6	68	(2)
Net realized gains (losses)	(741)	17	(2,576)	216
Net unrealized gains (losses):				
Non-controlled/non-affiliate company investments	11,333	(9,990)	1,888	(28,594)
Non-controlled affiliate company investments	(9,929)	(13,116)	(11,272)	(23,858)
Controlled affiliate company investments	2,175	(9,700)	(6,926)	2,633
Foreign currency transactions	(33)		(18)	7
Net unrealized gains (losses)	3,546	(32,806)	(16,328)	(49,812)
Net realized and unrealized gains (losses) from investments and foreign currency transactions	2,805	(32,789)	(18,904)	(49,596)
REALIZED GAIN ON EXTINGUISHMENT OF DEBT			26,543	
NET INCREASE IN STOCKHOLDERS EQUITY RESULTING FROM OPERATIONS	\$ 34,753	\$ 3,272	\$ 69,787	\$ 12,438
BASIC AND DILUTED EARNINGS PER COMMON SHARE (see Note 4)	\$ 0.36	\$ 0.04	\$ 0.72	\$ 0.15
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING BASIC AND DILUTED (see Note 4)	97,152,820	90,125,629	97,152,820	82,097,395

See accompanying notes to consolidated financial statements.

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As of June 30, 2009 (unaudited)

(dollar amounts in thousands, except per unit data)

Company(1)	Industry	Investment	Interest(10)	Initial Acquisition Date	Amortized Cost	Fair Value	Fair Value Per Unit	Percentage of Net Assets
<b>Healthcare Services</b>								
American Renal Associates, Inc.	Dialysis provider	Senior secured loan (\$1,082 par due 12/2010)	8.5% (Libor + 6.00%/Q)	12/14/2005	\$ 1,082	\$ 1,082	\$ 1.00(3)(15)	
		Senior secured loan (\$10,413 par due 12/2011)	8.5% (Libor + 6.00%/M)	12/14/2005	10,413	10,413	\$ 1.00(3)(15)	
		Senior secured loan (\$180 par due 12/2011)	8.5% (Libor + 6.00%/Q)	12/14/2005	180	180	\$ 1.00(3)(15)	
Capella Healthcare, Inc.	Acute care hospital operator	Junior secured loan (\$55,000 par due 2/2016)	13.00%	2/29/2008	55,000	52,250	\$ 0.95	
		Junior secured loan (\$30,000 par due 2/2016)	13.00%	2/29/2008	30,000	28,500	\$ 0.95(2)	
CT Technologies Intermediate Holdings, Inc. and CT Technologies Holdings, LLC(6)	Healthcare analysis services	Preferred stock (7,427 shares)		6/15/2007	7,427	7,055	\$ 950.00(4)	
		Common stock (9,679 shares)		6/15/2007	4,000	5,382	\$ 556.10(5)	
		Common stock (1,546 shares)		6/15/2007		\$	(5)	
DSI Renal, Inc.	Dialysis provider	Senior secured revolving loan (\$122 par due 3/2013)	6.25% (Base Rate + 3.00%/D)	4/4/2006	122	97	\$ 0.80	
		Senior secured revolving loan (\$3,520 par due 3/2013)	5.38% (Libor + 5.00%/M)	4/4/2006	3,520	2,816	\$ 0.80	
		Senior secured revolving loan (\$1,120 par due 3/2013)	5.31% (Libor + 5.00%/M)	4/4/2006	1,120	896	\$ 0.80	
		Senior secured revolving loan (\$1,152 par due 3/2013)	3.31% (Libor + 3.00%/M)	4/4/2006	1,152	922	\$ 0.80	
		Senior secured revolving loan (\$1,600 par due 3/2013)	3.31% (Libor + 3.00%/M)	4/4/2006	1,600	1,280	\$ 0.80	
				4/4/2006	36	28	\$ 0.79	



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		Senior secured revolving loan (\$36 par due 3/2013)	5.38% (Libor + 5.00%/M)					
		Senior secured revolving loan (\$11 par due 3/2013)	5.31% (Libor + 5.00%/M)	4/4/2006	11	9	\$	0.80
		Senior secured revolving loan (\$12 par due 3/2013)	3.31% (Libor + 3.00%/M)	4/4/2006	12	9	\$	0.77
		Senior secured revolving loan (\$16 par due 3/2013)	3.31% (Libor + 3.00%/M)	4/4/2006	16	13	\$	0.81
		Senior secured revolving loan (\$20 par due 3/2013)	0.25%	4/4/2006	20	17	\$	0.84
		Senior subordinated note (\$61,531 par due 4/2014)	16.00% PIK	4/4/2006	61,087	47,379	\$	0.77(2)(4)
		Senior subordinated note (\$13,207 par due 4/2014)	16.00% PIK	4/4/2006	13,183	10,170	\$	0.77(3)(4)
		Senior secured revolving loan (\$17,348 par due 4/2014)	1.60% (Libor + 1.00%/Q)	4/4/2006	12,145	13,855	\$	0.80(15)
GG Merger Sub I, Inc.	Drug testing services	Senior secured loan (\$11,330 par due 12/2014)	4.32% (Libor + 4.00%/M)	12/14/2007	10,839	9,631	\$	0.85
		Senior secured loan (\$12,000 par due 12/2014)	4.32% (Libor + 4.00%/M)	12/14/2007	11,480	10,200	\$	0.85
HCP Acquisition Holdings, LLC(7)	Healthcare compliance advisory services	Class A units (8,566,824 units)		6/26/2008	8,567	6,125	\$	0.72(5)

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Company(1)	Industry	Investment	Interest(10)	Initial Acquisition Date	Amortized Cost	Fair Value	Fair Value Per Unit	Percentage of Net Assets
Heartland Dental Care, Inc.	Dental services	Senior subordinated note (\$32,717 par due 8/2013)	11.00% Cash, 3.25% PIK	7/31/2008	32,717	32,717 \$	1.00(4)	
Magnacare Holdings, Inc., Magnacare Administrative Services, LLC, and Magnacare, LLC	Healthcare professional provider	Senior subordinated note (\$4,623 par due 12/2012)	10.75% Cash, 2.00% PIK	2/9/2009	3,176	4,623 \$	1.00(4)	
MPBP Holdings, Inc., Cohr Holdings, Inc. and MPBP Acquisition Co., Inc.	Healthcare equipment services	Junior secured loan (\$20,000 par due 1/2014)	6.57% (Libor + 6.25%/M)	1/31/2007	20,000	6,200 \$	0.31	
		Junior secured loan (\$12,000 par due 1/2014)	6.57% (Libor + 6.25%/M)	1/31/2007	12,000	3,720 \$	0.31(3)	
		Common stock (50,000 shares)		1/31/2007	5,000	\$	(5)	
MWD Acquisition Sub, Inc.	Dental services	Junior secured loan (\$5,000 par due 5/2012)	6.57% (Libor + 6.25%/M)	5/3/2007	5,000	4,250 \$	0.85(3)	
OnCURE Medical Corp.	Radiation oncology care provider	Senior secured loan (\$3,083 par due 8/2009)	3.88% (Libor + 3.50%/M)	8/18/2006	3,083	2,713 \$	0.88(3)	
		Senior subordinated note (\$32,393 par due 8/2013)	11.00% Cash, 1.50% PIK	8/18/2006	32,418	29,154 \$	0.90(4)	
		Common stock (857,143 shares)		8/18/2006	3,000	3,000 \$	3.50(5)	
Passport Health Communications, Inc., Passport Holding Corp. and Prism Holding Corp.	Healthcare technology provider	Senior secured loan (\$12,790 par due 5/2014)	10.50% (Libor + 7.50%/S)	5/9/2008	12,790	12,534 \$	0.98(15)	
		Senior secured loan (\$11,806 par due 5/2014)	10.50% (Libor + 7.50%/S)	5/9/2008	11,806	11,570 \$	0.98(3)(15)	
		Series A preferred stock (1,594,457 shares)		7/30/2008	9,900	9,900 \$	6.21(5)	
		Common stock (16,106 shares)		7/30/2008	100	100 \$	6.21(5)	
PG Mergersub, Inc.	Provider of patient surveys, management reports and national databases for the integrated healthcare	Senior subordinated loan (\$4,000 par due 3/2016)	12.50%	3/12/2008	3,920	3,840 \$	0.96	

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	delivery system	Preferred stock (333 shares)		3/12/2008	333	334 \$	1,003.00(5)
		Common stock (16,667 shares)		3/12/2008	167	167 \$	10.00(5)
The Schumacher Group of Delaware, Inc.	Outsourced physician service provider	Junior secured loan (\$30,800 par due 7/2012)	11.125% Cash, 2.50% PIK	7/18/2008	30,800	30,800 \$	1.00(4)
		Junior secured loan (\$5,210 par due 7/2012)	11.125% Cash, 2.50% PIK	7/18/2008	5,210	5,210 \$	1.00(4)
Triad Laboratory Alliance, LLC	Laboratory services	Senior secured loan (\$4,461 par due 12/2011)	8.50% (Libor + 5.50%/Q)	12/21/2005	4,278	4,461 \$	1.00(3)(15)
		Senior subordinated note (\$15,466 par due 12/2012)	12.00% Cash, 1.75% PIK	12/21/2005	15,466	15,002 \$	0.97(4)
VOTC Acquisition Corp.	Radiation oncology care provider	Senior secured loan (\$17,241 par due 7/2012)	11.00% Cash, 2.00% PIK	6/30/2008	17,241	17,241 \$	1.00(4)
		Series E preferred shares (3,888,222 shares)		7/14/2008	8,749	3,800 \$	0.98(5)
					470,166	409,645	37.63%
<b>Education</b>							
Campus Management Corp. and Campus Management Acquisition Corp.(6)	Education software developer	Senior secured loan (\$3,243 par due 8/2013)	12.07 Cash, 3.00% PIK	2/8/2008	3,243	3,243 \$	1.00(16)(4)
		Senior secured loan (\$30,277 par due 8/2013)	12.07 Cash, 3.00% PIK	2/8/2008	30,277	30,277 \$	1.00(2)(16)(4)

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Company(1)	Industry	Investment	Interest(10)	Initial Acquisition Date	Amortized Cost	Fair Value	Fair Value Per Unit	Percentage of Net Assets
		Senior secured loan (\$8,960 par due 8/2013)	10.00 Cash, 3.00% PIK	2/8/2008	8,960	8,960 \$	1.00(16)(4)	
		Preferred stock (493,147 shares)	8.00% PIK	2/8/2008	8,952	12,000 \$	24.33(4)	
ELC Acquisition Corporation	Developer, manufacturer and retailer of educational products	Senior secured loan (\$176 par due 11/2012)	3.56% (Libor + 3.25%/M)	11/30/2006	176	155 \$	0.88(3)	
		Junior secured loan (\$8,333 par due 11/2013)	7.31% (Libor + 7.00%/M)	11/30/2006	8,333	7,333 \$	0.88(3)	
Instituto de Banca y Comercio, Inc. Leeds IV Advisors, Inc.(8)	Private school operator	Senior secured loan (\$11,760 par due 3/2014)	8.50% (Libor + 6.00%/Q)	3/15/2007	11,760	11,760 \$	1.00(3)(15)	
		Senior subordinated loan (\$40,411 par due 6/2014)	13.00% Cash, 3.00% PIK	6/4/2008	40,411	40,411 \$	1.00(4)	
		Preferred stock (165,811 shares)		6/4/2008	788	2,146 \$	12.94(5)	
		Common stock (214,286 shares)		6/4/2008	54	214 \$	1.00(5)	
		Preferred stock (140,577 shares)		3/31/2009	668	1,820 \$	12.94(5)	
		Common stock (140,577 shares)		3/31/2009	35	1,820 \$	12.94(5)	
Lakeland Finance, LLC	Private school operator	Senior secured note (\$30,000 par due 12/2012)	11.50%	12/13/2005	30,000	29,100 \$	0.97	
		Senior secured note (\$3,000 par due 12/2012)	11.50%	12/13/2005	3,000	2,910 \$	0.97(2)	
R3 Education, Inc. (formerly known as Equinox EIC Partners, LLC and MUA Management Company)(6)(8)	Medical school operator	Senior secured revolving loan (\$1,500 par due 12/2012)	8.25% (Base Rate + 5.00%/D)	4/3/2007	1,500	1,470 \$	0.98	
		Senior secured revolving loan (\$2,000 par due 12/2012)	8.25% (Base Rate + 5.00%/D)	4/3/2007	2,000	1,960 \$	0.98	
		Senior secured loan (\$1,799 par due 12/2012)	6.31% (Libor + 6.00%/M)	4/3/2007	1,799	1,763 \$	0.98(2)	
		Senior secured loan (\$14,113 par due 12/2012)	6.31% (Libor + 6.00%/M)	9/21/2007	14,113	13,830 \$	0.98(2)	
		Senior secured loan (\$7,300 par due 12/2012)	6.31% (Libor + 6.00%/M)	4/3/2007	7,300	7,154 \$	0.98(3)	
		Common membership interest (26.27% interest)		9/21/2007	15,800	20,777	(5)	

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	Preferred Stock (8,000 shares)	2,000	2,000 \$	250.00(5)
	Preferred stock (800 shares)	200	200 \$	250.00(5)
		191,369	201,303	18.49%

**Restaurants and Food Services**

ADF Capital, Inc. & ADF Restaurant Group, LLC	Restaurant owner and operator	Senior secured revolving loan (\$608 par due 11/2013)	5.75% (Base Rate + 2.50%/D)	11/27/2006	608	608 \$	1.00(15)
		Senior secured revolving loan (\$2,008 par due 11/2013)	4.69% (Libor + 3.00% Cash, 0.50% PIK/Q)	11/27/2006	2,008	2,008 \$	1.00(4)(15)
		Senior secured loan (\$23,586 par due 11/2012)	9.69% (Libor + 7.50% Cash, 1.00% PIK/Q)	11/27/2006	23,592	23,586 \$	1.00(4)(15)
		Senior secured loan (\$11,055 par due 11/2012)	9.69% (Libor + 7.50% Cash, 1.00% PIK/Q)	11/27/2006	11,050	11,055 \$	1.00(2)(4)(15)
		Promissory note (\$12,079 par due 11/2016)	10.00% PIK	6/1/2006	12,067	12,079 \$	1.00(4)(15)
		Warrants to purchase 0.61 shares		6/1/2006		\$	(5)
Encanto Restaurants, Inc.(8)	Restaurant owner and operator	Junior secured loan (\$21,368 par due 8/2013)	7.50% Cash, 3.50% PIK	8/16/2006	21,368	20,299 \$	0.95(2)(4)

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Company(1)	Industry	Investment	Interest(10)	Initial Acquisition Date	Amortized Cost	Fair Value	Fair Value Per Unit	Percentage of Net Assets
		Junior secured loan (\$4,070 par due 8/2013)	7.50% Cash, 3.50% PIK	8/16/2006	4,070	3,867	\$ 0.95(3)(4)	
OTG Management, Inc.	Airport restaurant operator	Junior secured loan (\$15,623 par due 6/2013)	14.00% (Libor + 7.00% Cash, 4.00% PIK/M)	6/19/2008	15,623	14,529	\$ 0.93(4) (15)	
		Warrants to purchase up to 88,991 shares of common stock					\$ (5)	
		Warrants to purchase up to 9 shares of common stock					\$ (5)	
Vistar Corporation and Wellspring Distribution Corp.	Food service distributor	Senior subordinated loan (\$43,625 par due 5/2015)	13.50%	5/23/2008	43,625	41,008	\$ 0.94	
		Senior subordinated loan (\$30,000 par due 5/2015)	13.50%	5/23/2008	30,000	28,200	\$ 0.94(2)	
		Class A non-voting common stock (1,366,120 shares)		5/23/2008	7,500	3,490	\$ 2.55(5)	
					171,511	160,729		14.76%
<b>Beverage, Food and Tobacco</b>								
3091779 Nova Scotia Inc.(8)	Baked goods manufacturer	Junior secured loan (Cdn \$14,117 par due 11/2012)	11.50% Cash, 1.50% PIK	11/2/2007	14,992	11,592	\$ 0.82(4)(12)	
		Warrants to purchase 57,545 shares					(5)	
Apple & Eve, LLC and US Juice Partners, LLC(6)	Juice manufacturer	Senior secured loan (\$29,284 par due 10/2013)	14.50% (Libor + 11.50%/M)	10/5/2007	29,284	28,113	\$ 0.96(15)	
		Senior secured loan (\$11,904 par due 10/2013)	14.50% (Libor + 11.50%/M)	10/5/2007	11,904	11,427	\$ 0.96(15)	
		Senior units (50,000 units)			5,000	2,500	\$ 50.00	
Best Brands Corporation	Baked goods manufacturer	Senior secured loan (\$13,110 par due 12/2012)	7.57% (Libor + 5.00% Cash, 2.25% PIK/M)	2/15/2008	11,151	13,110	\$ 1.00(4)	
		Junior secured loan (\$8,441 par due 6/2013)	10.00% Cash, 8.00% PIK	12/14/2006	8,441	8,441	\$ 1.00(4)	
		Junior secured loan (\$23,753 par due 6/2013)	10.00% Cash, 8.00% PIK	12/14/2006	23,753	23,753	\$ 1.00(2)(4)	

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		Junior secured loan (\$11,500 par due 6/2013)	10.00% Cash, 8.00% PIK	12/14/2006	11,500	11,500 \$	1.00(3)(4)
Bumble Bee Foods, LLC and BB Co-Invest LP	Canned seafood manufacturer	Senior subordinated loan (\$30,425 par due 11/2018)	16.25% (12.00% Cash, 4.25% Optional PIK)	11/18/2008	30,425	30,425 \$	1.00(4)
		Common stock (4,000 shares)		11/18/2008	4,000	4,000 \$	1,000.00(5)
Charter Baking Company, Inc.	Baked goods manufacturer	Senior subordinated note (\$5,543 par due 2/2013)	12.00% PIK	2/6/2008	5,543	5,543 \$	1.00(2)(4)
		Preferred stock (6,258 shares)		9/1/2006	2,500	1,725 \$	275.65(5)
					158,493	152,129	13.97%
<b>Services Other</b>							
American Residential Services, LLC	Plumbing, heating and air-conditioning services	Junior secured loan (\$20,403 par due 4/2015)	10.00% Cash, 2.00% PIK	4/17/2007	20,403	19,179 \$	0.94(2)(4)

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Company(1)	Industry	Investment	Interest(10)	Initial Acquisition Date	Amortized Cost	Fair Value	Fair Value Per Unit	Percentage of Net Assets
Diversified Collection Services, Inc.	Collections services	Senior secured loan (\$11,175 par due 8/2011)	9.00% (Base Rate + 5.75%/D)	2/2/2005	9,415	11,175	\$ 1.00	
		Senior secured loan (\$3,978 par due 8/2011)	9.00% (Base Rate + 5.75%/D)	2/2/2005	4,079	3,978	\$ 1.00(3)	
		Senior secured loan (\$1,931 par due 2/2011)	13.75% (Libor + 11.00%/S)	2/2/2005	1,931	1,931	\$ 1.00(15)	
		Senior secured loan (\$7,492 par due 8/2011)	13.75% (Libor + 11.00%/S)	2/2/2005	7,492	7,492	\$ 1.00(15)	
		Preferred stock (14,927 shares)		5/18/2006	169	237	\$ 15.88(5)	
		Common stock (114,004 shares)		2/2/2005	295	286	\$ 2.51(5)	
GCA Services Group, Inc.	Custodial services	Senior secured loan (\$20,865 par due 12/2011)	12.00%	12/15/2006	20,865	20,865	\$ 1.00(2)	
		Senior secured loan (\$5,000 par due 12/2011)	12.00%	12/15/2006	5,000	5,000	\$ 1.00	
		Senior secured loan (\$10,346 par due 12/2011)	12.00%	12/15/2006	10,346	10,346	\$ 1.00(3)	
Growing Family, Inc. and GFH Holdings, LLC	Photography services	Senior secured revolving loan (\$1,513 par due 8/2011)	8.42% (Libor + 3.00% Cash, 4.00% PIK/Q)	3/16/2007	1,513	454	\$ 0.30(4)(14)	
		Senior secured loan (\$11,188 par due 8/2011)	13.84% (Libor + 3.50% Cash, 6.00% PIK/Q)	3/16/2007	11,188	3,356	\$ 0.30(4)(14)	
		Senior secured loan (\$372 par due 8/2011)	11.25% (Base Rate + 8.00%/D)	3/16/2007	372	111	\$ 0.30(4)(14)	
		Senior secured loan (\$3,575 par due 8/2011)	16.34% (Libor + 6.00% Cash, 6.00% PIK/Q)	3/16/2007	3,575	1,073	\$ 0.30(4)(14)	
		Senior secured loan (\$147 par due 8/2011)	18.00% (Libor + 6.00% Cash, 6.00% PIK/Q)	3/16/2007	147	44	\$ 0.30(4)(14)	
		Common stock (552,430 shares)		3/16/2007	872		(5)	
NPA Acquisition, LLC	Powersport vehicle auction operator	Junior secured loan (\$12,000 par due 2/2013)	7.07% (Libor + 6.75%/M)	8/23/2006	12,000	12,000	\$ 1.00(3)	
		Common units (1,709 shares)		8/23/2006	1,000	2,300	\$ 1,345.82(5)	
Web Services Company, LLC	Laundry service and equipment provider	Senior subordinated loan (\$17,988 par due 8/2016)	11.50% Cash, 2.50% PIK	8/29/2008	17,988	17,089	\$ 0.95(4)	
		Senior secured loan (\$5,000 par due 8/2014)	7.00% (Base Rate + 3.75%/D)	6/15/2009	4,600	4,600	\$ 0.92(4)	



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Senior subordinated loan (\$25,477 par due 8/2016)	11.50% Cash, 2.50% PIK	8/29/2008	25,477	24,203	\$	0.95(2)(4)
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158,727	145,719	13.38%
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**Financial**

Carador PLC(6)(8)(9)	Investment company	Ordinary shares (7,110,525 shares)	12/15/2006	9,033	1,600	\$	0.38(5)
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CIC Flex, LP(9)	Investment partnership	Limited partnership units (0.69 unit)	9/7/2007	34	34	\$	49,644.93(5)
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Covestia Capital Partners, LP(9)	Investment partnership	Limited partnership interest (47% interest)	6/17/2008	1,059	1,059		(5)
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Company(1)	Industry	Investment	Interest(10)	Initial Acquisition Date	Amortized Cost	Fair Value	Fair Value Per Unit	Percentage of Net Assets
Firstlight Financial Corporation(6)(9)	Investment company	Senior subordinated loan (\$72,710 par due 12/2016)	5.00% PIK	12/31/2006	72,710	54,533	\$ 0.75(4)	
		Common stock (10,000 shares)		12/31/2006	10,000	\$	(5)	
		Common stock (30,000 shares)		12/31/2006	30,000	\$	(5)	
Ivy Hill Asset Management, LP(7)		Member interest (100% interest)		6/15/2009	3,816	11,816	\$	
Ivy Hill Middle Market Credit Fund, Ltd.(7)(8)(9)	Investment company	Class B deferrable interest notes (\$40,000 par due 11/2018)	6.72% (Libor + 6.00%/Q)	11/20/2007	40,000	36,000	\$ 0.90	
		Subordinated notes (\$15,812 par due 11/2018)		11/20/2007	15,812	14,231	\$ 0.90(5)	
Imperial Capital Group, LLC and Imperial Capital Private Opportunities, LP(6)(9)	Investment banking services	Limited partnership interest (80% interest)		5/10/2007	1,090	1,090	(5)	
		Common units (7,710 units)		5/10/2007	14,997	14,997	\$ 1,945.14(5)	
		Common units (2,526 units)		5/10/2007	3	3	\$ 1.00(5)	
		Common units (315 units)		5/10/2007			\$ (5)	
Partnership Capital Growth Fund I, LP(9)	Investment partnership	Limited partnership interest (25% interest)		6/16/2006	2,711	2,711	(5)	
Trivergance Capital Partners, LP(9)	Investment partnership	Limited partnership interest (100% interest)		6/5/2008	1,372	1,372	(5)	
VSC Investors LLC(9)	Investment company	Membership interest (4.63% interest)		1/24/2008	281	281	(5)	
					202,918	139,727		12.83%
<b>Business Services</b>								
Booz Allen Hamilton, Inc.	Strategy and technology consulting services	Senior secured loan (\$744 par due 7/2015)	7.50% (Libor + 4.50%/S)	7/31/2008	728	737	\$ 0.99(3)(15)	
		Senior subordinated loan (\$22,400 par due 7/2016)	11.00% Cash, 2.00% PIK	7/31/2008	22,176	21,952	\$ 0.98(2)(4)	
		Senior subordinated loan (\$250 par due 7/2016)	11.00% Cash, 2.00% PIK	7/31/2008	219	245	\$ 0.98(2)(4)	
Investor Group Services, LLC(6)	Financial services	Limited liability company membership interest (10.00% interest)		6/22/2006		500	(5)	

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Pillar Holdings LLC and PHL Holding Co.(6)	Mortgage services	Senior secured revolving loan (\$375 par due 11/2013)	5.95% (Libor + 5.50%/B)	11/20/2007	375	375 \$	1.00
		Senior secured revolving loan (\$938 par due 11/2013)	5.95% (Libor + 5.50%/B)	11/20/2007	938	938 \$	1.00
		Senior secured loan (\$1,875 par due 5/2014)	14.50%	7/31/2008	1,875	1,875 \$	1.00
		Senior secured loan (\$5,500 par due 5/2014)	14.50%	7/31/2008	5,500	5,500 \$	1.00
		Senior secured loan (\$17,052 par due 11/2013)	5.95% (Libor + 5.50%/B)	11/20/2007	17,052	17,052 \$	1.00(2)
		Senior secured loan (\$10,638 par due 11/2013)	5.95% (Libor + 5.50%/B)	11/20/2007	10,638	10,638 \$	1.00(3)
		Common stock (84.78 shares)		11/20/2007	3,768	6,212 \$	62,127.93(5)
Primis Marketing Group, Inc. and Primis Holdings, LLC(6)	Database marketing services	Senior subordinated note (\$10,222 par due 2/2013)	11.00% Cash, 2.50% PIK	8/24/2006	10,222	1,022 \$	0.10(4)(14)
		Preferred units (4,000 units)		8/24/2006	3,600	\$	(5)
		Common units (4,000,000 units)		8/24/2006	400	\$	(5)

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Company(1)	Industry	Investment	Interest(10)	Initial Acquisition Date	Amortized Cost	Fair Value	Fair Value Per Unit	Percentage of Net Assets
Prommis Solutions, LLC, E-Default Services, LLC, Statewide Tax and Title Services, LLC & Statewide Publishing Services, LLC (formerly known as MR Processing Holding Corp.)	Bankruptcy and foreclosure processing services	Senior subordinated note (\$26,012 par due 2/2014)	11.50% Cash, 2.00% PIK	2/8/2007	26,012	24,972 \$	0.96(4)	
		Senior subordinated note (\$26,098 par due 2/2014)	11.50% Cash, 2.00% PIK	2/8/2007	26,098	25,054 \$	0.96(2)(4)	
		Preferred stock (30,000 shares)		4/11/2006	3,000	5,636 \$	187.87(5)	
R2 Acquisition Corp.	Marketing services	Common stock (250,000 shares)		5/29/2007	250	250 \$	1.00(5)	
Summit Business Media, LLC	Business media consulting services	Junior secured loan (\$10,000 par due 11/2013)	9.00% (Base Rate + 5.75%/D)	8/3/2007	10,000	2,000 \$	0.20(3)(14)	
VSS-Tranzact Holdings, LLC(6)	Management consulting services	Common membership interest (8.51% interest)		10/26/2007	10,000	6,000	(5)	
					152,851	130,958		12.03%
<b>Retail</b>								
Apogee Retail, LLC	For-profit thrift retailer	Senior secured revolving loan (\$1,951 par due 3/2012)	5.56% (Libor + 5.25%/M)	3/27/2007	1,951	1,912 \$	0.98	
		Senior secured loan (\$11,181 par due 11/2012)	12.00% Cash, 4.00% PIK	5/28/2008	11,181	11,181 \$	1.00(4)	
		Senior secured loan (\$2,984 par due 3/2012)	6.21% (Libor + 5.25%/Q)	3/27/2007	2,984	2,686 \$	0.90	
		Senior secured loan (\$1,868 par due 3/2012)	6.21% (Libor + 5.25%/Q)	3/27/2007	1,868	1,681 \$	0.90	
		Senior secured loan (\$26,807 par due 3/2012)	5.56% (Libor + 5.25%/M)	3/27/2007	26,807	24,126 \$	0.90(2)	
		Senior secured loan (\$11,730 par due 3/2012)	5.56% (Libor + 5.25%/M)	3/27/2007	11,730	10,557 \$	0.90(3)	
Dufry AG(8)	Retail newstand operator	Common stock (39,056 shares)		3/28/2008	3,000	1,501 \$	0.25(5)	
Savers, Inc. and SAI Acquisition Corporation	For-profit thrift retailer	Senior subordinated note (\$6,044 par due 8/2014)	10.00% Cash, 2.00% PIK	8/8/2006	6,044	5,802 \$	0.96(4)	

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		Senior subordinated note (\$22,236 par due 8/2014)	10.00% Cash, 2.00% PIK	8/8/2006	22,236	21,347 \$	0.96(2)(4)
		Common stock (1,170,182 shares)		8/8/2006	4,500	5,840 \$	4.99(5)
Things Remembered, Inc. and TRM Holdings Corporation	Personalized gifts retailer	Senior secured loan (\$4,506 par due 9/2012)	6.5%, 1.00% PIK Option	9/28/2006	4,506	3,154 \$	0.70(3)
		Senior secured loan (\$28,402 par due 9/2012)	6.5%, 1.00% PIK Option	9/28/2006	28,402	19,882 \$	0.70(2)
		Senior secured loan (\$7,303 par due 9/2012)	6.5%, 1.00% PIK Option	9/28/2006	7,303	5,112 \$	0.70(3)
		Preferred stock (800 shares)		9/28/2006	200	\$	(5)
		Common stock (80 shares)		9/28/2006	1,800	\$	(5)
		Warrants to purchase 858 shares of common shares		3/19/2009		\$	(5)
		Warrants to purchase 73 shares of Preferred shares		3/19/2009		\$	(5)
					134,512	114,781	10.54%

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Company(1)	Industry	Investment	Interest(10)	Initial Acquisition Date	Amortized Cost	Fair Value	Fair Value Per Unit	Percentage of Net Assets
<b>Manufacturing</b>								
Arrow Group Industries, Inc.	Residential and outdoor shed manufacturer	Senior secured loan (\$5,616 par due 4/2010)	5.60% (Libor + 5.00%/Q)	3/28/2005	5,663	5,223	\$ 0.93(3)	
Emerald Performance Materials, LLC	Polymers and performance materials manufacturer	Senior secured loan (\$9,018 par due 5/2011)	8.25% (Libor + 4.25%/A)	5/16/2006	9,018	8,477	\$ 0.94(3)(15)	
		Senior secured loan (\$313 par due 5/2011)	8.25% (Libor + 4.25%/M)	5/16/2006	313	294	\$ 0.94(3)(15)	
		Senior secured loan (\$536 par due 5/2011)	8.25% (Libor + 4.25%/A)	5/16/2006	536	504	\$ 0.94(3)(15)	
		Senior secured loan (\$1,523 par due 5/2011)	10.00% (Libor + 6.00%/A)	5/16/2006	1,523	1,431	\$ 0.94(3)(15)	
		Senior secured loan (\$81 par due 5/2011)	10.00% (Libor + 6.00%/A)	5/16/2006	81	76	\$ 0.93(3)(15)	
		Senior secured loan (\$4,618 par due 5/2011)	10.00% Cash, 3.00% PIK	5/16/2006	4,618	4,433	\$ 0.96(2)(4)	
		Senior secured loan (\$245 par due 5/2011)	10.00% Cash, 3.00% PIK	5/16/2006	245	235	\$ 0.96(2)(4)	
Qualitor, Inc.	Automotive aftermarket components supplier	Senior secured loan (\$1,747 par due 12/2011)	7.25% (Base Rate + 4.00%/Q)	12/29/2004	1,747	1,660	\$ 0.95(3)	
		Junior secured loan (\$5,000 par due 6/2012)	10.25% (Base Rate + 7.00%/D)	12/29/2004	5,000	4,750	\$ 0.95(3)	
Reflexite Corporation (7)	Developer and manufacturer of high-visibility reflective products	Senior subordinated loan (\$16,343 par due 2/2015)	15.00% Cash, 3.00% PIK	2/28/2008	16,343	16,343	\$ 1.00(4)	
		Common stock (1,821,860 shares)		3/28/2006	27,435	24,898	\$ 13.67(5)	
Saw Mill PCG Partners LLC	Precision components manufacturer	Common units (1,000 units)		2/2/2007	1,000	\$	(5)	
UL Holding Co., LLC	Petroleum product manufacturer	Senior secured loan (\$10,973 par, due 12/2012)	9.80% (Libor + 8.88% / Q)	2/13/2009	10,973	10,753	\$ 0.98(5)	
		Senior secured loan (\$2,993 par, due 12/2012)	14.00%	2/13/2009	2,993	2,933	\$ 0.98(5)	
		Senior secured loan (\$998 par, due 12/2012)	14.00%	2/13/2009	998	978	\$ 0.98(5)	
		Senior secured loan (\$2,985 par, due 12/2012)	14.00%	2/13/2009	2,985	2,925	\$ 0.98(5)	

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		Senior secured loan (\$3,000 par, due 12/2012)	9.89% (Libor + 8.88% / Q)	2/13/2009	3,000	2,940	\$	0.98(5)
		Common units (50,000 units)		4/25/2008	500	500	\$	10.00(5)
		Common units (50,000 units)		4/25/2008			\$	(5)
Universal Trailer Corporation(6)	Livestock and specialty trailer manufacturer	Common stock (74,920 shares)		10/8/2004	7,930		\$	(5)
					102,901	89,353		8.21%

**Environmental Services**

AWTP, LLC	Water treatment services	Junior secured loan (\$4,755 par due 12/2012)	11.5% (Base Rate + 8.25%/D)	12/23/2005	4,755	2,853	\$	0.60(4)(14)
		Junior secured loan (\$2,086 par due 12/2012)	11.5% (Base Rate + 8.25%/D)	12/23/2005	2,086	1,252	\$	0.60(3)(4)(14)
		Junior secured loan (\$4,755 par due 12/2012)	13.48% (Libor + 9.50%/A)	12/23/2005	4,755	2,853	\$	0.60(4)(14)
		Junior secured loan (\$2,086 par due 12/2012)	13.48% (Libor + 9.50%/A)	12/23/2005	2,086	1,252	\$	0.60(3)(4)(14)

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Company(1)	Industry	Investment	Interest(10)	Initial Acquisition Date	Amortized Cost	Fair Value	Fair Value Per Unit	Percentage of Net Assets
Mactec, Inc.	Engineering and environmental services	Class B-4 stock (16 shares)		11/3/2004			\$ (5)	
		Class C stock (5,556 shares)		11/3/2004		150	\$ 27.00(5)	
Sigma International Group, Inc.	Water treatment parts manufacturer	Junior secured loan (\$1,833 par due 10/2013)	15.00% (Libor + 7.00%/M)	10/11/2007	1,833	1,375	\$ 0.75(2)(15)	
		Junior secured loan (\$4,000 par due 10/2013)	15.00% (Libor + 7.00%/M)	10/11/2007	4,000	3,000	\$ 0.75(3)(15)	
		Junior secured loan (\$2,750 par due 10/2013)	15.00% (Libor + 7.00%/Q)	11/1/2007	2,750	2,063	\$ 0.75(2)(15)	
		Junior secured loan (\$6,000 par due 10/2013)	15.00% (Libor + 7.00%/Q)	11/1/2007	6,000	4,500	\$ 0.75(3)(15)	
		Junior secured loan (\$917 par due 10/2013)	15.00% (Libor + 7.00%/B)	11/6/2007	917	688	\$ 0.75(2)(15)	
		Junior secured loan (\$2,000 par due 10/2013)	15.00% (Libor + 7.00%/B)	11/6/2007	2,000	1,500	\$ 0.75(3)(15)	
Waste Pro USA, Inc.	Waste management services	Senior subordinated loan (\$23,000 par due 11/2013)	13.75%	11/9/2006	23,000	23,000	\$ 1.00(2)	
		Preferred stock (15,000 shares)	14.00% PIK	11/9/2006	15,000	15,000	\$ 1,000.00(4)	
		Warrants to purchase 682,671 shares		11/9/2006		10,000	\$ 14.65(5)	
Wastequip, Inc.(6)	Waste management equipment manufacturer	Senior subordinated loan (\$12,991 par due 2/2015)	10.00% Cash, 2.00% PIK	2/5/2007	12,991	5,196	\$ 0.40(4)	
		Common stock (13,889 shares)		2/2/2007	1,389		\$ (5)	
					83,562	74,682		6.86%
<b>Printing, Publishing and Media</b>								
Canon Communications LLC	Print publications services	Junior secured loan (\$11,847 par due 11/2011)	13.75% (Base Rate + 8.75% Cash, 2.00% PIK/Q)	5/25/2005	11,847	11,136	\$ 0.94(2)(15)	
		Junior secured loan (\$12,073 par due 11/2011)	13.75% (Base Rate + 8.75% Cash, 2.00% PIK/Q)	5/25/2005	12,073	11,349	\$ 0.94(3)(15)	
Courtside Acquisition Corp.	Community newspaper publisher	Senior subordinated loan (\$34,295 par due 6/2014)	17.00% PIK	6/29/2007	34,295		\$ (4)(14)	



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LVCG Holdings LLC(7)	Commercial printer	Membership interests (56.53% interest)		10/12/2007	6,600	3,960		(5)
National Print Group, Inc.	Printing management services	Senior secured revolving loan (\$343 par due 3/2012)	8.25% (Base Rate + 5.00%/D)	3/2/2006	343	165	\$	0.48(15)
		Senior secured revolving loan (\$1,826 par due 3/2012)	9.00% (Base Rate + 5.00%/D)	3/2/2006	1,826	877	\$	0.48(15)
		Senior secured loan (\$6,942 par due 3/2012)	16.00% (Base Rate + 6.00 Cash, 7.00% PIK/S)	3/2/2006	6,942	3,332	\$	0.48(3)(15)(4)
		Senior secured loan (\$1,405 par due 3/2012)	16.00% (Base Rate + 6.00 Cash, 6.00% PIK/D)	3/2/2006	1,405	674	\$	0.48(3)(15)(4)
		Preferred stock (9,344 shares)		3/2/2006	2,000		\$	(5)

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Company(1)	Industry	Investment	Interest(10)	Initial Acquisition Date	Amortized Cost	Fair Value	Fair Value Per Unit	Percentage of Net Assets
The Teaching Company, LLC and The Teaching Company Holdings, Inc. (11)	Education publications provider	Senior secured loan (\$18,000 par due 9/2012)	10.50%	9/29/2006	18,000	17,640	\$ 0.98(2)(11)	
		Senior secured loan (\$10,000 par due 9/2012)	10.50%	9/29/2006	10,000	9,800	\$ 0.98(3)(11)	
		Preferred stock (29,969 shares)	8.00%	9/29/2006	2,997	2,997	\$ 100.00(5)	
		Common stock (15,393 shares)		9/29/2006	3	3	\$ 0.19(5)	
						108,331	61,933	
<b>Aerospace &amp; Defense</b>								
AP Global Holdings, Inc.	Safety and security equipment manufacturer	Senior secured loan (\$7,813 par due 10/2013)	4.81% (Libor + 4.50%/M)	11/8/2007	7,671	7,032	\$ 0.90(3)	
ILC Industries, Inc.	Industrial products provider	Junior secured loan (\$12,000 par due 8/2012)	11.50%	6/27/2006	12,000	12,000	\$ 1.00(3)	
Thermal Solutions LLC and TSI Group, Inc.	Thermal management and electronics packaging manufacturer	Senior secured loan (\$681 par due 3/2011)	4.10% (Libor + 3.50%/Q)	3/28/2005	681	654	\$ 0.96(3)	
		Senior secured loan (\$2,748 par due 3/2012)	4.60% (Libor + 4.00%/Q)	3/28/2005	2,748	2,501	\$ 0.91(3)	
		Senior subordinated notes (\$2,106 par due 9/2012)	11.50% Cash, 2.75% PIK	3/28/2005	2,095	2,043	\$ 0.97(4)	
		Senior subordinated notes (\$3,325 par due 9/2012)	11.50% Cash, 2.75% PIK	3/28/2005	3,308	3,225	\$ 0.97(2)(4)	
		Senior subordinated notes (\$2,679 par due 3/2013)	11.50% Cash, 2.50% PIK	3/21/2006	2,679	2,599	\$ 0.97(2)(4)	
		Preferred stock (71,552 shares)		3/28/2005	716	716	\$ 10.01(5)	
		Common stock (1,460,246 shares)		3/28/2005	15	15	\$ 0.01(5)	
Wyle Laboratories, Inc. and Wyle Holdings, Inc.	Provider of specialized engineering, scientific and technical services	Junior secured loan (\$16,000 par due 7/2014)	15.00%	1/17/2008	16,000	16,000	\$ 1.00	
		Junior secured loan (\$12,000 par due 7/2014)	15.00%	1/17/2008	12,000	12,000	\$ 1.00(3)	
		Preferred stock (15,430 shares)		1/17/2008	1,912	1,530	\$ 67.18(5)	

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		Common stock (151,439 shares)		1/17/2008	188	150	\$	0.99(5)
					62,013	60,465		5.55%
<b>Consumer Products Non-Durable</b>								
Innovative Brands, LLC	Consumer products and personal care manufacturer	Senior secured loan (\$9,276 par due 9/2011)	14.50%	10/12/2006	9,276	9,276	\$	1.00
		Senior secured loan (\$8,563 par due 9/2011)	14.50%	10/12/2006	8,563	8,563	\$	1.00(3)
Making Memories Wholesale, Inc.(6)	Scrapbooking branded products manufacturer	Senior secured loan (\$21,509 par due 3/2011)	8.25% (Base Rate + 5.00%/D)	5/5/2005	11,953	11,830	\$	0.55(14)
		Senior subordinated loan (\$16,250 par due 5/2012)	10.50% Cash, 4.00% PIK	5/5/2005	10,465		\$	(4)(14)
		Preferred stock (4,259 shares)		5/5/2005	3,759		\$	(5)
Shoes for Crews, LLC	Safety footwear and slip-related mat manufacturer	Senior secured loan (\$437 par due 7/2010)	4.10% (Libor + 3.50%/Q)	10/8/2004	440	437	\$	1.00(3)
The Thymes, LLC(7)	Cosmetic products manufacturer	Preferred stock (6,283 shares)	8.00% PIK	6/21/2007	6,283	5,653	\$	899.73(4)

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Company(1)	Industry	Investment	Interest(10)	Initial Acquisition Date	Amortized Cost	Fair Value	Fair Value Per Unit	Percentage of Net Assets
		Common stock (5,400 shares)		6/21/2007			\$ (5)	
Wear Me Apparel, LLC(6)	Clothing manufacturer	Senior subordinated notes (\$27,441 par due 4/2013)	17.50% PIK	4/2/2007	24,110	13,268	\$ 0.48(4)(14)	
		Common stock (10,000 shares)		4/2/2007	10,000		\$ (5)	
					84,849	49,027		4.50%
<b>Telecommunications</b>								
American Broadband Communications, LLC and American Broadband Holding Company	Broadband communication services	Senior subordinated loan (\$33,332 par due 11/2014)	18.00% (10.00% Cash, 8.00% PIK)	2/8/2008	33,332	33,332	\$ 1.00(4)	
		Senior subordinated loan (\$8,411 par due 11/2014)	18.00% (10.00% Cash, 8.00% PIK)	11/7/2007	8,411	8,411	\$ 1.00(4)	
		Warrants to purchase 170 shares		11/7/2007			\$ (5)	
					41,743	41,743		3.83%
<b>Cargo Transport</b>								
The Kenan Advantage Group, Inc.	Fuel transportation provider	Senior subordinated notes (\$25,451 par due 12/2013)	9.50% Cash, 3.50% PIK	12/15/2005	25,451	24,433	\$ 0.96(2)(4)	
		Senior secured loan (\$2,413 par due 12/2011)	3.06% (Libor + 2.75%/M)	12/15/2005	2,413	2,244	\$ 0.93(3)	
		Preferred stock (10,984 shares)		12/15/2005	1,098	1,459	\$ 132.83(4)(5)	
		Common stock (30,575 shares)		12/15/2005	31	41	\$ 1.34(5)	
					28,993	28,177		2.59%
<b>Containers-Packaging</b>								
Industrial Container Services, LLC(6)	Industrial container manufacturer, reconditioner and servicer	Senior secured revolving loan (\$1,033 par due 9/2011)	4.32% (Libor + 4.00%/M)	6/21/2006	1,033	981	\$ 0.95	
		Senior secured revolving loan (\$578 par due 9/2011)	5.75% (Base Rate + 2.50%/D)	6/21/2006	578	549	\$ 0.95	
		Senior secured loan (\$455 par due 9/2011)	4.31% (Libor + 4.00%/M)	6/21/2006	455	432	\$ 0.95(2)	
		Senior secured loan (\$6,972 par due 9/2011)	4.31% (Libor + 4.00%/M)	6/21/2006	6,972	6,623	\$ 0.95(3)	
		Senior secured loan (\$79 par due 9/2011)	4.32% (Libor + 4.00%/M)	6/21/2006	79	75	\$ 0.95(2)	
		Senior secured loan (\$1,214 par due 9/2011)	4.32% (Libor + 4.00%/M)	6/21/2006	1,214	1,154	\$ 0.95(3)	
				6/21/2006	244	232	\$ 0.95(2)	

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		Senior secured loan (\$244 par due 9/2011)	4.32% (Libor + 4.00%/M)					
		Senior secured loan (\$3,738 par due 9/2011)	4.32% (Libor + 4.00%/M)	6/21/2006	3,738	3,551	\$	0.95(3)
		Senior secured loan (\$98 par due 9/2011)	4.32% (Libor + 4.00%/M)	6/21/2006	98	93	\$	0.95(2)
		Senior secured loan (\$1,495 par due 9/2011)	4.32% (Libor + 4.00%/M)	6/21/2006	1,495	1,420	\$	0.95(3)
		Common stock (1,800,000 shares)		9/29/2005	1,800	9,100	\$	5.06(5)
					17,706	24,210		2.22%
<b>Computers and Electronics</b>								
RedPrairie Corporation	Software manufacturer	Junior secured loan (\$3,300 par due 1/2013)	7.51% (Libor + 6.50%/Q)	7/13/2006	3,300	3,069	\$	0.93(2)

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Company(1)	Industry	Investment	Interest(10)	Initial Acquisition Date	Amortized Cost	Fair Value	Fair Value Per Unit	Percentage of Net Assets
		Junior secured loan (\$12,000 par due 1/2013)	7.51% (Libor + 6.50%/Q)	7/13/2006	12,000	11,160	\$ 0.93(3)	
TZ Merger Sub, Inc.	Computers and Electronics	Senior secured loan (\$4,842 par due 07/2015)	7.50% (Libor + 4.50%/Q)	6/15/2009	4,735	4,746	\$ 0.98(2)(15)	
X-rite, Incorporated	Artwork software manufacturer	Junior secured loan (\$3,097 par due 7/2013)	13.63% (Libor + 10.38%/Q)	7/6/2006	3,097	3,097	\$ 1.00(15)	
		Junior secured loan (\$7,743 par due 7/2013)	13.63% (Libor + 10.38%/Q)	7/6/2006	7,743	7,743	\$ 1.00(3)(15)	
		Junior secured loan (\$1 par due 7/2013)	14.38% (Libor + 10.38%/D)	7/6/2006	1	1	\$ 1.00(15)	
		Junior secured loan (\$1 par due 7/2013)	14.38% (Libor + 10.38%/D)	7/6/2006	1	1	\$ 1.00(3)(15)	
					30,877	29,817		2.74%
<b>Health Clubs</b>								
Athletic Club Holdings, Inc.	Premier health club operator	Senior secured loan (\$1,000 par due 10/2013)	4.81% (Libor + 4.50%/M)	10/11/2007	1,000	880	\$ 0.88(13)	
		Senior secured loan (\$1,750 par due 10/2013)	4.82% (Libor + 4.50%/M)	10/11/2007	1,750	1,540	\$ 0.88(13)	
		Senior secured loan (\$12,451 par due 10/2013)	4.81% (Libor + 4.50%/M)	10/11/2007	12,451	10,957	\$ 0.88(2)(13)	
		Senior secured loan (\$11,455 par due 10/2013)	4.81% (Libor + 4.50%/M)	10/11/2007	11,455	10,081	\$ 0.88(3)(13)	
		Senior secured loan (\$49 par due 10/2013)	7.75% (Base Rate + 4.50%/D)	10/11/2007	49	43	\$ 0.88(2)(13)	
		Senior secured loan (\$45 par due 10/2013)	7.75% (Base Rate + 4.50%/D)	10/11/2007	45	39	\$ 0.88(3)(13)	
					26,750	23,540		2.16%
<b>Grocery</b>								
Planet Organic Health Corp.(8)	Organic grocery store operator	Junior secured loan (\$840 par due 7/2014)	7.81% (Libor + 7.50%/M)	7/3/2007	840	798	\$ 0.95	
		Junior secured loan (\$10,014 par due 7/2014)	7.81% (Libor + 7.50%/M)	7/3/2007	10,014	9,514	\$ 0.95(3)	
		Senior subordinated loan (\$11,250 par due 7/2012)	11.00% Cash, 2.00% PIK	7/3/2007	11,250	9,563	\$ 0.85(2)(4)	
					22,104	19,875		1.83%
<b>Consumer Products Durable</b>								
Direct Buy Holdings, Inc. and Direct	Membership-based buying club franchisor and	Senior secured loan (\$2,281 par due 11/2012)	6.82% (Libor + 6.50%/M)	12/14/2007	2,189	1,710	\$ 0.75	

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Buy Investors, operator  
LP(6)

Partnership interests (19.31% interest)	11/30/2007	10,000	2,500	(5)
		12,189	4,210	0.39%

**Housing Building Materials**

HB&G Building Products	Synthetic and wood product manufacturer	Senior subordinated loan (\$8,956 par due 3/2011)	14.00% Cash, 2.00% PIK	10/8/2004	9,005	448 \$	0.05(2)(4)(14)
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Company(1)	Industry	Investment	Interest(10)	Initial Acquisition Date	Amortized Cost	Fair Value	Fair Value Per Unit	Percentage of Net Assets
		Common stock (2,743 shares)		10/8/2004	753		\$ (5)	
		Warrants to purchase 4,464 shares		10/8/2004	653		\$ (5)	
					10,411	448		0.04%
					\$ 2,272,976	\$ 1,962,471		

(1) Other than our investments in HCP Acquisition Holdings, LLC, Ivy Hill Middle Market Credit Fund, Ltd., LVCG Holdings LLC, R3 Education, Inc., Reflexite Corporation and The Thymes, LLC, we do not Control any of our portfolio companies, as defined in the Investment Company Act. In general, under the Investment Company Act, we would Control a portfolio company if we owned more than 25% of its outstanding voting securities and/or had the power to exercise control over the management or policies of such portfolio company. All of our portfolio company investments are subject to legal restrictions on sales which as of June 30, 2009 represented 180% of the Company's net assets.

(2) These assets are owned by the Company's wholly owned subsidiary Ares Capital CP, are pledged as collateral for the CP Funding Facility and, as a result, are not directly available to the creditors of the Company to satisfy any obligations of the Company other than Ares Capital CP's obligations under the CP Funding Facility (see Note 7 to the consolidated financial statements). Unless otherwise noted, as of June 30, 2009, all other investments were pledged as collateral for the Revolving Credit Facility (see Note 7 to the consolidated financial statements).

(3) Pledged as collateral for the ARCC CLO. Unless otherwise noted, as of June 30, 2009, all other investments were pledged as collateral for the Revolving Credit Facility (see Note 7 to the consolidated financial statements).

(4) Has a payment-in-kind interest feature (see Note 2 to the consolidated financial statements).

(5) Non-income producing at June 30, 2009.

(6) As defined in the Investment Company Act, we are an Affiliate of this portfolio company because we own 5% or more of the portfolio company's outstanding voting securities or we have the power to exercise control over the management or policies of such portfolio company (including through a management agreement). Transactions during the period for the six months ended June 30, 2009 in which the issuer was an Affiliate (but not a portfolio company that we Control) are as follows (in thousands):

Company	Purchases	Redemptions (cost)	Sales (cost)	Interest income	Capital structuring service fees	Dividend Income	Other income	Net realized gains (losses)	Net unrealized gains (losses)
Apple & Eve, LLC and US Juice Partners, LLC	\$ 4,500	\$ 12,730	\$	\$ 2,525	\$	\$	\$ 13	\$	\$ 8,236
Carador, PLC	\$	\$	\$	\$	\$	\$ 137	\$	\$	\$ (2,667)
Campus Management Corp. and Campus Management Acquisition Corp.	\$	\$ 2,309	\$ 15,000	\$ 3,143	\$	\$	\$ 33	\$ (482)	\$
CT Technologies	\$	\$	\$	\$ 516	\$	\$	\$	\$	\$ (371)
Intermediate Holdings, Inc. and CT Technologies									



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Holdings, LLC									
Direct Buy Holdings, Inc. and Direct Buy Investors LP	\$	\$	\$	\$ 58	\$	\$	\$	\$	(4,000)
Firstlight Financial Corporation	\$	\$	\$	\$ 2,613	\$	\$	1,317	\$	(11,009)
Imperial Capital Group, LLC	\$	206	\$	\$	\$	\$	\$	\$	
Industrial Container Services, LLC	\$	4,750	\$ 7,142	\$ 373	\$	\$	80	\$	(795)
Investor Group Services, LLC	\$	\$	750	\$	\$	\$	12	\$	
Making Memories Wholesale, Inc.	\$	\$	\$	\$	\$	\$	\$	\$	(258)
Pillar Holdings LLC and PHL Holding Co.	\$	\$	2,692	\$ 1,474	\$	\$	16	\$	945
Primis Marketing Group, Inc. and Primis Holdings, LLC	\$	\$	\$	\$	\$	\$	\$	\$	
R3 Education, Inc.	\$	13,000	\$ 17,075	\$ 549	\$	\$	14	\$	86
Universal Trailer Corporation	\$	\$	\$	\$	\$	\$	\$	\$	
VSS-Tranzact Holdings, LLC	\$	\$	\$	\$	\$	\$	\$	\$	
Wastequip, Inc.	\$	\$	\$	\$ 777	\$	\$	\$	\$	(2,651)
Wear Me Apparel, LLC	\$	\$	\$	\$ 75	\$	\$	\$	\$	1,212

(7) As defined in the Investment Company Act, we are an Affiliate of this portfolio company because we own 5% or more of the portfolio company's outstanding voting securities or we have the power to exercise control over the management or policies of such portfolio company (including through a management agreement). In addition, as defined in the Investment Company Act, we Control this portfolio company because we own more than 25% of the portfolio company's outstanding voting securities or we have the power to exercise control over the management or policies of such portfolio company (including through a management agreement). Transactions during the period for the six months ended June 30, 2009 in which the issuer was both an Affiliate and a portfolio company that we Control are as follows (in thousands):

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Company	Purchases	Redemptions (cost)	Sales (cost)	Interest income	Capital structuring service fees	Dividend Income	Other income	Net realized gains (losses)	Net unrealized gains (losses)
HCP Acquisition Holdings, LLC	\$	\$	\$	\$	\$	\$	\$	\$	\$ (375)
Ivy Hill Asset Management, LP	\$ 3,816	\$	\$	\$	\$	\$	\$	\$	\$ 8,000
Ivy Hill Middle Market Credit Fund, Ltd.	\$	\$ 188	\$	\$ 3,017	\$	\$	\$ 1,236	\$	\$
LVCG Holdings, LLC	\$	\$	\$	\$	\$	\$	\$ 50	\$	\$ (4,540)
R3 Education, Inc.	\$ 15,613	\$ 5,437	\$	\$ 506	\$	\$	\$ 17	\$	\$ (36)
Reflexite Corporation	\$ 7,800	\$	\$ 2,000	\$ 1,321	\$ 194	\$	\$ 71	\$	\$ (10,603)
The Thymes, LLC	\$	\$	\$	\$ 249	\$	\$	\$	\$	\$ 628

(8) Non-U.S. company or principal place of business outside the U.S. and as a result is not a qualifying asset under Section 55(a) of the Investment Company Act. Under the Investment Company 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.

(9) Non-registered investment company.

(10) A majority of the variable rate loans to our portfolio companies bear interest at a rate that may be determined by reference to either Libor or an alternate Base Rate (commonly based on the Federal Funds Rate or the Prime Rate), at the borrower's option, which reset annually (A), semi-annually (S), quarterly (Q), bi-monthly (B), monthly (M) or daily (D). For each such loan, we have provided the interest rate in effect at June 30, 2009.

(11) In addition to the interest earned based on the stated interest rate of this security, we are entitled to receive an additional interest amount of 2.50% on \$20.3 million aggregate principal amount of the portfolio company's senior term debt previously syndicated by us.

(12) Principal amount denominated in Canadian dollars has been translated into U.S. dollars (see Note 2 to the consolidated financial statements).

(13) In addition to the interest earned based on the stated interest rate of this security, we are entitled to receive an additional interest amount of 2.50% on \$25.0 million aggregate principal amount of the portfolio company's senior term debt previously syndicated by us.

(14) Loan was on non-accrual status as of June 30, 2009.

(15) Loan includes interest rate floor feature.

(16) In addition to the interest earned based on the stated interest rate of this security, we are entitled to receive an additional interest amount of 2.98% on \$15.0 million aggregate principal amount of the portfolio company's senior term debt previously syndicated by us.

See accompanying notes to consolidated financial statements.

Table of Contents**ARES CAPITAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED SCHEDULE OF INVESTMENTS**

As of December 31, 2008

(dollar amounts in thousands, except per unit data)

Company(1)	Industry	Investment	Interest(10)	Initial Acquisition Date	Amortized Cost	Fair Value	Fair Value Per Unit	Percentage of Net Assets
<b>Healthcare Services</b>								
American Renal Associates, Inc.	Dialysis provider	Senior secured loan (\$1,443 par due 12/2010)	4.72% (Libor + 3.25%/Q)	12/14/2005	\$ 1,443	\$ 1,399	\$ 0.97(3)	
		Senior secured loan (\$180 par due 12/2010)	5.00% (Base Rate + 1.75%/D)	12/14/2005	180	175	\$ 0.97(3)	
		Senior secured loan (\$5,705 par due 12/2011)	4.72% (Libor + 3.25%/Q)	12/14/2005	5,705	5,534	\$ 0.97(3)	
		Senior secured loan (\$34 par due 12/2011)	5.00% (Base Rate + 1.75%/D)	12/14/2005	34	33	\$ 0.97(3)	
		Senior secured loan (\$262 par due 12/2011)	4.72% (Libor + 3.25%/Q)	12/14/2005	262	254	\$ 0.97(3)	
		Senior secured loan (\$2,620 par due 12/2011)	7.30% (Libor + 3.25%/Q)	12/14/2005	2,620	2,541	\$ 0.97(3)	
Capella Healthcare, Inc.	Acute care hospital operator	Junior secured loan (\$70,000 par due 2/2016)	13.00%	2/29/2008	70,000	63,000	\$ 0.90	
		Junior secured loan (\$25,000 par due 2/2016)	13.00%	2/29/2008	25,000	22,500	\$ 0.90(2)	
CT Technologies Intermediate Holdings, Inc. and CT Technologies Holdings, LLC(6)	Healthcare analysis services	Preferred stock (7,427 shares)	14.00% PIK	6/15/2007	7,427	7,427	\$ 1,000.00(4)	
		Common stock (9,679 shares)		6/15/2007	4,000	5,382	\$ 556.05(5)	
		Common stock (1,546 shares)		6/15/2007		\$	(5)	
DSI Renal, Inc.	Dialysis provider	Senior secured revolving loan (\$142 par due 3/2013)	6.25% (Base Rate + 3.00%/D)	4/4/2006	142	127	\$ 0.89	
		Senior secured revolving loan (\$3,520 par due 3/2013)	3.47% (Libor + 3.00%/M)	4/4/2006	3,520	3,168	\$ 0.90	

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		Senior secured revolving loan (\$1,120 par due 3/2013)	3.47% (Libor + 3.00%/M)	4/4/2006	1,120	1,008 \$	0.90
		Senior secured revolving loan (\$1,152 par due 3/2013)	4.50% (Libor + 3.00%/Q)	4/4/2006	1,152	1,037 \$	0.90
		Senior secured revolving loan (\$1,600 par due 3/2013)	4.50% (Libor + 3.00%/Q)	4/4/2006	1,600	1,440 \$	0.90
		Senior subordinated note (\$29,589 par due 4/2014)	12.00% Cash, 2.00% PIK	4/4/2006	29,658	21,896 \$	0.74(4)
		Senior subordinated note (\$26,927 par due 4/2014)	12.00% Cash, 2.00% PIK	4/4/2006	26,971	19,847 \$	0.73(2)(4)
		Senior subordinated note (\$12,211 par due 4/2014)	12.00% Cash, 2.00% PIK	4/4/2006	12,231	9,036 \$	0.74(3)(4)
GG Merger Sub I, Inc.	Drug testing services	Senior secured loan (\$23,330 par due 12/2014)	7.09% (Libor + 4.00%/S)	12/14/2007	22,426	18,938 \$	0.81
HCP Acquisition Holdings, LLC(7)	Healthcare compliance advisory services	Class A units (8,566,824 units)		6/26/2008	8,567	6,500 \$	0.76(5)
Heartland Dental Care, Inc.	Dental services	Senior subordinated note (\$40,217 par due 8/2013)	11.00% Cash, 3.25% PIK	7/31/2008	40,217	40,217 \$	1.00(4)
MPBP Holdings, Inc., Cohr Holdings, Inc. and MPBP Acquisition Co., Inc.	Healthcare equipment services	Junior secured loan (\$20,000 par due 1/2014)	9.19% (Libor + 6.25%/S)	1/31/2007	20,000	7,000 \$	0.35
		Junior secured loan (\$12,000 par due 1/2014)	9.19% (Libor + 6.25%/S)	1/31/2007	12,000	4,200 \$	0.35(3)
		Common stock (50,000 shares)		1/31/2007	5,000	\$	(5)
MWD Acquisition Sub, Inc.	Dental services	Junior secured loan (\$5,000 par due 5/2012)	8.13% (Libor + 6.25%/M)	5/3/2007	5,000	4,250 \$	0.85(3)
OnCURE Medical Corp.	Radiation oncology care provider	Senior subordinated note (\$32,176 par due 8/2013)	11.00% Cash, 1.50% PIK	8/18/2006	32,176	28,935 \$	0.90(4)
		Senior secured loan (\$3,083 par due 8/2009)	4.75% (Libor + 3.50%/M)	8/18/2006	3,083	3,000 \$	0.97(3)
		Common stock (857,143 shares)		8/18/2006	3,000	2,713 \$	3.17(5)

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Company(1)	Industry	Investment	Interest(10)	Initial Acquisition Date	Amortized Cost	Fair Value	Fair Value Per Unit	Percentage of Net Assets
Passport Health Communications, Inc., Passport Holding Corp. and Prism Holding Corp.	Healthcare technology provider	Senior secured loan (\$12,935 par due 5/2014)	10.50% (Libor + 7.50%/S)	5/9/2008	12,935	12,671	\$ 0.98(15)	
		Senior secured loan (\$11,940 par due 5/2014)	10.50% (Libor + 7.50%/S)	5/9/2008	11,940	11,701	\$ 0.98(3)(15)	
		Series A preferred stock (1,594,457 shares)		7/30/2008	9,900	9,902	\$ 6.21(5)	
		Common stock (16,106 shares)		7/30/2008	100	100	\$ 6.21(5)	
PG Mergersub, Inc.	Provider of patient surveys, management reports and national databases for the integrated healthcare delivery system	Senior subordinated loan (\$5,000 par due 3/2016)	12.50%	3/12/2008	4,901	4,750	\$ 0.95	
		Preferred stock (333 shares)		3/12/2008	333	333	\$ 1,000.00(5)	
		Common stock (16,667 shares)		3/12/2008	167	167	\$ 10.00(5)	
The Schumacher Group of Delaware, Inc.	Outsourced physician service provider	Senior subordinated loan (\$35,849 par due 7/2012)	11.00% Cash, 2.50% PIK	7/18/2008	35,849	35,849	\$ 1.00(4)	
Triad Laboratory Alliance, LLC	Laboratory services	Senior subordinated note (\$15,354 par due 12/2012)	12.00% Cash, 1.75% PIK	12/21/2005	15,354	14,894	\$ 0.97(4)	
		Senior secured loan (\$2,473 par due 12/2011)	4.71% (Libor + 3.25%/Q)	12/21/2005	2,473	2,201	\$ 0.89(3)	
VOTC Acquisition Corp.	Radiation oncology care provider	Senior secured loan (\$3,068 par due 7/2012)	11.00% Cash, 2.00% PIK	6/30/2008	3,068	3,068	\$ 1.00(4)	
		Senior secured loan (\$14,000 par due 7/2012)	11.00% Cash, 2.00% PIK	6/30/2008	14,000	14,000	\$ 1.00(4)	
		Series E preferred shares (3,888,222 shares)		7/14/2008	8,749	6,561	\$ 1.69(5)	
					464,303	397,754		36.33%
<b>Education</b>								
Campus Management Corp. and Campus Management Acquisition	Education software developer	Senior secured revolving loan (\$2,309 par due 8/2013)	13.00%	2/8/2008	2,309	2,309	\$ 1.00	

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Corp.(6)		Senior secured loan (\$19,924 par due 8/2013)	13.00%	2/8/2008	19,924	19,924	\$	1.00
		Senior secured loan (\$25,108 par due 8/2013)	13.00%	2/8/2008	25,108	25,108	\$	1.00(2)
		Senior secured loan (\$12,019 par due 8/2013)	13.00%	2/8/2008	12,019	12,019	\$	1.00
		Preferred stock (493,147 shares)	8.00% PIK	2/8/2008	8,952	12,000	\$	24.33(4)
ELC Acquisition Corporation	Developer, manufacturer and retailer of educational products	Senior secured loan (\$242 par due 11/2012)	5.45% (Libor + 3.25%/Q)	11/30/2006	243	219	\$	0.90(3)
		Junior secured loan (\$8,333 par due 11/2013)	7.47% (Libor + 7.00%/M)	11/30/2006	8,333	7,500	\$	0.90(3)
Instituto de Banca y Comercio, Inc.(8)	Private school operator	Senior secured revolving loan (\$1,643 par due 3/2014)	5.00% (Libor + 3.00%/Q)	3/15/2007	1,643	1,643	\$	1.00
		Senior secured loan (\$7,500 par due 3/2014)	8.42% (Libor + 5.00%/Q)	3/15/2007	7,500	7,500	\$	1.00
		Senior secured loan (\$7,266 par due 3/2014)	8.42% (Libor + 5.00%/Q)	3/15/2007	7,266	7,266	\$	1.00
		Senior secured loan (\$4,987 par due 3/2014)	8.42% (Libor + 5.00%/Q)	3/15/2007	4,987	4,987	\$	1.00(2)
		Senior secured loan (\$11,820 par due 3/2014)	8.42% (Libor + 5.00%/Q)	3/15/2007	11,820	11,820	\$	1.00(3)
		Senior subordinated loan (\$19,641 par due 6/2014)	10.50% Cash, 3.50% PIK	6/4/2008	19,641	19,641	\$	1.00(4)
		Promissory note (\$429 par due 9/2015)	6.00%	6/4/2008	429	1,714	\$	4.00
		Preferred stock (214,286 shares)		6/4/2008	1,018	4,072	\$	19.00(5)
		Common stock (214,286 shares)		6/4/2008	54	214	\$	1.00(5)
Lakeland Finance, LLC	Private school operator	Senior secured note (\$18,000 par due 12/2012)	11.50%	12/13/2005	18,000	16,920	\$	0.94
		Senior secured note (\$15,000 par due 12/2012)	11.50%	12/13/2005	15,000	14,100	\$	0.94(2)

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Company(1)	Industry	Investment	Interest(10)	Initial Acquisition Date	Amortized Cost	Fair Value	Fair Value Per Unit	Percentage of Net Assets		
R3 Education, Inc. (formerly known as Equinox EIC Partners, LLC and MUA Management Company, Ltd.)(7)(8)	Medical school operator	Senior secured revolving loan (\$3,850 par due 12/2012)	8.25% (Base Rate + 5.00%/D)	4/3/2007	3,850	3,773	\$ 0.98			
		Senior secured revolving loan (\$1,250 par due 12/2012)	8.25% (Base Rate + 5.00%/D)	4/3/2007	1,250	1,225	\$ 0.98			
		Senior secured loan (\$3,024 par due 12/2012)	6.46% (Libor + 6.00%/M)	4/3/2007	3,024	2,963	\$ 0.98(2)			
		Senior secured loan (\$14,113 par due 12/2012)	6.46% (Libor + 6.00%/M)	9/21/2007	14,113	13,830	\$ 0.98(2)			
		Senior secured loan (\$7,350 par due 12/2012)	9.09% (Libor + 6.00%/S)	4/3/2007	7,350	7,203	\$ 0.98(3)			
		Common membership interest (26.27% interest)		9/21/2007	15,800	20,785	(5)			
		Preferred stock (800 shares)				200	200	\$ 250.00(5)		
						209,833	218,935		20.00%	
		<b>Restaurants and Food Services</b>								
		ADF Capital, Inc. & ADF Restaurant Group, LLC	Restaurant owner and operator	Senior secured revolving loan (\$1,381 par due 11/2013)	5.75% (Base Rate + 2.50%/D)	11/27/2006	1,381	1,313	\$ 0.95	
Senior secured revolving loan (\$2,005 par due 11/2013)	6.61% (Libor + 3.00% Cash, 0.50% PIK/S)			11/27/2006	2,005	1,905	\$ 0.95(4)			
Senior secured loan (\$2 par due 11/2012)	12.00% (Base Rate + 7.5%/D)			11/27/2006	2	2	\$ 1.00			
Senior secured loan (\$1 par due 11/2012)	12.00% (Base Rate + 7.5%/D)			11/27/2006	1	1	\$ 1.00(3)			
Senior secured loan (\$22,656 par due 11/2012)	11.61% (Libor + 7.50% Cash, 1.00% PIK/S)			11/27/2006	22,912	21,520	\$ 0.94(4)			
Senior secured loan (\$992 par due 11/2012)	11.61% (Libor + 7.50% Cash, 1.00% PIK/S)			11/27/2006	992	942	\$ 0.95(2)(4)			
Senior secured loan (\$11,081 par due 11/2012)	11.61% (Libor + 7.50% Cash, 1.00% PIK/S)			11/27/2006	11,075	10,529	\$ 0.95(3)(4)			



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		Promissory note (\$12,079 par due 11/2016)	10.00% PIK	6/1/2006	12,067	12,067	\$	1.00(4)
		Warrants to purchase 0.61 shares		6/1/2006			\$	(5)
Encanto Restaurants, Inc.(8)	Restaurant owner and operator	Junior secured loan (\$21,184 par due 8/2013)	7.50% Cash, 3.50% PIK	8/16/2006	21,184	19,084	\$	0.90(2)(4)
		Junior secured loan (\$4,035 par due 8/2013)	7.50% Cash, 3.50% PIK	8/16/2006	4,035	3,635	\$	0.90(3)(4)
OTG Management, Inc.	Airport restaurant operator	Junior secured loan (\$15,312 par due 6/2013)	18.00% (Libor + 11.00% Cash, 4.00% PIK/M)	6/19/2008	15,312	15,312	\$	1.00(4)(15)
		Warrants to purchase up to 9 shares of common stock					\$	(5)
Vistar Corporation and Wellspring Distribution Corp.	Food service distributor	Senior subordinated loan (\$48,625 par due 5/2015)	13.50%	5/23/2008	48,625	46,680	\$	0.96
		Senior subordinated loan (\$25,000 par due 5/2015)	13.50%	5/23/2008	25,000	24,000	\$	0.96(2)
		Class A non-voting common stock (1,366,120 shares)		5/23/2008	7,500	3,500	\$	2.56(5)
					172,091	160,490		14.66%
<b>Beverage, Food and Tobacco</b>								
3091779 Nova Scotia Inc.(8)	Baked goods manufacturer	Junior secured loan (Cdn\$14,058 par due 11/2012)	11.50% Cash, 1.50% PIK	11/2/2007	14,904	10,961	\$	0.74(4)(12)
		Warrants to purchase 57,545 shares					\$	(5)
Apple & Eve, LLC and US Juice Partners, LLC(6)	Juice manufacturer	Senior secured revolving loan (\$8,000 par due 10/2013)	7.90% (Libor + 6.00%/M)	10/5/2007	8,000	6,400	\$	0.80
		Senior secured loan (\$10,637 par due 10/2013)	6.47% (Libor + 6.00%/M)	10/5/2007	10,637	8,509	\$	0.80
		Senior secured loan (\$19,976 par due 10/2013)	6.47% (Libor + 6.00%/M)	10/5/2007	19,976	15,981	\$	0.80(2)
		Senior secured loan (\$10,805 par due 10/2013)	6.47% (Libor + 6.00%/M)	10/5/2007	10,805	8,644	\$	0.80(3)
		Senior units (50,000 units)		10/5/2007	5,000	2,500	\$	50.00(5)

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Company(1)	Industry	Investment	Interest(10)	Initial Acquisition Date	Amortized Cost	Fair Value	Fair Value Per Unit	Percentage of Net Assets
Best Brands Corporation	Baked goods manufacturer	Senior secured loan (\$10,971 par due 12/2012)	10.43% (Libor + 4.50% Cash, 4.50% PIK/M)	2/15/2008	9,501	9,326	\$	0.86(4)
		Junior secured loan (\$4,319 par due 6/2013)	10.00% Cash, 8.00% PIK	12/14/2006	4,307	3,883	\$	0.90(4)
		Junior secured loan (\$26,400 par due 6/2013)	10.00% Cash, 8.00% PIK	12/14/2006	26,308	23,729	\$	0.90(2)(4)
		Junior secured loan (\$12,201 par due 6/2013)	10.00% Cash, 8.00% PIK	12/14/2006	12,164	10,969	\$	0.90(3)(4)
Bumble Bee Foods, LLC and BB Co-Invest LP	Canned seafood manufacturer	Senior subordinated loan (\$40,706 par due 11/2018)	16.25% (12.00% Cash, 4.25% Optional PIK)	11/18/2008	40,706	40,706	\$	1.00(4)
		Common stock (4,000 shares)		11/18/2008	4,000	4,000	\$	1,000.00(5)
Charter Baking Company, Inc.	Baked goods manufacturer	Senior subordinated note (\$5,547 par due 2/2013)	12.00% PIK	2/6/2008	5,5			