

APOLLO INVESTMENT CORP

Form 10-Q

August 07, 2014

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the Quarter Ended June 30, 2014

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 57<sup>th</sup> Street

37th Floor

10019

New York, N.Y.

(Address of principal executive office)

(Zip Code)

(212) 515-3450

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months 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 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, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

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 number of shares of the registrant's Common Stock, \$.001 par value, outstanding as of August 7, 2014 was 236,741,351.

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 FOR THE QUARTER ENDED JUNE 30, 2014  
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## PART I. FINANCIAL INFORMATION

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

## Item 1. Financial Statements

APOLLO INVESTMENT CORPORATION  
STATEMENTS OF ASSETS AND LIABILITIES  
(in thousands, except per share amounts)

	June 30, 2014 (unaudited)	March 31, 2014
Assets		
Non-controlled/non-affiliated investments, at fair value (cost — \$2,790,135 and \$2,714,971, respectively)	\$2,829,627	\$2,751,896
Non-controlled/affiliated investments, at fair value (cost — \$162,796 and \$153,721, respectively)	161,412	144,628
Controlled investments, at fair value (cost — \$647,103 and \$590,060, respectively)	653,669	582,147
Total investments (cost — \$3,600,034 and \$3,458,752, respectively)	3,644,708	3,478,671
Cash	10,177	13,413
Foreign currency (cost — \$1,384 and \$1,305, respectively)	1,386	1,323
Receivable for investments sold	86,874	72,918
Interest receivable	32,829	40,106
Dividends receivable	5,050	3,627
Deferred financing costs	30,010	31,601
Prepaid expenses and other assets	1,315	292
Total assets	\$3,812,349	\$3,641,951
Liabilities		
Debt (see note 6 & 9)	\$1,571,018	\$1,372,261
Payable for investments purchased	70,580	119,577
Dividends payable	47,348	47,348
Management and performance-based incentive fees payable (see note 3)	33,362	31,108
Interest payable	14,718	14,318
Accrued administrative expenses	2,747	1,915
Other liabilities and accrued expenses	3,703	3,813
Total liabilities	\$1,743,476	\$1,590,340
Net Assets		
Common stock, par value \$.001 per share, 400,000,000 and 400,000,000 common shares authorized, respectively, 236,741,351 and 236,741,351 issued and outstanding, \$237 respectively		\$237
Paid-in capital in excess of par (see note 2)	3,221,802	3,221,829
Over-distributed net investment income (see note 2)	(47,791	) (53,995 )
Accumulated net realized loss (see note 2)	(1,146,738	) (1,133,405 )
Net unrealized gain	41,363	16,945
Total net assets	\$2,068,873	\$2,051,611
Total liabilities and net assets	\$3,812,349	\$3,641,951
Net asset value per share	\$8.74	\$8.67

See notes to financial statements.



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APOLLO INVESTMENT CORPORATION  
 STATEMENTS OF OPERATIONS (unaudited)  
 (in thousands, except per share amounts)

	Three Months Ended	
	June 30, 2014	June 30, 2013
<b>INVESTMENT INCOME:</b>		
From non-controlled/non-affiliated investments:		
Interest	\$82,547	\$75,561
Dividends	841	4,264
Other income	2,256	4,476
From non-controlled/affiliated investments:		
Interest	1,956	703
Dividends	3,946	4,825
From controlled investments:		
Interest	9,120	4,910
Dividends	1,808	1,896
Other income	106	38
Total investment income	\$102,580	\$96,673
<b>EXPENSES:</b>		
Management fees (see note 3)	\$18,111	\$14,757
Performance-based incentive fees (see note 3)	12,467	12,449
Interest and other debt expenses	18,902	15,845
Administrative services expense	1,433	1,097
Other general and administrative expenses	2,288	2,132
Total expenses	53,201	46,280
Management and performance-based incentive fees waived (see note 3)	\$(4,152)	\$(1,974)
Expense reimbursements (see note 3)	(20)	—
Net expenses	\$49,029	\$44,306
Net investment income	\$53,551	\$52,367
<b>REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS, CASH EQUIVALENTS, FOREIGN CURRENCIES AND DERIVATIVES:</b>		
Net realized gain (loss):		
Investments and cash equivalents		
Non-controlled/non-affiliated investments	\$(11,716)	\$(105,876)
Non-controlled/affiliated investments	(107)	—
Controlled investments	—	7,966
Net realized loss from investments and cash equivalents	\$(11,823)	\$(97,910)
Foreign currencies		
Non-controlled/non-affiliated investments	\$380	\$(177)
Non-controlled/affiliated investments	—	—
Controlled investments	—	(11)
Foreign debt	(1,890)	2,164
Net realized gain (loss) from foreign currencies	\$(1,510)	\$1,976
Net realized gain (loss)	\$(13,333)	\$(95,934)
Net change in unrealized gain (loss):		
Investments and cash equivalents		
Non-controlled/non-affiliated investments	\$2,595	\$64,225
Non-controlled/affiliated investments	7,709	(3,933)

See notes to financial statements.

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## APOLLO INVESTMENT CORPORATION

## STATEMENTS OF OPERATIONS (unaudited) (continued)

(in thousands, except per share amounts)

Controlled investments	14,501	(3,098	)
Net change in unrealized gain (loss) from investments and cash equivalents	\$24,805	\$57,194	
Foreign currencies			
Non-controlled/non-affiliated investments	\$(177	) \$226	
Non-controlled/affiliated investments	—	—	
Controlled investments	(79	) (1	)
Foreign debt	(131	) (1,903	)
Net change in unrealized gain (loss) from foreign currencies	\$(387	) \$(1,678	)
Derivatives	\$—	\$6,855	
Net change in unrealized gain	\$24,418	\$62,371	
Net realized and unrealized gain (loss) from investments, cash equivalents, foreign currencies and derivatives	11,085	(33,563	)
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$64,636	\$18,804	
EARNINGS PER SHARE — BASIC (see note 4)	\$0.27	\$0.09	
EARNINGS PER SHARE — DILUTED (see note 4)	\$0.27	\$0.09	

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION  
 STATEMENTS OF CHANGES IN NET ASSETS  
 (in thousands, except shares)

	Three months ended June 30, 2014 (unaudited)	Year ended March 31, 2014
Increase (decrease) in net assets from operations:		
Net investment income	\$53,551	\$201,248
Net realized loss	(13,333	) (106,507 )
Net change in unrealized gain	24,418	176,131
Net increase in net assets resulting from operations	64,636	270,872
Dividends and distributions to stockholders (see note 2):		
Distribution of income	(47,348	) (182,193 )
Return of capital	—	—
Total dividends and distributions to stockholders	(47,348	) (182,193 )
Capital share transactions:		
Net proceeds from shares sold	—	286,553
Less offering costs	(26	) (1,010 )
Reinvestment of dividends	—	—
Net increase (decrease) in net assets from capital share transactions	(26	) 285,543
Total increase (decrease) net assets:	17,262	374,222
Net assets at beginning of period	2,051,611	1,677,389
Net assets at end of period	\$2,068,873	\$2,051,611
Capital share activity		
Shares sold	—	33,850,000
Shares issued from reinvestment of dividends	—	—
Net capital share activity	—	33,850,000

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION  
 STATEMENTS OF CASH FLOWS (unaudited)  
 (in thousands)

	Three months ended June 30,	
	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net increase in net assets resulting from operations	\$64,636	\$18,804
Adjustments to reconcile net increase (decrease):		
PIK interest and dividends	(11,545	) (12,098
Net amortization on investments	(2,688	) (2,285
Amortization of deferred financing costs	1,746	1,821
Increase (decrease) from foreign currency transactions	(1,831	) 2,123
Net change in unrealized gain on investments, cash equivalents, foreign currencies and derivatives	(24,418	) (62,371
Net realized loss on investments, cash equivalents, and foreign currencies	13,333	95,934
Changes in operating assets and liabilities:		
Restricted cash	—	(5,180
Purchase of investments and cash equivalents	(649,512	) (788,349
Proceeds from derivatives	—	4,156
Proceeds from disposition of investments and cash equivalents	510,753	572,722
Increase in receivables for investments sold	(13,956	) (2,415
Decrease in interest receivable	7,277	7,541
Increase in dividends receivable	(1,423	) (2,147
Increase in prepaid expenses and other assets	(1,023	) (675
Increase (decrease) in payable for investments purchased	(48,997	) 75,538
Increase in management and performance-based incentive fees payable	2,254	2,658
Increase in interest payable	400	669
Increase in accrued administrative expenses	832	233
Increase (decrease) in other liabilities and accrued expenses	(110	) 695
Net cash (used in) provided by operating activities	\$(154,272	) \$(92,626
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net proceeds from the issuance of common stock	\$—	\$182,273
Offering costs for the issuance of common stock	(26	) (350
Dividends paid in cash	(47,348	) (40,578
Proceeds from debt	956,000	681,559
Payments on debt	(757,356	) (713,912
Deferred financing costs paid	(155	) (5,344
Net cash provided by financing activities	\$151,115	\$103,648
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>\$(3,157</b>	<b>) \$11,022</b>
Effect of exchange rates on cash balances	(16	) (135
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>\$14,736</b>	<b>\$6,197</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$11,563</b>	<b>\$17,084</b>

See notes to financial statements.

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SCHEDULE OF INVESTMENTS (unaudited)

June 30, 2014

(in thousands)

## INVESTMENTS IN

NON-CONTROLLED/NON-AFFILIATED INVESTMENTS—136.8%	Interest Rate	Maturity Date	Industry	Par Amount*	Cost	Fair Value (1)
CORPORATE DEBT—125.6%						
SECURED DEBT—87.4%						
1st Lien Secured Debt—37.3%						
Altegrity, Inc. t†	9.500%	7/1/19	Diversified Service	\$3,000	\$3,000	\$3,023
Altegrity, Inc. †	L+825	7/1/19	Diversified Service	4,500	4,433	4,444
Archroma ‡	9.50% (L+825, 1.25% Floor)	10/1/18	Chemicals	45,459	44,972	46,198
Avanti Communication Group PLC t‡	10.000%	10/1/19	Telecommunications	2,891	3,035	3,068
Avaya, Inc., (Revolver) †	2.90% (L+275) Funded, 0.50% Unfunded 9.75%	10/26/16	Telecommunications	18,392	18,392	16,967
Aveta, Inc.	(L+825, 1.50% Floor) 12.00%	12/12/17	Healthcare	58,287	56,987	58,797
Caza Petroleum, Inc.	(L+1000, 2.00% Floor) 6.75%	5/23/17	Oil and Gas	45,000	43,701	44,145
Confie Seguros Holding II Co., (Revolver) †	(P+350, 3.25% Floor) Funded, 0.50% Unfunded	12/10/18	Insurance	210	210	191
Deep Gulf Energy II, LLC	11.500% 16.00% (8.00%)	3/31/17	Oil and Gas	25,000	25,000	25,000
Delta Educational Systems, Inc.	Cash/8.00% PIK) 9.50%	12/11/16	Education	5,546	5,546	5,546
Evergreen Tank Solutions, Inc.	(L+800, 1.50% Floor)	9/28/18	Containers, Packaging, and Glass	41,214	40,734	41,420
Extraction Oil & Gas Holdings, LLC	11.000% 9.50%	5/29/19	Oil and Gas	25,000	24,630	24,625
GenCorp, Inc. ‡	(L+850, 1.00% Floor)	4/18/22	Aerospace and Defense	39,500	39,500	39,500
Great Bear Petroleum Operating, LLC	12.000%	10/1/17	Oil and Gas	5,064	5,064	5,064
Hunt Companies, Inc. t	9.625%	3/1/21	Buildings and Real Estate	41,210	40,714	43,322
Lee Enterprises, Inc. t‡	9.500%	3/15/22	Media	13,000	13,000	13,894

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M&G Chemicals, S.A. ‡	8.73% (L+850)	3/28/16	Chemicals	5,000	5,000	5,000
Magnetation, LLC †	11.000%	5/15/18	Mining	16,400	16,455	17,999
Maxus Capital Carbon SPE I, LLC (Skyonic Corp.)	13.000%	9/18/19	Chemicals	60,000	60,000	60,000
Molycorp, Inc. ‡	10.000%	6/1/20	Diversified Natural Resources, Precious Metals and Minerals	50,424	49,990	46,453
My Alarm Center, LLC †	8.50% (L+750, 1.00% Floor)	1/9/18	Business Services	42,613	42,613	42,613
My Alarm Center, LLC †	8.50% (L+750, 1.00% Floor)	1/9/18	Business Services	4,661	4,661	4,661
Osage Exploration & Development, Inc. ‡	13.00% (L+1100, 2.00% Floor)	4/27/16	Oil and Gas	25,000	24,588	24,250
Panda Sherman Power, LLC	9.00% (L+750, 1.50% Floor)	9/14/18	Energy	15,000	14,830	15,375
Panda Temple Power, LLC	11.50% (L+1000, 1.50% Floor)	7/17/18	Energy	25,500	25,117	26,217
Pelican Energy, LLC ‡	10.00% (7.00% Cash/3.00% PIK)	12/31/18	Oil and Gas	24,119	23,209	24,601
Reichhold Holdings International B.V. ‡	10.75% (L+975, 1.00% Floor)	12/19/16	Chemicals	22,500	22,500	22,500
Sand Waves, S.A. (Endeavour Energy UK Limited) ‡	9.750%	12/31/15	Oil and Gas	12,083	12,083	12,083

See notes to financial statements.

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## APOLLO INVESTMENT CORPORATION

## SCHEDULE OF INVESTMENTS (unaudited) (continued)

June 30, 2014

(in thousands, except shares)

## INVESTMENTS IN

## NON-CONTROLLED/NON-AFFILIATED

## INVESTMENTS—136.8%

## 1st Lien Secured Debt—37.3% (continued)

	Interest Rate	Maturity Date	Industry	Par Amount*	Cost	Fair Value (1)
Spotted Hawk Development, LLC ‡	14.00% (13.00% Cash/1.00% PIK)	6/30/16	Oil and Gas	\$ 32,386	\$31,847	\$32,386
Sunrun Solar Owner IX, LLC	9.079% 10.25% (L+925, 1.00%	12/31/24	Energy	3,574	3,422	3,422
UniTek Global Services, Inc., (Revolver)†	Floor) 2.00% Unfunded	4/15/16	Telecommunications	37,652	37,652	37,652
Walter Energy, Inc. †‡	9.500%	10/15/19	Mining	21,257	21,676	21,636
Total 1st Lien Secured Debt					\$764,561	\$772,052
Unfunded Revolver Obligations—(0.3)%						
Avaya, Inc., (Unfunded Revolver) (8)	L+275 Funded, 0.50% Unfunded	10/26/16	Telecommunications	\$ 18,392	\$(4,699 )	\$(1,425
BMC Software, Inc., (Unfunded Revolver) (8)	L+400 Funded, 0.50% Unfunded	9/10/18	Business Services	30,760	(3,281 )	(2,768
Confie Seguros Holding II Co., (Unfunded Revolver) (8) †	P+350 Funded, 0.50% Unfunded	12/10/18	Insurance	3,641	(409 )	(328
Laureate Education, Inc., (Unfunded Revolver) (8)‡	L+375 Funded, 0.625% Unfunded	6/16/16	Education	28,880	(2,888 )	(2,455
Reichhold Holdings International B.V., (Unfunded Revolver) †‡	L+600 Funded, 1.50% Unfunded	12/19/16	Chemicals	12,500	—	—
Salix Pharmaceuticals, Ltd., (Unfunded Revolver) (8)‡†	L+300 Funded, 0.50% Unfunded	1/2/19	Healthcare	24,867	(1,822 )	(249
		4/15/16	Telecommunications	15,702	—	—

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UniTek Global Services, Inc., (Unfunded Revolver) †	L+925 Funded, 2.00% Unfunded L+550						
Walter Energy, Inc., (Unfunded Revolver) (8)‡	Funded, 0.625% Unfunded	10/1/17	Mining	1,923	(215	)	(101
Total Unfunded Revolver Obligations					\$(13,314 ) \$(7,326		
Letters of Credit— (0.0)%							
Confie Seguros Holding II Co., Letter of Credit (8)†	4.500%	10/27/14	Insurance	\$ 600	\$—		\$(54
Confie Seguros Holding II Co., Letter of Credit (8)†	4.500%	1/13/15	Insurance	50	—		(5
Salix Pharmaceuticals, Ltd., Letter of Credit ‡†	3.000%	2/10/15	Healthcare	8	3		—
Salix Pharmaceuticals, Ltd., Letter of Credit (8)‡†	3.000%	2/10/15	Healthcare	125	48		(1
UniTek Global Services, Inc., Letter of Credit †	9.250%	12/15/14	Telecommunications	5,446	—		—
UniTek Global Services, Inc., Letter of Credit †	9.250%	3/18/15	Telecommunications	1,000	—		—
UniTek Global Services, Inc., Letter of Credit †	9.250%	3/18/15	Telecommunications	2,700	—		—
UniTek Global Services, Inc., Letter of Credit †	9.250%	3/26/15	Telecommunications	12,500	—		—
Walter Energy, Inc., Letter of Credit (8)(9)‡†	5.500%	9/18/14- 7/4/15	Mining	86	—		(5
Walter Energy, Inc., Letter of Credit (8)(9)‡†	5.500%	11/28/15- 8/31/15	Mining	CAD192	—		(9
Total Letters of Credit					\$51		\$(74

See notes to financial statements.

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## APOLLO INVESTMENT CORPORATION

## SCHEDULE OF INVESTMENTS (unaudited) (continued)

June 30, 2014

(in thousands, except shares)

## INVESTMENTS IN

NON-CONTROLLED/NON-AFFILIATED

INVESTMENTS—136.8%

2nd Lien Secured Debt—50.4%

	Interest Rate	Maturity Date	Industry	Par Amount*	Cost	Fair Value (1)
Active Network, Inc.	9.50% (L+850, 1.00% Floor)	11/15/21	Business Services	\$22,910	\$22,801	\$22,995
American Energy - Utica, LLC (10)	11.00% (L+950, 1.50% Floor)	9/30/18	Oil and Gas	10,869	10,764	11,521
Aptean, Inc.	8.50% (L+750, 1.00% Floor)	2/26/21	Business Services	11,322	11,158	11,506
Armor Holdings, Inc. (American Stock Transfer and Trust Company)	10.25% (L+900, 1.25% Floor)	12/26/20	Financial Services	8,000	7,855	7,960
Asurion Corporation	8.50% (L+750, 1.00% Floor)	3/3/21	Insurance	90,400	89,086	94,072
BancTec Group, LLC ‡	11.75% (L+1075, 1.00% Floor)	4/3/20	Business Services	40,000	39,224	39,200
BJ's Wholesale Club, Inc.	8.50% (L+750, 1.00% Floor)	3/26/20	Retail	15,000	14,927	15,450
Confie Seguros Holding II Co.	10.25% (L+900, 1.25% Floor)	5/8/19	Insurance	27,344	27,105	27,652
Consolidated Precision Products Corp.	8.75% (L+775, 1.00% Floor)	4/30/21	Aerospace and Defense	8,940	8,898	9,046
Del Monte Foods Co.	8.25% (L+725, 1.00% Floor)	8/18/21	Beverage, Food, and Tobacco	2,146	2,126	2,113
Deltek, Inc.	10.00% (L+875, 1.25% Floor)	10/10/19	Business Services	27,273	27,032	27,921
DSI Renal, Inc.	7.75% (L+675, 1.00% Floor)	10/22/21	Healthcare	3,300	3,276	3,325
Elements Behavioral Health, Inc.	9.25% (L+825, 1.00% Floor)	2/11/20	Healthcare	9,500	9,410	9,488
Emerald 3 Limited ‡	8.00% (L+700,	5/9/22	Business Services	3,179	3,143	3,179

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Flexera Software, LLC	1.00% Floor) 8.00% (L+700, 1.00% Floor)	4/2/21	Business Services	4,250	4,228	4,266
Garden Fresh Restaurant Corp. †	14.50% (L+1300 PIK, 1.50% Floor)	1/1/19	Restaurants	35,764	33,654	31,830
Garden Fresh Restaurant Corp. †	7.25% (L+575 PIK, 1.50% Floor)	1/1/19	Restaurants	7,800	5,831	5,304
GCA Services Group, Inc.	9.25% (L+800, 1.25% Floor)	11/1/20	Diversified Service	22,838	22,937	23,066
Genex Holdings, Inc.	8.75% (L+775, 1.00% Floor)	5/30/22	Healthcare	5,320	5,267	5,370
Grocery Outlet, Inc.	10.50% (L+925, 1.25% Floor)	6/17/19	Grocery	8,674	8,531	8,847
GTCR Valor Companies, Inc.	L+850	11/21/21	Business Services	35,000	34,650	34,825
HD Vest, Inc. ‡	9.25% (L+800, 1.25% Floor)	6/18/19	Financial Services	9,396	9,294	9,384
Healogics, Inc.	9.25% (L+800, 1.25% Floor)	2/5/20	Healthcare	10,000	10,106	10,242
Insight Pharmaceuticals, LLC	13.25% (L+1175, 1.50% Floor)	8/25/17	Consumer Products	15,448	15,255	15,410
Institutional Shareholder Services, Inc.	8.50% (L+750, 1.00% Floor)	4/30/22	Financial Services	9,640	9,544	9,640
Kronos, Inc.	9.75% (L+850, 1.25% Floor)	4/30/20	Business Services	92,516	91,561	96,448
Learfield Communications, Inc.	8.75% (L+775, 1.00% Floor)	10/8/21	Media	15,000	14,859	15,300

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION  
 SCHEDULE OF INVESTMENTS (unaudited) (continued)  
 June 30, 2014

(in thousands, except shares)

INVESTMENTS IN NON-CONTROLLED/NON-AFFILIATED INVESTMENTS—136.8%	Interest Rate	Maturity Date	Industry	Par Amount*	Cost	Fair Value (1)
2nd Lien Secured Debt—50.4% (continued)						
Miller Energy Resources, Inc. ‡	11.75% (L+975, 2.00% Floor)	2/3/18	Oil and Gas	\$ 87,500	\$85,892	\$85,750
MSC Software Corp. ‡	8.50% (L+750, 1.00% Floor)	5/28/21	Business Services	20,448	20,244	20,652
Ranpak Corp.	8.50% (L+725, 1.25% Floor)	4/23/20	Packaging	22,000	21,808	22,468
RegionalCare Hospital Partners, Inc.	10.50% (L+950, 1.00% Floor)	10/23/19	Healthcare	10,000	9,508	9,953
River Cree Enterprises LP ‡‡	11.000%	1/20/21	Hotels, Motels, Inns and Gaming	CAD33,000	31,110	33,673
SiTV, Inc. †	10.375%	7/1/19	Cable Television	\$ 2,219	2,219	2,277
Sprint Industrial Holdings, LLC	11.25% (L+1000, 1.25% Floor)	11/14/19	Containers, Packaging, and Glass	14,163	13,935	14,305
SquareTwo Financial Corp. (Collect America, Ltd.) ‡	11.625%	4/1/17	Financial Services	66,079	64,944	63,436
Stadium Management Corp.	9.25% (L+825, 1.00% Floor)	2/27/21	Business Services	19,900	19,900	20,248
TASC, Inc.	12.000%	5/23/21	Aerospace and Defense	14,077	13,372	13,971
Tectum Holdings, Inc	9.00% (L+800, 1.00% Floor)	3/12/19	Auto Sector	17,670	17,586	17,648
Transfirst Holdings, Inc.	7.50% (L+650, 1.00% Floor)	6/27/18	Financial Services	22,500	22,435	22,669
TriMark USA, LLC	10.00% (L+900,	8/12/19	Distribution	27,000	26,490	27,337

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	1.00% Floor)					
	10.25% (L+900, 1.25% Floor)	1/3/20	Healthcare	11,927	11,978	12,136
U.S. Renal Care, Inc. †	8.50% (L+750, 1.00% Floor)	7/3/20	Healthcare	12,120	11,936	12,302
U.S. Renal Care, Inc. †	9.00% (L+775, 1.25% Floor)	9/28/20	Business Services	16,500	16,180	16,170
Velocity Technology Solutions, Inc.	9.75% (L+825, 1.50% Floor)	10/27/17	Business Services	50,436	50,183	51,487
Vertafore, Inc.	11.000% L+750	4/1/20	Mining	22,554	21,138	18,823
Walter Energy, Inc. †‡	8.50% (L+750, 1.00% Floor)	1/1/22	Beverage, Food, and Tobacco	2,582	2,562	2,588
Winebow Group						
Xand Operations, LLC		5/13/20	Telecommunications	20,000	19,803	19,800
Total 2nd Lien Secured Debt					\$1,025,745	\$1,043,053
TOTAL SECURED DEBT					\$1,777,043	\$1,807,705

See notes to financial statements.

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## APOLLO INVESTMENT CORPORATION

## SCHEDULE OF INVESTMENTS (unaudited) (continued)

June 30, 2014

(in thousands, except shares)

## INVESTMENTS IN

NON-CONTROLLED/NON-AFFILIATED INVESTMENTS—136.8%	Interest Rate	Maturity Date	Industry	Par Amount*	Cost	Fair Value (1)
UNSECURED DEBT—38.2%						
American Tire Distributors, Inc. t†	11.500%	6/1/18	Distribution	\$25,000	\$25,000	\$25,500
American Tire Distributors, Inc. †	11.500%	6/1/18	Distribution	40,000	39,353	40,800
Artsonig Pty Ltd. t‡	11.500%	4/1/19	Transportation	20,000	19,712	19,900
BCA Osprey II Limited (British Car Auctions) †‡	12.50% PIK	8/17/17	Transportation	€14,333	19,731	20,370
BCA Osprey II Limited (British Car Auctions) †‡	12.50% PIK	8/17/17	Transportation	£23,566	37,603	41,826
Ceridian Corp. t†	11.000%	3/15/21	Diversified Service	\$34,000	34,000	39,334
Ceridian Corp. †	11.250%	11/15/15	Diversified Service	35,800	35,800	35,830
Ceridian Corp. †	12.25% Cash (12.25% Cash or 13.00% PIK) 16.00%	11/15/15	Diversified Service	14,420	14,420	14,432
Delta Educational Systems, Inc.	(10.00% Cash/6.00% PIK)	5/12/17	Education	22,001	21,691	21,088
Denver Parent Corp. (Venoco) t	12.250%	8/15/18	Oil and Gas	15,000	14,649	14,512
Energy & Exploration Partners, Inc. †	15.000%	4/8/18	Oil and Gas	25,000	22,520	23,750
Energy & Exploration Partners, Inc. †	15.000%	12/12/18	Oil and Gas	4,464	4,270	4,241
Energy & Exploration Partners, Inc. †	15.000%	12/12/18	Oil and Gas	2,679	2,476	2,545
Energy & Exploration Partners, Inc. †	15.000%	3/27/19	Oil and Gas	8,036	7,664	7,634
First Data Corp.	11.250%	1/15/21	Financial Services	67,000	66,979	78,348
inVentiv Health, Inc. t	11.000%	8/15/18	Healthcare	65,250	65,250	62,069
My Alarm Center, LLC	16.25% (12.00% Cash/4.25% PIK)	7/9/18	Business Services	4,145	4,145	4,145
Niacet Corporation	13.000%	8/28/18	Chemicals	12,500	12,500	12,625
PetroBakken Energy Ltd. t‡	8.625%	2/1/20	Oil and Gas	44,045	44,234	46,412
Radio One, Inc. t‡	9.250%	2/15/20	Broadcasting & Entertainment	14,804	14,804	16,155
Sorenson Communications Holdings, LLC t	13.00% PIK	10/31/21	Consumer Products	68	46	63
Symbion, Inc.	11.000%	8/23/15	Healthcare	8,488	8,499	8,555

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U.S. Security Associates Holdings, Inc.	11.000%	7/28/18	Business Services	135,000	135,000	137,570
Univar, Inc.	10.500%	6/30/18	Distribution	20,000	20,000	20,000
Varietal Distribution ††	10.750%	6/30/17	Distribution	22,204	21,927	22,204
Varietal Distribution ††	10.750%	6/30/17	Distribution	€11,574	15,086	15,846
Venoco, Inc.	8.875%	2/15/19	Oil and Gas	\$55,824	55,844	54,638
TOTAL UNSECURED DEBT					\$763,203	\$790,392
TOTAL CORPORATE DEBT					\$2,540,246	\$2,598,097
STRUCTURED PRODUCTS AND OTHER—7.0%						
Craft 2013-1, Credit-Linked Note †‡	9.48% (L+925)	4/17/22	Diversified Investment Vehicle	\$25,000	\$25,100	\$24,553
Craft 2013-1, Credit-Linked Note †‡	9.48% (L+925)	4/17/22	Diversified Investment Vehicle	7,625	7,759	7,541
Craft 2014-1A, Credit-Linked Note ‡	9.89% (L+965)	5/15/21	Diversified Investment Vehicle	38,500	38,500	37,898
Dark Castle Holdings, LLC	N/A	N/A	Media	24,395	1,189	2,158
JP Morgan Chase & Co., Credit-Linked Note ‡	12.48% (L+1225)	12/20/21	Diversified Investment Vehicle	43,250	42,786	43,382
NXT Capital CLO 2014-1, LLC ‡	5.80% (L+550)	4/23/26	Diversified Investment Vehicle	5,000	4,655	4,652
Renaissance Umiat, LLC, ACES Tax Receivable ****‡	N/A	N/A	Oil and Gas	—	7,153	8,084
Renaissance Umiat, LLC, ACES Tax Receivable ****‡	N/A	N/A	Oil and Gas	—	16,967	17,423
TOTAL STRUCTURED PRODUCTS AND OTHER					\$144,109	\$145,691

See notes to financial statements.

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## APOLLO INVESTMENT CORPORATION

## SCHEDULE OF INVESTMENTS (unaudited) (continued)

June 30, 2014

(in thousands, except shares)

## INVESTMENTS IN

NON-CONTROLLED/NON-AFFILIATED INVESTMENTS—136.8% PREFERRED EQUITY—2.0%	Interest Rate	Maturity Date	Industry	Par Amount	Cost	Fair Value (1)
CA Holding, Inc. (Collect America, Ltd.), Series A Preferred Stock ‡	N/A	N/A	Financial Services	7,961	\$788	\$1,592
Crowley Holdings, Series A Preferred Stock	12.00% (10.00% Cash/2.00% PIK)	N/A	Cargo Transport	22,500	22,736	22,810
Gryphon Colleges Corp. (Delta Educational Systems, Inc.), Preferred Stock (Convertible) ***	12.50% PIK	N/A	Education	332,500	0,863	—
Gryphon Colleges Corp. (Delta Educational Systems, Inc.), Preferred Stock ***	13.50% PIK	N/A	Education	12,360	27,686	13,322
Varietal Distribution Holdings, LLC, Class A Preferred Unit	8.00% PIK	N/A	Distribution	3,097	5,393	3,570
<b>TOTAL PREFERRED EQUITY EQUITY—2.2%</b>					<b>\$63,466</b>	<b>\$41,294</b>
Common Equity/Interests—1.7%						
AHC Mezzanine, LLC (Advanstar), Common Stock **	N/A	N/A	Media	25,016	\$1,063	\$370
ATD Corporation (Accelerate Parent Corp.), Common Stock **	N/A	N/A	Distribution	3,225,531	276	4,260
CA Holding, Inc. (Collect America, Ltd.), Series A Common Stock **‡	N/A	N/A	Financial Services	25,000	2,500	176
CA Holding, Inc. (Collect America, Ltd.), Series AA Common Stock **‡	N/A	N/A	Financial Services	4,294	429	859
Caza Petroleum, Inc., Net Profits Interest **	N/A	N/A	Oil and Gas	—	1,202	1,517
Caza Petroleum, Inc., Overriding Royalty Interest **	N/A	N/A	Oil and Gas	—	339	395
Clothesline Holdings, Inc. (Angelica Corporation), Common Stock **	N/A	N/A	Healthcare	6,000	6,000	1,588
Explorer Coinvest, LLC (Booz Allen), Common Stock **‡	N/A	N/A	Business Services	295,159	2,259	5,830
Garden Fresh Restaurant Holdings, LLC., Common Stock **	N/A	N/A	Restaurants	50,000	5,000	—
Gryphon Colleges Corp. (Delta Educational Systems, Inc.), Common Stock **	N/A	N/A	Education	17,500	175	—
GS Prysmian Co-Invest L.P. (Prysmian Cables & Systems), Limited Partnership (2)(3)**‡	N/A	N/A	Manufacturing	—	—	133
JV Note Holdco, LLC (DSI Renal, Inc.), Common Equity / Interest **	N/A	N/A	Healthcare	9,303	85	—
Pelican Energy, LLC, Net Profit Interest **‡	N/A	N/A	Oil and Gas	941,639	942	1,394

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RC Coinvestment, LLC (Ranpak Corp.), Common Stock **	N/A	N/A	Packaging	50,000	5,000	9,066
Sorenson Communications Holdings, LLC, Class A Common Stock **	N/A	N/A	Consumer Products	587	—	52
Univar, Inc., Common Stock **	N/A	N/A	Distribution	900,000	9,000	9,450
Varietal Distribution Holdings, LLC, Class A Common Unit **	N/A	N/A	Distribution	28,028	28	—
Total Common Equity/Interests					\$37,298	\$35,090

See notes to financial statements.

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## APOLLO INVESTMENT CORPORATION

## SCHEDULE OF INVESTMENTS (unaudited) (continued)

June 30, 2014

(in thousands, except warrants)

## INVESTMENTS IN

NON-CONTROLLED/NON-AFFILIATED INVESTMENTS—136.8% Warrants—0.5%	Interest Rate	Maturity Date	Industry	Warrants	Cost	Fair Value (1)
CA Holding, Inc. (Collect America, Ltd.), Common Stock Warrants **‡	N/A	N/A	Financial Services	7,961	\$8	\$—
Energy & Exploration Partners, Inc., Common Stock Warrants **	N/A	N/A	Oil and Gas	60,778	2,374	863
Fidji Luxco (BC) S.C.A., Common Stock Warrants (2)**‡	N/A	N/A	Electronics	18,113	182	5,036
Gryphon Colleges Corp. (Delta Educational Systems, Inc.), Class A-1 Preferred Stock Warrants **	N/A	N/A	Education	45,947	459	—
Gryphon Colleges Corp. (Delta Educational Systems, Inc.), Class B-1 Preferred Stock Warrants **	N/A	N/A	Education	104,314	1,043	—
Gryphon Colleges Corp. (Delta Educational Systems, Inc.), Common Stock Warrants **	N/A	N/A	Education	9,820	98	—
Osage Exploration & Development, Inc., Common Stock Warrants **‡	N/A	N/A	Oil and Gas	1,496,843	—	1,386
Spotted Hawk Development, LLC, Common Stock Warrants **‡	N/A	N/A	Oil and Gas	54,545	852	2,170
Total Warrants					\$5,016	\$9,455
TOTAL EQUITY					\$42,314	\$44,545
Total Investments in Non-Controlled/ Non-Affiliated Investments					\$2,790,135	\$2,829,627

See notes to financial statements.

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## APOLLO INVESTMENT CORPORATION

## SCHEDULE OF INVESTMENTS (unaudited) (continued)

June 30, 2014

(in thousands, except shares and warrants)

## INVESTMENTS IN

NON-CONTROLLED/AFFILIATED INVESTMENTS—7.8%(4) CORPORATE DEBT—0.8% SECURED DEBT—0.8% 1st Lien Secured Debt—0.8%	Interest Rate	Maturity Date	Industry	Par Amount*	Cost	Fair Value (1)
Aventine Renewable Energy Holdings, Inc. †	15.00% (12.00% Cash/3.00% PIK)	9/23/16	Chemicals	\$2,757	\$2,641	\$2,568
Aventine Renewable Energy Holdings, Inc. †	15.00% PIK (15.00% PIK or 10.50% Cash)	9/22/17	Chemicals	14,601	17,519	10,987
Aventine Renewable Energy Holdings, Inc. †	25.00% PIK	9/24/16	Chemicals	4,008	4,008	4,008
Total 1st Lien Secured Debt					\$24,168	\$17,563
TOTAL SECURED DEBT					\$24,168	\$17,563
TOTAL CORPORATE DEBT					\$24,168	\$17,563

## STRUCTURED PRODUCTS AND OTHER—6.3%

Golden Hill CLO I, LLC, Equity ‡¢	N/A	N/A	Diversified Investment Vehicle	\$13,195	\$13,728	\$13,248
Highbridge Loan Management 3-2014, Ltd., Class D Notes †‡¢	5.22% (L+500)	1/18/25	Diversified Investment Vehicle	5,000	4,645	4,655
Highbridge Loan Management 3-2014, Ltd., Class E Notes †‡¢	6.22% (L+600)	1/18/25	Diversified Investment Vehicle	2,485	2,267	2,295
Highbridge Loan Management 3-2014, Ltd., Subordinated Notes †‡¢	N/A	1/18/25	Diversified Investment Vehicle	8,163	7,527	7,111
Jamestown CLO I LTD, Subordinated Notes ‡¢	N/A	11/5/24	Diversified Investment Vehicle	4,325	3,553	3,941
MCF CLO I, LLC, Membership Interests ‡¢	N/A	N/A	Diversified Investment Vehicle	38,918	36,898	40,798
MCF CLO III, LLC, Class E Notes ‡¢	4.81% (L+445)	1/20/24	Diversified Investment Vehicle	12,750	11,375	11,331
MCF CLO III, LLC, Membership Interests ‡¢	N/A	1/20/24	Diversified Investment Vehicle	41,900	39,183	38,843



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Slater Mill Loan Fund LP, LP Certificates ‡¢	N/A	N/A	Diversified Investment Vehicle	8,375	6,017	7,691
TOTAL STRUCTURED PRODUCTS AND OTHER					\$125,193	\$129,913
PREFERRED EQUITY—0.4%				Shares		
Renewable Funding Group, Inc., Series B Preferred Stock	N/A	N/A	Finance	1,505,868	\$8,750	\$8,750
Total Preferred Equity					\$8,750	\$8,750
EQUITY—0.3%				Shares		
Common Equity/Interests—0.1%				Shares		
Aventine Renewable Energy Holdings, Inc., Common Stock **	N/A	N/A	Chemicals	262,036	\$689	\$762
Total Common Equity/Interests					\$689	\$762
Warrants—0.2%				Warrants		
Aventine Renewable Energy Holdings, Inc., Common Stock Warrants **	N/A	N/A	Chemicals	1,521,193	\$3,996	\$4,424
Total Warrants					\$3,996	\$4,424
TOTAL EQUITY					\$4,685	\$5,186
Total Investments in Non-Controlled/Affiliated Investments					\$162,796	\$161,412

See notes to financial statements.

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## APOLLO INVESTMENT CORPORATION

## SCHEDULE OF INVESTMENTS (unaudited) (continued)

June 30, 2014

(in thousands, except shares)

## INVESTMENTS IN

## CONTROLLED

INVESTMENTS—31.6%(5)

CORPORATE DEBT—16.1%

SECURED DEBT—16.1%

1st Lien Secured Debt—16.1%

	Interest Rate	Maturity Date	Industry	Par Amount*	Cost	Fair Value (1)
	12.00%					
Merx Aviation Finance Holdings II, LLC, (Revolver)	Funded, 0.00%	10/31/18	Aviation	\$334,084	\$334,084	\$334,084
	Unfunded					
Total 1st Lien Secured Debt					\$334,084	\$334,084

Unfunded Revolver Obligation—0.0%

	12.00%					
Merx Aviation Finance Holdings II, LLC, (Unfunded Revolver)	Funded, 0.00%	10/31/18	Aviation	\$65,916	\$—	\$—
	Unfunded					
Total Unfunded Revolver Obligation					\$—	\$—

Letters of Credit—0.0%

Merx Aviation Finance Assets Ireland Limited, Letter of Credit	2.250%	9/30/14	Aviation	\$1,800	\$—	\$—
Merx Aviation Finance Assets Ireland Limited, Letter of Credit	2.250%	9/30/14	Aviation	1,800	—	—
Total Letters of Credit					\$—	\$—
TOTAL SECURED DEBT					\$334,084	\$334,084
TOTAL CORPORATE DEBT					\$334,084	\$334,084

PREFERRED EQUITY—2.6%

				Shares		
Playpower Holdings, Inc., Series A Preferred	14.00% PIK	11/15/20	Leisure	49,178	\$53,580	\$53,580
TOTAL PREFERRED EQUITY					\$53,580	\$53,580

EQUITY—12.9%

Common Equity/Interests—12.9%

Generation Brands Holdings, Inc. (Quality Home Brands), Basic Common Stock **	N/A	N/A	Home and Office Furnishings and Durable Consumer Products	9,007	\$—	\$2,525
Generation Brands Holdings, Inc. (Quality Home Brands), Series 2L Common Stock **	N/A	N/A	Home and Office Furnishings and Durable	36,700	11,242	10,287

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Generation Brands Holdings, Inc. (Quality Home Brands), Series H Common Stock **	N/A	N/A	Consumer Products Home and Office Furnishings and Durable Consumer Products	7,500	2,297	2,102
LVI Group Investments, LLC, Common Units **	N/A	N/A	Environmental Services	203,556	16,096	31,956
Merx Aviation Finance Holdings II, LLC, Partnership Interest **	N/A	N/A	Aviation	—	152,082	158,424
Playpower Holdings, Inc., Common Stock **	N/A	N/A	Leisure	1,000	77,722	60,711
Total Common Equity/Interests					\$259,439	\$266,005
TOTAL EQUITY					\$259,439	\$266,005
Total Investments in Controlled Investments					\$647,103	\$653,669
Total Investments—176.2% (6)(7)					\$3,600,034	\$3,644,708
Liabilities in Excess of Other Assets—(76.2)%						\$(1,575,835)
Net Assets—100.0%						\$2,068,873

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION  
SCHEDULE OF INVESTMENTS (unaudited) (continued)  
June 30, 2014  
(in thousands)

(1) Fair value is determined in good faith by or under the direction of the Board of Directors of the Company (see note 2).

(2) GS Prysmian Co-Invest L.P. and Fidji Luxco (BC) S.C.A. are EUR denominated investments.

(3) The Company is the sole Limited Partner in GS Prysmian Co-Invest L.P.

(4) Denotes investments in which we are an “Affiliated Person”, as defined in the 1940 Act, due to owning or holding the power to vote 5% or more of the outstanding voting securities of the investment but not controlling the company. Fair value as of March 31, 2014 and June 30, 2014 along with transactions during the three months ended June 30, 2014 in these Affiliated investments are as follows:

Name of Issue	Fair Value at March 31, 2014	Gross Additions (Cost)	Gross Reductions (Cost)	Change in Unrealized Gain (Loss)	Fair Value at June 30, 2014	Net Realized Gain (Loss)	Interest/Dividend/Other Income
Aventine Renewable Energy Holdings, Inc., 15.00% (12.00% Cash/3.00% PIK), 9/23/16	\$2,405	\$21	\$—	\$ 142	\$2,568	\$—	\$ 104
Aventine Renewable Energy Holdings, Inc., 10.50% Cash or 15.00% PIK, 9/22/17	8,884	1,128	—	976	10,988	—	1,106
Aventine Renewable Energy Holdings, Inc., 25.00% PIK, 9/24/16	3,769	237	—	—	4,006	—	238
Aventine Renewable Energy Holdings, Inc., Common Stock	99	—	—	663	762	—	—
Aventine Renewable Energy Holdings, Inc., Common Stock Warrants	574	—	—	3,850	4,424	—	—
Golden Hill CLO I, LLC, Equity	1,097	12,099	—	53	13,249	—	—
Highbridge Loan Management 3-2014, Ltd., Class D Notes, L+500, 1/18/25	4,680	8	—	(33)	4,655	—	74
Highbridge Loan Management 3-2014, Ltd., Class E Notes, L+600, 1/18/25	2,314	3	—	(22)	2,295	—	42
Highbridge Loan Management 3-2014, Ltd., Subordinated Notes, 1/18/25	7,278	—	—	(167)	7,111	—	140
Jamestown CLO I LTD, Subordinated Notes	3,828	—	—	113	3,941	—	128
MCF CLO I LLC, Class E Notes, L+575, 4/20/23	12,357	14	(12,344)	(27)	—	(107)	210
MCF CLO I LLC, Membership Interests	40,391	—	(662)	1,069	40,798	—	1,854
MCF CLO III LLC, Class E Notes L+445, 1/20/24	11,325	26	—	(20)	11,331	—	181

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MCF CLO III LLC, Membership Interests, 1/20/24	38,266	—	—	577	38,843	—	1,459
Renewable Funding Group, Inc., Series B Preferred Stock	—	8,750	—	—	8,750	—	—
Slater Mill Loan Fund LP, LP Certificates	7,361	—	(205	) 535	7,691	—	366
	\$144,628	\$22,286	\$(13,211	) \$7,709	\$161,412	\$(107	)\$ 5,902

Gross additions includes increases in the cost basis of investments resulting from new portfolio investments, PIK 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 cost 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 June 30, 2014, the Company has a 13%, 26%, 100%, 9%, 97%, 98%, 15%, and 26% equity ownership interest in Aventine Renewable Energy Holdings, Inc., Highbridge Loan Management, Ltd., Golden Hill CLO I, LLC, Jamestown CLO I LTD, MCF CLO I LLC, MCF CLO III LLC, Renewable Funding Group, Inc., and Slater Mill Loan Fund LP, respectively. Investments that the Company owns greater than 25% of the equity and are shown in “Non-Controlled/Affiliated” have governing documents that preclude the Company from controlling management of the entity and therefore the Company disclaims that the entity is a controlled affiliate.

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION  
SCHEDULE OF INVESTMENTS (unaudited) (continued)  
June 30, 2014  
(in thousands)

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 (5) controlled companies, more than 25% of the outstanding voting securities of the investment. Fair value as of March 31, 2014 and June 30, 2014 along with transactions during the three months ended June 30, 2014 in these Controlled investments are as follows:

Name of Issue	Fair Value at March 31, 2014	Gross Additions (Cost)	Gross Reductions (Cost)	Change in Unrealized Gain (Loss)	Fair Value at June 30, 2014	Net Realized Gain (Loss)	Interest/Dividend/Other Income
Generation Brands Holdings, Inc. (Quality Home Brands), Basic Common Stock	\$1,615	\$—	\$—	\$ 910	\$2,525	\$—	\$ —
Generation Brands Holdings, Inc. (Quality Homes Brands), Series H 1,345 Common Stock	—	—	—	757	2,102	—	—
Generation Brands Holdings, Inc. (Quality Homes Brands), Series 2L Common Stock	6,582	—	—	3,705	10,287	—	—
LVI Group Investments, LLC, Common Units	—	16,096	—	15,860	31,956	—	—
LVI Services, Inc., Common Stock	34,020	—	(16,096 )	(17,924 )	—	—	—
LVI Parent Corp. (LVI Services, Inc.), 12.50%, 4/20/14	10,200	187	(10,200 )	(187 )	—	—	313
Merx Aviation Finance Holdings II, LLC, (Revolver) 12.00% Funded, 0.00% Unfunded, 10/31/18	282,334	51,750	—	—	334,084	—	8,850
Merx Aviation Finance Holdings II, LLC, (Unfunded Revolver) 12.00% Funded, 0.00% Unfunded, 10/31/18	—	—	—	—	—	—	—
Merx Aviation Finance Assets Ireland Limited, Letter of Credit, 2.25%, 9/30/14	—	—	—	—	—	—	—
Merx Aviation Finance Assets Ireland Limited, Letter of Credit, 2.25%, 9/30/14	—	—	—	—	—	—	—
Merx Aviation Finance Holdings II, LLC, Partnership Interest	140,465	13,500	—	4,459	158,424	—	—
Playpower Holdings, Inc., Common Stock	53,813	—	—	6,898	60,711	—	63
Playpower Holdings, Inc., Series A Preferred, 14.00% PIK, 11/15/20	51,773	1,807	—	—	53,580	—	1,808

\$582,147 \$83,340 \$(26,296 ) \$14,478 \$653,669 \$— \$ 11,034

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Gross additions includes increases in the cost basis of investments resulting from new portfolio investments, PIK interest or dividends, the accretions 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 cost 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 June 30, 2014, the Company has a 28%, 37%, 100%, and 100% equity ownership interest in Generation Brands Holdings, Inc., LVI Group Investments, LLC, Merx Aviation Finance Holdings II, LLC, and Playpower Holdings, Inc., respectively.

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION

SCHEDULE OF INVESTMENTS (unaudited) (continued)

June 30, 2014

(in thousands)

- (6) Aggregate gross unrealized gain for federal income tax purposes is \$145,872; aggregate gross unrealized loss for federal income tax purposes is \$94,296. Net unrealized gain is \$51,576 based on a tax cost of \$3,593,102.
- (7) Substantially all securities are pledged as collateral to our multicurrency revolving credit facility (the "Facility"). As such these securities are not available as collateral to our general creditors.
- (8) The negative fair value is the result of the unfunded commitment/letter of credit being valued below par.
- (9) These letters of credit represent multiple commitments made on various dates. As a result, there are numerous maturity dates and a maturity range has been provided.
- (10) Provided that no default has occurred, this investment may elect to pay up to 50% of the interest due on its interest payment date.

N/A Not applicable

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.

\* Denominated in USD unless otherwise noted, Euro ("€"), British Pound ("£"), and Canadian Dollar ("CAD").

\*\* Non-income producing security

\*\*\* Non-accrual status (see note 2)

The investment has a put option attached to it and the combined instrument has been recorded in its entirety at fair value as a hybrid instrument in accordance with ASC 815-15-25-4 with subsequent changes in fair value charged or credited to investment gains/losses for each period.

Denotes debt securities where the Company owns multiple tranches of the same broad asset type but whose security characteristics differ. Such differences may include level of subordination, call protection and pricing, and differing interest rate characteristics, among other factors. Such factors are usually considered in the determination of fair values.

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 are subject to change. The Company monitors the status of these assets on an ongoing basis.

Denotes investments where the governing documents of the entity preclude the Company from controlling management of the entity and accordingly the Company disclaims that the entity is a controlled affiliate.

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION  
 SCHEDULE OF INVESTMENTS (unaudited) (continued)  
 June 30, 2014

Industry Classification	Percentage of Total Investments (at fair value) as of June 30, 2014
Business Services	14.8%
Aviation	13.5%
Oil and Gas	13.1%
Diversified Investment Vehicle	6.8%
Financial Services	5.3%
Healthcare	5.3%
Chemicals	4.6%
Distribution	4.6%
Insurance	3.3%
Diversified Service	3.3%
Leisure	3.1%
Transportation	2.3%
Telecommunications	2.1%
Aerospace and Defense	1.7%
Mining	1.6%
Containers, Packaging, and Glass	1.5%
Diversified Natural Resources, Precious Metals and Minerals	1.3%
Energy	1.3%
Buildings and Real Estate	1.2%
Education	1.0%
Restaurants	1.0%
Hotels, Motels, Inns and Gaming	0.9%
Environmental Services	0.9%
Media	0.9%
Packaging	0.9%
Cargo Transport	0.6%
Auto Sector	0.5%
Broadcasting & Entertainment	0.5%
Consumer Products	0.4%
Retail	0.4%
Home and Office Furnishings and Durable Consumer Products	0.4%
Grocery	0.3%
Finance	0.3%
Electronics	0.1%
Beverage, Food and Tobacco	0.1%
Cable Television	0.1%
Manufacturing	—%
Total Investments	100.0%

See notes to financial statements.

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Table of ContentsAPOLLO INVESTMENT CORPORATION  
SCHEDULE OF INVESTMENTS

March 31, 2014

(in thousands)

## INVESTMENTS IN

NON-CONTROLLED/NON-AFFILIATED

INVESTMENTS—134.1%

CORPORATE DEBT—125.9%

SECURED DEBT—80.0%

1st Lien Secured Debt—32.5%

	Interest Rate	Maturity Date	Industry	Par Amount*	Cost	Fair Value (1)
Archroma ‡	9.50% (L+825, 1.25% Floor)	10/1/18	Chemicals	\$35,422	\$34,762	\$35,511
Avanti Communication Group PLC‡	10.00% 9.75% (L+825, 1.50% Floor)	10/1/19	Telecommunications	9,000	9,000	9,608
Aveta, Inc.	12.00% (L+1000, 2.00% Floor)	12/12/17	Healthcare	59,951	58,535	60,325
Caza Petroleum, Inc.	9.00% (L+800, 1.00% Floor)	5/23/17	Oil and Gas	35,000	33,988	33,845
Charming Charlie LLC	6.75% (P+350) Funded, 0.50% Unfunded 16.00% (8.00% Cash/8.00% PIK)	12/24/19	Retail	5,305	5,241	5,315
Confie Seguros Holding II Co., (Revolver) †	12.00% 8.25% (L+700, 1.25% Floor)	12/10/18	Insurance	240	240	218
Delta Educational Systems, Inc.	8.25% (L+700, 1.25% Floor)	12/11/16	Education	5,437	5,437	5,437
Endeavour International Corp. †‡	9.50% (L+800, 1.50% Floor)	3/1/18	Oil and Gas	18,262	17,960	17,760
Endeavour International Corp. †‡	9.50% (L+700, 1.25% Floor)	11/30/17	Oil and Gas	3,157	3,105	3,126
Endeavour International Corp. †‡	9.50% (L+700, 1.25% Floor)	11/30/17	Oil and Gas	4,412	4,338	4,368
Evergreen Tank Solutions, Inc.	9.50% (L+800, 1.50% Floor)	9/28/18	Containers, Packaging, and Glass	41,771	41,260	41,980

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Great Bear Petroleum Operating, LLC	12.000%	10/1/17	Oil and Gas	4,464	4,464	4,464
Hunt Companies, Inc.t	9.625%	3/1/21	Buildings and Real Estate	41,210	40,701	42,807
Lee Enterprises, Inct‡	9.500%	3/15/22	Media	25,000	25,000	25,844
Magnetation, LLCt	11.000%	5/15/18	Mining	16,400	16,458	18,450
Maxus Capital Carbon SPE I, LLC (Skyonic Corp.)	13.000%	9/18/19	Chemicals	60,000	60,000	60,000
Molycorp, Inc. ‡	10.000%	6/1/20	Diversified Natural Resources, Precious Metals and Minerals	35,849	35,532	35,547
My Alarm Center, LLC †	8.50% (L+750, 1.00% Floor)	1/9/18	Business Services	42,614	42,614	42,614
My Alarm Center, LLC †	8.50% (L+750, 1.00% Floor)	1/9/18	Business Services	2,930	2,930	2,930
Osage Exploration & Development, Inc. ‡	17.00% (L+1500, 2.00% Floor)	4/27/15	Oil and Gas	20,000	19,752	20,040
Panda Sherman Power, LLC	9.00% (L+750, 1.50% Floor)	9/14/18	Energy	15,000	14,821	15,450
Panda Temple Power, LLC	11.50% (L+1000, 1.50% Floor)	7/17/18	Energy	25,500	25,099	26,169
Pelican Energy, LLC ‡	10.00% (7.00% Cash / 3.00% PIK)	12/31/18	Oil and Gas	19,330	18,634	19,717
Reichhold Holdings International B.V. ‡	10.75% (L+975, 1.00% Floor)	12/19/16	Chemicals	22,500	22,500	22,500
Sand Waves, S.A. (Endeavour Energy UK Limited) ‡	9.750%	12/31/15	Oil and Gas	12,500	12,500	12,500
Southern Pacific Resource Corp. ‡	11.00% (L+1000, 1.00% Floor)	3/29/19	Oil and Gas	9,080	8,808	9,216
Spotted Hawk Development, LLC ‡	14.00% (13.00% Cash/1.00% PIK)	6/30/16	Oil and Gas	24,308	23,712	23,615
Sunrun Solar Owner IX, LLC	9.079%	12/31/24	Energy	3,622	3,466	3,467

See notes to financial statements.



Table of ContentsAPOLLO INVESTMENT CORPORATION  
SCHEDULE OF INVESTMENTS (continued)

March 31, 2014

(in thousands)

## INVESTMENTS IN

## NON-CONTROLLED/NON-AFFILIATED

## INVESTMENTS—134.1%

## 1st Lien Secured Debt—32.5% (continued)

	Interest Rate	Maturity Date	Industry	Par Amount*	Cost	Fair Value (1)
Travel Leaders Group, LLC	7.00% (L+600, 1.00% Floor)	12/5/18	Business Services	\$2,568	\$2,414	\$2,548
UniTek Global Services, Inc., (Revolver) †	10.25% (L+925, 1.00% Floor)	4/15/16	Telecommunications	\$44,802	\$44,802	\$44,802
Walter Energy, Inc. †‡	2.00% Unfunded					
Total 1st Lien Secured Debt	9.500%	10/15/19	Mining	17,000	17,307	17,345
Unfunded Revolver Obligations—(0.4)%					\$655,380	\$667,518
Avaya, Inc. (8)	L+275 Funded, 0.50% Unfunded	10/26/16	Telecommunications	\$36,785	\$(5,203 )	\$(3,035 )
BMC Software Inc. (8)	L+400 Funded, 0.50% Unfunded	9/10/18	Business Services	30,760	(3,243 )	(2,307 )
Confie Seguros Holding II Co. (8) †	P+350 Funded, 0.50% Unfunded	12/10/18	Insurance	3,627	(450 )	(326 )
Laureate Education, Inc. (8)‡	L+375 Funded, 0.625% Unfunded	6/16/16	Education	28,880	(2,888 )	(2,599 )
Reichhold Holdings International B.V. ‡	L+600 Funded, 1.50% Unfunded	12/19/16	Chemicals	12,500	—	—
Salix Pharmaceuticals, Ltd. (8)‡	L+300 Funded, 0.50% Unfunded	1/2/19	Healthcare	25,000	(1,923 )	(125 )
UniTek Global Services Inc., †	L+925 Funded, 2.00%	4/15/16	Telecommunications	18,052	—	—

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	Unfunded					
Total Unfunded Revolver Obligations						\$(13,707 ) \$(8,392 )
Letters of Credit— (0.0)%						
Confie Seguros Holding II Co., Letter of Credit (8) †	4.500%	10/27/14	Insurance	\$600	\$—	\$(54 )
Confie Seguros Holding II Co., Letter of Credit (8) †	4.500%	1/13/15	Insurance	33	—	(3 )
UniTek Global Services Inc., Letter of Credit †	9.250%	3/26/15	Telecommunications	3,000	—	—
UniTek Global Services Inc., Letter of Credit †	9.250%	3/18/15	Telecommunications	1,000	—	—
UniTek Global Services Inc., Letter of Credit †	9.250%	3/18/15	Telecommunications	2,700	—	—
UniTek Global Services Inc., Letter of Credit †	9.250%	12/15/14	Telecommunications	5,446	—	—
Total Letters of Credit					\$—	\$(57 )

See notes to financial statements.

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Table of ContentsAPOLLO INVESTMENT CORPORATION  
SCHEDULE OF INVESTMENTS (continued)

March 31, 2014

(in thousands)

## INVESTMENTS IN

NON-CONTROLLED/NON-AFFILIATED

INVESTMENTS—134.1%

2nd Lien Secured Debt—47.9%

	Interest Rate	Maturity Date	Industry	Par Amount*	Cost	Fair Value (1)
Active Network, Inc.	9.50% (L+850, 1.00% Floor)	11/15/21	Business Services	\$25,000	\$24,879	\$25,344
Applied Systems, Inc.	7.50% (L+650, 1.00% Floor)	1/24/22	Business Services	9,110	9,043	9,281
Aptean, Inc.	8.50% (L+750, 1.00% Floor)	2/26/21	Business Services	11,322	11,153	11,478
Armor Holdings, Inc. (American Stock Transfer and Trust Company)	10.25% (L+900, 1.25% Floor)	12/26/20	Financial Services	8,000	7,851	8,000
Asurion Corporation	8.50% (L+750, 1.00% Floor)	3/3/21	Insurance	90,400	89,050	93,413
Bennu Oil & Gas, LLC	10.25% (L+900, 1.25% Floor)	11/1/18	Oil and Gas	8,999	8,927	9,123
BJ's Wholesale Club, Inc	8.50% (L+750, 1.00% Floor)	3/26/20	Retail	20,000	19,904	20,537
Brock Holdings III, Inc.	10.00% (L+825, 1.75% Floor)	3/16/18	Environmental Services	19,500	19,245	19,805
Confie Seguros Holding II Co.	10.25% (L+900, 1.25% Floor)	5/8/19	Insurance	27,344	27,096	27,566
Consolidated Precision Products Corp.	8.75% (L+775, 1.00% Floor)	4/30/21	Aerospace and Defense	8,940	8,897	9,096
Del Monte Foods Co		8/18/21		12,140	12,019	12,110



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	8.25% (L+725, 1.00% Floor)		Beverage, Food, and Tobacco			
Deltek, Inc.	10.00% (L+875, 1.25% Floor)	10/10/19	Business Services	27,273	27,023	27,887
Elements Behavioral Health, Inc.	9.25% (L+825, 1.00% Floor)	2/11/20	Healthcare	9,500	9,407	9,500
Flexera Software LLC	8.00% (L+700, 1.00% Floor)	4/2/21	Business Services	7,000	6,965	