FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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Corporate Capital Trust II
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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 QUARTERLY PERIOD ENDED SEPTEMBER 30, 2019

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

COMMISSION FILE NUMBER: 814-01108

Corporate Capital Trust II

(Exact name of registrant as specified in its charter)

Delaware	**47-1595504**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
201 Rouse Boulevard	
Philadelphia, Pennsylvania	**19112**
(Address of principal executive offices)	**(Zip Code)**

(215) 495-1150
(Registrant' s telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☐ No ☐

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
N/A	N/A	N/A

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

There were 12,396,661 shares of the registrant' s common stock outstanding as of November 8, 2019.

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PART I–FINANCIAL INFORMATION

Item 1. Financial Statements.

Corporate Capital Trust II
Balance Sheets
(in thousands, except share and per share amounts)

	September 30, 2019 (Unaudited)	December 31, 2018
Assets		
Investments, at fair value (amortized cost–$194,401 and $183,365, respectively)	$ 187,399	$ 175,166
Cash	962	3,618
Foreign currency, at fair value (cost–$366 and $866, respectively)	363	861
Due from Advisor	–	165
Receivable for investments sold and repaid	462	1,804
Income receivable	1,943	1,734
Unrealized appreciation on foreign currency forward contracts	363	457
Deferred financing costs	72	153
Prepaid expenses and other assets	49	30
Total assets	$191,613	$183,988
Liabilities		
Credit facility payable	$79,728	$73,933
Payable for investments purchased	2,390	793
Shareholder distributions payable	1,796	281
Management fees payable	699	695
Subordinated income incentive fees payable	351	–
Administrative services expense payable	252	223
Interest payable	81	182
Trustees' fees payable	3	–
Accrued professional services	87	262
Other accrued expenses and liabilities	392	449
Total liabilities	85,779	76,818
Net assets	$105,834	$107,170
Commitments and contingencies (Note 10)		
Components of Net Assets		
Preferred stock, $0.001 par value per share, 100,000,000 shares authorized, none issued and outstanding	$–	$–
Common stock, $0.001 par value per share, 1,000,000,000 shares authorized, 12,302,271 and 12,539,720 shares issued and outstanding, respectively	12	13
Capital in excess of par value	111,945	114,130
Retained earnings (accumulated deficit)	(6,123)	(6,973)
Net assets	$105,834	$107,170
Net asset value per share of common stock at period end	$8.60	$8.55

See notes to unaudited financial statements.

Corporate Capital Trust II
Unaudited Statements of Operations
(in thousands, except share and per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Investment income				
Interest income	$4,209	$4,173	$12,525	$11,377
Fee income	162	52	453	348
Dividend income	662	20	1,002	47
Total investment income	5,033	4,245	13,980	11,772
Operating expenses				
Management fees	699	724	2,071	2,295
Capital gains incentive fees	–	185	–	(79)
Subordinated income incentive fees	351	–	716	–
Administrative services expenses	103	–	265	364
Stock transfer agent fees	115	15	274	76
Accounting and administrative fees	116	121	350	364
Interest expense	1,009	977	3,077	2,350
Trustees' fees	77	72	231	200
Distribution and shareholder servicing fees	–	–	–	376
Offering costs	–	–	–	20
Other general and administrative expenses	563	457	1,026	1,255
Total operating expenses	3,033	2,551	8,010	7,221
Expense support	–	(44)	–	(625)
Net operating expenses	3,033	2,507	8,010	6,596
Net investment income	2,000	1,738	5,970	5,176
Realized and unrealized gain (loss)				
Net realized gain (loss) on:				
Investments	(809)	101	(1,211)	332
Foreign currency forward contracts	–	–	–	(1)
Foreign currency transactions	7	(10)	54	(31)
Net realized gain (loss)	(802)	91	(1,157)	300
Net change in unrealized appreciation (depreciation) on:				
Investments	(1,324)	875	1,197	(1,007)
Foreign currency forward contracts	63	(71)	(94)	112
Foreign currency translation	298	27	304	197
Net change in unrealized appreciation (depreciation)	(963)	831	1,407	(698)
Total net realized and unrealized gain (loss)	(1,765)	922	250	(398)
Net increase (decrease) in net assets resulting from operations	$235	$2,660	$6,220	$4,778
Per share information−basic and diluted				
Net increase (decrease) in net assets resulting from operations (Earnings per Share)	$0.02	$0.21	$0.51	$0.38
Weighted average shares outstanding	12,286,250	12,588,969	12,260,166	12,733,097

See notes to unaudited financial statements.

Corporate Capital Trust II
Unaudited Statements of Changes in Net Assets
(in thousands, except share and per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	**2018**	**2019**	**2018**
Operations				
Net investment income	$2,000	$1,738	$5,970	$5,176
Net realized gain (loss) on investments, foreign currency forward contracts and foreign currency transactions	(802)	91	(1,157)	300
Net change in unrealized appreciation (depreciation) on investments, foreign currency forward contracts and foreign currency translation	(963)	831	1,407	(698)
Net increase in net assets resulting from operations	235	2,660	6,220	4,778
Shareholder distributions				
Distributions to shareholders(1)	(1,787)	(1,839)	(5,370)	(5,583)
Net decrease in net assets resulting from shareholder distributions	(1,787)	(1,839)	(5,370)	(5,583)
Capital share transactions				
Issuance of common stock	–	–	–	1,270
Reinvestment of shareholder distributions	810	886	1,643	2,744
Repurchases of common stock	–	(3,298)	(3,829)	(4,138)
Net increase (decrease) in net assets resulting from capital share transactions	810	(2,412)	(2,186)	(124)
Total increase (decrease) in net assets	(742)	(1,591)	(1,336)	(929)
Net assets at beginning of period	106,576	117,133	107,170	116,471
Net assets at end of period	$ 105,834	$ 115,542	$ 105,834	$ 115,542

(1) The Company estimates that none of the distributions declared during the nine months ended September 30, 2019 would be classified as a tax basis return of capital.

See notes to unaudited financial statements.

Corporate Capital Trust II
Unaudited Statements of Cash Flows
(in thousands)

	Nine Months Ended September 30,	
	2019	2018
Cash flows from operating activities		
Net increase (decrease) in net assets resulting from operations	$6,220	$ 4,778
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by (used in) operating activities:		
Purchases of investments	(44,942)	(82,627)
Paid-in-kind interest	(176)	(75)
Proceeds from sales and repayments of investments	33,387	59,405
Net realized (gain) loss on investments	1,211	(332)
Net change in unrealized (appreciation) depreciation on investments	(1,197)	1,007
Net change in unrealized (appreciation) depreciation on foreign currency forward contracts	94	(112)
Net change in unrealized (appreciation) depreciation on foreign currency translation	270	2
(Gain) loss on borrowings in foreign currency	(574)	(199)
Amortization of premium/discount, net	(516)	(949)
Amortization of deferred financing costs	81	80
(Increase) decrease in due from Advisor	165	448
(Increase) decrease in receivable for investments sold and repaid	1,342	544
(Increase) decrease in interest receivable	(209)	(686)
(Increase) decrease in prepaid expenses and other assets	(19)	214
Increase (decrease) in payable for investments purchased	1,597	(3,091)
Increase (decrease) in management fees payable	4	168
Increase (decrease) in accrued capital gains fees	–	(79)
Increase (decrease) in subordinated income incentive fees payable	351	–
Increase (decrease) in administrative services expense payable	29	68
Increase (decrease) in interest payable	(101)	(68)
Increase (decrease) in trustees' fees payable	3	(3)
Increase (decrease) in accrued distribution and shareholder servicing fees	–	(95)
Increase (decrease) in accrued professional services	(175)	(44)
Increase (decrease) in other accrued expenses and liabilities	(57)	318
Net cash provided by (used in) operating activities	(3,212)	(21,328)
Cash flows from financing activities		
Issuance of common stock	–	1,270
Repurchases of common stock	(3,829)	(4,138)
Shareholder distributions	(2,212)	(2,839)
Borrowings under credit facility	24,073	53,068
Repayments of credit facility	(17,704)	(30,398)
Net cash provided by (used in) financing activities	328	16,963
Effect of exchange rate changes on cash	(270)	(2)
Net increase (decrease) in cash	(3,154)	(4,367)
Cash and foreign currency at beginning of period	4,479	7,489
Cash and foreign currency at end of period	$1,325	$3,122
Supplemental disclosure		
Cash paid for interest	$3,097	$2,339
Distributions reinvested	$1,643	$2,744
Excise taxes paid	$69	$27

See notes to unaudited financial statements.

Corporate Capital Trust II
Unaudited Schedule of Investments
As of September 30, 2019
(in thousands, except share amounts)

Portfolio Company(a)	Footnotes	Industry	Rate(b)	Floor(b)	Maturity	Principal Amount(c)	Amortized Cost	Fair Value(d)
Senior Secured Loans–First Lien–103.3%								
Accuride Corp	(e)	Capital Goods	L+525	1.0%	11/17/23	$ 452	$440	$ 382
Acosta Holdco Inc	(k)	Commercial & Professional Services	L+325	1.0%	9/26/21	5,135	4,642	1,611
Advantage Sales & Marketing Inc		Commercial & Professional Services	L+325	1.0%	7/23/21	2,791	2,715	2,614
American Tire Distributors Inc		Automobiles & Components	L+600, 1.0% PIK (1.0% Max PIK)	1.0%	9/1/23	244	244	242
American Tire Distributors Inc		Automobiles & Components	L+750	1.0%	9/2/24	1,536	1,365	1,358
Ammeraal Beltech Holding BV	(g)	Capital Goods	E+375		7/30/25	1,000	1,176	1,056
Apex Group Limited	(f)(g)(j)	Diversified Financials	L+650	1.3%	6/15/23	$ 89	87	89
Apex Group Limited	(f)(g)	Diversified Financials	L+650	1.3%	6/15/25	288	283	288
Apex Group Limited	(f)(g)	Diversified Financials	L+700	1.0%	6/15/25	1,056	1,052	1,055
Apex Group Limited	(f)(g)	Diversified Financials	L+700	1.3%	6/15/25	596	586	595
Apex Group Limited	(f)(g)	Diversified Financials	L+700	1.5%	6/15/25	£ 888	1,128	1,098
Arrotex Australia Group Pty Ltd	(f)(g)	Pharmaceuticals, Biotechnology & Life Sciences	B+525	1.0%	7/10/24	A$1,854	1,272	1,232
Belk Inc		Retailing	L+475	1.0%	12/12/22	$ 4,835	4,482	3,556
Berner Food & Beverage LLC	(f)	Food & Staples Retailing	L+875	1.0%	2/2/23	4,323	4,295	4,338
Brand Energy & Infrastructure Services Inc		Capital Goods	L+425	1.0%	6/21/24	239	235	234
Bugaboo International BV	(f)(g)	Consumer Durables & Apparel	E+700, 7.8% PIK (7.8% Max PIK)		3/20/25	1,534	1,801	1,649
Caprock Midstream LLC		Energy	L+475		11/3/25	$ 613	610	554
CEPSA Holdco (Matador Bidco)	(e)(g)	Energy	L+475		6/19/26	270	267	271
CHS/Community Health Systems, Inc.	(g)	Health Care Equipment & Services	8.0%		3/15/26	111	108	111
Conservice LLC	(f)(j)	Consumer Services	L+525		11/29/24	66	65	65
Conservice LLC	(f)	Consumer Services	L+525		11/29/24	1,333	1,321	1,330
Conservice LLC	(f)(j)	Consumer Services	L+525		11/29/24	56	56	56
Constellis Holdings LLC	(f)	Capital Goods	L+625	1.0%	4/15/22	1,812	1,790	1,534

See notes to unaudited financial statements.

Corporate Capital Trust II
Unaudited Schedule of Investments (continued)
As of September 30, 2019
(in thousands, except share amounts)

Portfolio Company(a)	Footnotes	Industry	Rate(b)	Floor(b)	Maturity	Principal Amount(c)	Amortized Cost	Fair Value(d)
CSM Bakery Products		Food, Beverage & Tobacco	L+400	1.0%	7/3/20	$ 435	$ 418	$ 407
CTI Foods Holding Co LLC	(f)	Food, Beverage & Tobacco	L+700	1.0%	5/3/24	28	28	28
Diamond Resorts International Inc		Consumer Services	L+375	1.0%	9/2/23	1,003	959	979
Distribution International Inc		Retailing	L+575	1.0%	12/15/23	7,444	6,377	6,998
Eacom Timber Corp	(f)(g)	Materials	L+650	1.0%	11/30/23	2,672	2,652	2,575
Eagle Family Foods Inc	(f)	Food, Beverage & Tobacco	L+650	1.0%	6/14/23	67	67	65
Eagle Family Foods Inc	(f)(j)	Food, Beverage & Tobacco	L+650	1.0%	6/14/23	92	91	88
Eagle Family Foods Inc	(f)	Food, Beverage & Tobacco	L+675	1.0%	6/14/24	1,048	1,038	1,008
Electronics For Imaging Inc		Technology Hardware & Equipment	L+500		7/23/26	607	577	567
Entertainment Benefits Group LLC	(f)	Media & Entertainment	L+575	1.0%	9/30/24	23	23	23
Entertainment Benefits Group LLC	(f)(j)	Media & Entertainment	L+575	1.0%	9/30/24	92	92	92
Entertainment Benefits Group LLC	(f)	Media & Entertainment	L+575	1.0%	9/30/25	685	676	676
Foresight Energy LLC	(g)(k)	Materials	L+575	1.0%	3/28/22	1,517	1,463	836
Frontline Technologies Group LLC	(f)	Software & Services	L+650	1.0%	9/18/23	5,331	5,274	5,297
ID Verde	(f)(g)(j)	Commercial & Professional Services	E+210		3/29/24	284	322	327
ID Verde	(f)(g)	Commercial & Professional Services	E+700		3/29/24	182	224	201
ID Verde	(f)(g)	Commercial & Professional Services	E+700		3/29/24	£ 78	102	98
ID Verde	(f)(g)	Commercial & Professional Services	E+700		3/29/25	936	1,122	1,035
ID Verde	(f)(g)	Commercial & Professional Services	L+725		3/29/25	£ 342	468	434
Industria Chimica Emiliana Srl	(f)(g)	Pharmaceuticals, Biotechnology & Life Sciences	L+650		6/30/26	2,012	2,145	2,128
Integro Ltd/United States	(f)	Insurance	L+575	1.0%	10/31/22	$ 1,182	1,176	1,182
J S Held LLC	(f)	Insurance	L+600	1.0%	7/1/25	11	11	11
J S Held LLC	(f)(j)	Insurance	L+600	1.0%	7/1/25	143	141	141
J S Held LLC	(e)(f)	Insurance	L+600	1.0%	7/1/25	1,336	1,323	1,322
J S Held LLC	(f)(j)	Insurance	L+600	1.0%	7/1/25	328	328	325
Jo-Ann Stores Inc		Retailing	L+500	1.0%	10/20/23	3,303	3,282	2,289
Lipari Foods LLC	(f)	Food & Staples Retailing	L+588	1.0%	1/6/25	4,689	4,655	4,684

See notes to unaudited financial statements.

Corporate Capital Trust II
Unaudited Schedule of Investments (continued)
As of September 30, 2019
(in thousands, except share amounts)

Portfolio Company(a)	Footnotes	Industry	Rate(b)	Floor(b)	Maturity	Principal Amount(c)	Amortized Cost	Fair Value(d)
Lipari Foods LLC	(f)(j)	Food & Staples Retailing	L+588	1.0%	1/6/25	$ 973	$ 973	$ 972
MedAssets Inc		Health Care Equipment & Services	L+450	1.0%	10/20/22	70	70	64
Monitronics International Inc	(e)	Commercial & Professional Services	L+650	1.3%	3/29/24	2,453	2,390	2,266
Monitronics International Inc		Commercial & Professional Services	L+500	1.5%	7/3/24	202	202	203
Monitronics International Inc	(j)	Commercial & Professional Services	L+500	1.5%	7/3/24	1,162	1,162	1,165
Monitronics International Inc		Commercial & Professional Services	L+500	1.5%	7/3/24	692	692	697
Multi-Color Corp	(g)	Commercial & Professional Services	6.8%		7/15/26	576	576	600
NCI Inc	(f)	Software & Services	L+750	1.0%	8/15/24	4,195	4,154	4,087
One Call Care Management Inc		Insurance	L+400	1.0%	11/27/20	24	22	21
One Call Care Management Inc		Insurance	L+525	1.0%	11/27/22	556	475	440
Onvoy LLC		Telecommunication Services	L+450	1.0%	2/10/24	154	140	129
PAE Holding Corp		Capital Goods	L+550	1.0%	10/20/22	50	50	50
Peak 10 Holding Corp		Telecommunication Services	L+350		8/1/24	68	64	59
Project Marron	(f)(g)	Consumer Services	L+625		7/3/25	A$ 731	513	493
Project Marron	(f)(g)	Consumer Services	L+625		7/2/25	C$ 574	437	433
Qdoba Restaurant Corp		Consumer Services	L+700	1.0%	3/21/25	$ 1,970	1,936	1,999
Quorum Health Corp		Health Care Equipment & Services	L+675	1.0%	4/29/22	4,414	4,405	4,359
Reliant Rehab Hospital Cincinnati LLC	(f)	Health Care Equipment & Services	L+675	1.0%	9/2/24	2,304	2,286	2,265
Revere Superior Holdings, Inc	(f)	Software & Services	L+675	1.0%	11/21/22	5,896	5,854	5,954
Revere Superior Holdings, Inc	(f)(j)	Software & Services	L+675	1.0%	11/21/22	352	347	356
Savers Inc	(f)	Retailing	L+650, 0.8% PIK (0.8% Max PIK)	1.5%	3/28/24	1,054	1,042	1,044
Savers Inc	(f)	Retailing	L+700, 0.8% PIK (0.8% Max PIK)	1.0%	3/28/24	C$ 1,464	1,078	1,115
Sequa Corp	(e)	Materials	L+500	1.0%	11/28/21	$ 1,532	1,538	1,521
SIRVA Worldwide Inc		Commercial & Professional Services	L+550		8/4/25	455	449	442
Smart & Final Stores LLC	(g)	Food & Staples Retailing	L+675		6/20/25	2,549	2,300	2,334
Smart Foodservice	(g)	Food & Staples Retailing	L+475		6/20/26	362	359	364

See notes to unaudited financial statements.

Corporate Capital Trust II
Unaudited Schedule of Investments (continued)
As of September 30, 2019
(in thousands, except share amounts)

Portfolio Company(a)	Footnotes	Industry	Rate(b)	Floor(b)	Maturity	Principal Amount(c)	Amortized Cost	Fair Value(d)
SMART Global Holdings Inc	(f)(g)(j)	Semiconductors & Semiconductor Equipment	L+400		2/9/21	$ 96	$ 96	$ 91
SMART Global Holdings Inc	(f)(g)	Semiconductors & Semiconductor Equipment	L+625	1.0%	8/9/22	3,319	3,285	3,334
Staples Canada	(f)(g)	Retailing	L+700	1.0%	9/12/24	C$ 4,531	3,671	3,462
Sutherland Global Services Inc	(g)	Software & Services	L+538	1.0%	4/23/21	$ 2,194	2,160	2,179
Tangoe LLC	(f)	Software & Services	L+650	1.0%	11/28/25	1,984	1,966	1,986
Team Health Inc		Health Care Equipment & Services	L+275	1.0%	2/6/24	960	935	796
Torrid Inc	(f)	Retailing	L+675	1.0%	12/14/24	786	777	778
Total Safety US Inc		Capital Goods	L+600	1.0%	8/16/25	511	455	484
Virgin Pulse Inc	(f)	Software & Services	L+650	1.0%	5/22/25	3,058	3,037	3,038
Vivint Inc	(e)	Commercial & Professional Services	L+500		4/1/24	68	66	67
Wheels Up Partners LLC	(f)	Transportation	L+855	1.0%	1/26/21	620	619	620
Wheels Up Partners LLC	(f)	Transportation	L+855	1.0%	8/26/21	331	329	331
Wheels Up Partners LLC	(f)	Transportation	L+710	1.0%	6/30/24	1,116	1,112	1,120
Wheels Up Partners LLC	(f)	Transportation	L+710	1.0%	11/1/24	460	457	462
Wheels Up Partners LLC	(f)	Transportation	L+710	1.0%	12/21/24	1,722	1,713	1,728
WireCo WorldGroup Inc		Capital Goods	L+500	1.0%	9/29/23	96	95	94
Total Senior Secured Loans–First Lien							119,341	113,136
Unfunded Loan Commitments							(3,760)	(3,760)
Net Senior Secured Loans–First Lien							115,581	109,376
Senior Secured Loans–Second Lien–33.6%								
Access CIG LLC		Software & Services	L+775		2/27/26	211	209	211
Advantage Sales & Marketing Inc		Commercial & Professional Services	L+650	1.0%	7/25/22	542	497	471
Albany Molecular Research Inc		Pharmaceuticals, Biotechnology & Life Sciences	L+700	1.0%	8/30/25	913	910	909
Ammeraal Beltech Holding BV	(f)(g)	Capital Goods	L+800		7/27/26	2,018	1,981	1,956
Applied Systems Inc		Software & Services	L+700	1.0%	9/19/25	2,624	2,624	2,660

See notes to unaudited financial statements.

Corporate Capital Trust II
Unaudited Schedule of Investments (continued)
As of September 30, 2019
(in thousands, except share amounts)

Portfolio Company[(a)]	Footnotes	Industry	Rate[(b)]	Floor[(b)]	Maturity	Principal Amount[(c)]	Amortized Cost	Fair Value[(d)]
athenahealth Inc	(f)	Health Care Equipment & Services	L+850		2/11/27	$ 2,516	$ 2,493	$ 2,538
BCA Marketplace PLC	(e)(f)(g)	Retailing	L+825		9/4/27	£ 1,179	1,436	1,436
CommerceHub Inc	(f)	Software & Services	L+775		5/21/26	$ 3,222	3,137	3,169
EaglePicher Technologies LLC		Capital Goods	L+725		3/8/26	450	447	436
Electronics For Imaging Inc		Technology Hardware & Equipment	L+900		7/23/27	152	144	140
Emerald Performance Materials LLC		Materials	L+775	1.0%	8/1/22	37	37	37
Excelitas Technologies Corp		Technology Hardware & Equipment	L+750	1.0%	12/1/25	811	804	814
Integro Ltd/United States	(f)	Insurance	L+925	1.0%	10/30/23	222	220	222
Invictus		Materials	L+675		3/30/26	151	150	140
LBM Borrower LLC		Capital Goods	L+925	1.0%	8/20/23	900	896	886
Misys Ltd	(g)	Software & Services	L+725	1.0%	6/13/25	1,918	1,911	1,842
NEP Broadcasting LLC		Media & Entertainment	L+700		10/19/26	80	79	79
New Arclin US Holding Corp	(g)	Materials	L+875	1.0%	2/14/25	289	286	287
OEConnection LLC	(f)	Software & Services	L+825		9/25/27	837	829	829
One Call Care Management Inc	(f)	Insurance	L+375, 6.0% PIK (6.0% Max PIK)	1.0%	4/11/24	1,249	1,240	1,020
Paradigm Acquisition Corp		Health Care Equipment & Services	L+750		10/26/26	267	267	266
Polyconcept North America Inc	(f)	Consumer Durables & Apparel	L+1,000	1.0%	2/16/24	624	613	630
Pure Fishing Inc	(f)	Consumer Durables & Apparel	L+838	1.0%	12/31/26	1,806	1,788	1,575
Rise Baking Company	(f)	Food, Beverage & Tobacco	L+800	1.0%	8/9/26	694	688	682
Sequa Corp		Materials	L+900	1.0%	4/28/22	4,024	4,054	3,972
SIRVA Worldwide Inc		Commercial & Professional Services	L+950		8/3/26	417	388	363
SMG/PA		Consumer Services	L+700		1/23/26	230	231	233
Sparta Systems Inc	(f)	Software & Services	L+825	1.0%	7/27/25	2,438	2,408	2,185
Transplace		Transportation	L+875	1.0%	10/6/25	3,289	3,220	3,223
Vantage Specialty Chemicals Inc		Materials	L+825	1.0%	10/27/25	755	745	679
WireCo WorldGroup Inc		Capital Goods	L+900	1.0%	9/30/24	1,632	1,628	1,616
Total Senior Secured Loans−Second Lien							36,360	35,506

See notes to unaudited financial statements.

Corporate Capital Trust II
Unaudited Schedule of Investments (continued)
As of September 30, 2019
(in thousands, except share amounts)

Portfolio Company(a)	Footnotes	Industry	Rate(b)	Floor(b)	Maturity	Principal Amount(c)	Amortized Cost	Fair Value(d)
Other Senior Secured Debt–6.6%								
Cleaver-Brooks Inc		Capital Goods	7.9%		3/1/23	$ 349	$ 349	$ 332
Cornerstone Chemical Co		Materials	6.8%		8/15/24	2,682	2,685	2,490
Enterprise Development Authority		Consumer Services	12.0%		7/15/24	26	27	29
Frontier Communications Corp	(g)	Telecommunication Services	8.5%		4/1/26	885	870	887
Genesys Telecommunications Laboratories Inc		Technology Hardware & Equipment	10.0%		11/30/24	596	652	646
MultiPlan Inc		Health Care Equipment & Services	7.1%		6/1/24	127	128	118
Vivint Inc		Commercial & Professional Services	7.9%		12/1/22	1,752	1,734	1,756
Vivint Inc		Commercial & Professional Services	7.6%		9/1/23	821	755	735
Total Other Senior Secured Debt							7,200	6,993
Subordinated Debt–19.5%								
athenahealth Inc	(f)	Health Care Equipment & Services	L+1,125 PIK (L+1,125 Max PIK)		2/11/27	1,258	1,258	1,266
ClubCorp Club Operations Inc		Consumer Services	8.5%		9/15/25	5,260	5,177	4,431
GFL Environmental Inc	(g)	Commercial & Professional Services	8.5%		5/1/27	653	670	726
Hub International Ltd		Insurance	7.0%		5/1/26	359	356	370
Kenan Advantage Group Inc		Transportation	7.9%		7/31/23	3,262	3,357	2,936
LifePoint Hospitals Inc		Health Care Equipment & Services	9.8%		12/1/26	926	926	993
PAREXEL International Corp		Pharmaceuticals, Biotechnology & Life Sciences	6.4%		9/1/25	610	592	564
Ply Gem Holdings Inc		Capital Goods	8.0%		4/15/26	527	510	520
Quorum Health Corp		Health Care Equipment & Services	11.6%		4/15/23	250	251	226
SRS Distribution Inc		Capital Goods	8.3%		7/1/26	3,010	2,998	3,078
Team Health Inc		Health Care Equipment & Services	6.4%		2/1/25	1,943	1,732	1,352
Vertiv Group Corp		Technology Hardware & Equipment	9.3%		10/15/24	3,081	3,054	2,985
Vivint Inc		Commercial & Professional Services	8.8%		12/1/20	1,170	1,107	1,151
Total Subordinated Debt							21,988	20,598

See notes to unaudited financial statements.

Corporate Capital Trust II
Unaudited Schedule of Investments (continued)
As of September 30, 2019
(in thousands, except share amounts)

Portfolio Company(a)	Footnotes	Industry	Rate(b)	Floor(b)	Maturity	Principal Amount(c)/ Shares	Amortized Cost	Fair Value(d)
Asset Based Finance–9.9%								
Abacus JV, Private Equity	(f)(g)	Insurance				499,320	$499	$499
Accelerator Investments Aggregator LP, Private Equity	(f)(g)(i)	Diversified Financials				153,628	177	168
Altavair NewCo, Private Equity	(f)(g)	Capital Goods				204,187	204	226
Australis Maritime, Private Equity	(f)(g)(i)	Transportation				210,162	210	210
Home Partners JV, Structured Mezzanine	(f)(g)	Real Estate	11.0% PIK (11.0% Max PIK)		3/25/29	$524	524	524
Home Partners JV, Structured Mezzanine	(f)(g)(j)	Real Estate	11.0% PIK (11.0% Max PIK)		3/25/29	$524	524	524
Home Partners JV, Common Stock	(f)(g)(i)	Real Estate				262,043	262	271
Home Partners JV, Private Equity	(g)(i)	Real Estate				14,139	14	1
KKR Zeno Aggregator LP (K2 Aviation), Partnership Interest	(f)(g)	Capital Goods				5,461,574	5,462	6,796
Lenovo Group Ltd, Structured Mezzanine	(f)(g)	Technology Hardware & Equipment	8.0%		6/22/22	181	206	197
Lenovo Group Ltd, Structured Mezzanine	(f)(g)	Technology Hardware & Equipment	8.0%		6/22/22	$380	380	380
Lenovo Group Ltd, Structured Mezzanine	(f)(g)	Technology Hardware & Equipment	12.0%		6/22/22	115	131	126
Lenovo Group Ltd, Structured Mezzanine	(f)(g)	Technology Hardware & Equipment	12.0%		6/22/22	$242	242	242
Pretium Partners LLC P2, Structured Mezzanine	(f)(g)	Real Estate	9.5%		5/29/25	$568	568	573
Sofi Lending Corp, 2019-C R1	(f)(g)	Diversified Financials			11/16/48	$520	295	294
Toorak Capital Funding LLC, Membership Interest	(f)(g)	Diversified Financials				13,218	13	13
Total Asset Based Finance							9,711	11,044
Unfunded Commitment							(524)	(524)
Net Asset Based Finance							9,187	10,520

See notes to unaudited financial statements.

Corporate Capital Trust II
Unaudited Schedule of Investments (continued)
As of September 30, 2019
(in thousands, except share amounts)

Portfolio Company[a]	Footnotes	Industry	Rate[b]	Floor[b]	Maturity	Principal Amount[c]/ Shares	Amortized Cost	Fair Value[d]
Equity/Other–4.2%								
CTI Foods Holding Co LLC, Common Stock	(f)(i)	Food, Beverage & Tobacco				$56	$ 7	$ 7
Misys Ltd, Preferred Stock	(f)(g)	Software & Services	L+1,025			2,841	2,788	2,795
Polyconcept North America Inc, Class A-1 Units	(f)(i)	Consumer Durables & Apparel				624	62	109
VICI Properties Inc, Common Stock		Consumer Services				66,020	1,228	1,495
Total Equity/Other							4,085	4,406
TOTAL INVESTMENTS–177.1%	(h)						$ 194,401	187,399
LIABILITIES IN EXCESS OF OTHER ASSETS–(77.1%)								(81,565)
NET ASSETS–100.0%								$ 105,834

Foreign Currency Forward Contracts

Foreign Currency	Settlement Date	Counterparty	Notional Amount and Transaction	US$ Value at Settlement Date	US$ Value at September 30, 2019	Unrealized Appreciation (Depreciation)
CAD	October 10, 2019	JP Morgan Chase Bank	C$ 5,690 Sold	$ 4,642	$ 4,296	$ 346
EUR	July 17, 2023	JP Morgan Chase Bank	107 Sold	144	127	17
Total				$ 4,786	$ 4,423	$ 363

(a) Security may be an obligation of one or more entities affiliated with the named company.

(b) Certain variable rate securities in the Company' s portfolio bear interest at a rate determined by a publicly disclosed base rate plus a basis point spread. As of September 30, 2019, the three-month London Interbank Offered Rate, or LIBOR or "L", was 2.09%, the Euro Interbank Offered Rate, or EURIBOR or "E", was (0.42)% and the Australian Bank Bill Swap Bid Rate, or BBSY or "B", was 0.95%. PIK means paid-in-kind. PIK income accruals may be adjusted based on the fair value of the underlying investment. Variable rate securities with no floor rate use the respective benchmark rate in all cases.

See notes to unaudited financial statements.

Corporate Capital Trust II
Unaudited Schedule of Investments (continued)
As of September 30, 2019
(in thousands, except share amounts)

(c) Denominated in U.S. dollars unless otherwise noted.

(d) Fair value determined by the Company' s board of trustees (see Note 8).

(e) Position or portion thereof unsettled as of September 30, 2019.

(f) Security is classified as Level 3 whereby fair value was determined by the Company' s board of trustees (see Note 8).

(g) The investment is not a qualifying asset as defined in Section 55(a) under the 1940 Act. A business development company may not acquire any asset other than qualifying assets, unless, at the time the acquisition is made, qualifying assets represent at least 70% of the company' s total assets. As of September 30, 2019, 74.7% of the Company' s total assets represented qualifying assets.

(h) As of September 30, 2019, the aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost was $3,126; the aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value was $10,635; the net unrealized depreciation was $7,509; the aggregate cost of securities for Federal income tax purposes was $194,908.

(i) Security is non-income producing.

(j) Security is an unfunded commitment. The stated rate reflects the spread disclosed at the time of commitment and may not indicate the actual rate received upon funding.

(k) Asset is on non-accrual status.

Abbreviations:

A$ - Australian Dollar; local currency investment amount is denominated in Australian Dollar. A$1.00 / U.S. $0.67 as of September 30, 2019.
C$ - Canadian Dollar; local currency investment amount is denominated in Canadian Dollar. C$1.00 / U.S. $0.76 as of September 30, 2019.
- Euro; local currency investment amount is denominated in Euros. 1.00 / U.S. $1.09 as of September 30, 2019.
£ - British Pound Sterling; local currency investment amount is denominated in British Pound Sterling. £1.00 / U.S. $1.23 as of September 30, 2019.

See notes to unaudited financial statements.

Corporate Capital Trust II
Schedule of Investments
As of December 31, 2018
(in thousands, except share amounts)

Portfolio Company[(a)(b)]	Footnotes	Industry	Rate	Floor	Maturity Date	Principal Amount[(c)]	Cost[(d)]	Fair Value
Senior Secured Loans–First Lien–87.5%								
Accuride Corp	(n)	Capital Goods	L+525	1.0%	11/17/23	$ 413	$ 408	$ 396
Acosta Holdco Inc	(l)	Commercial & Professional Services	L+325	1.0%	9/26/21	5,175	4,704	3,179
Advantage Sales & Marketing Inc	(l)	Commercial & Professional Services	L+325	1.0%	7/23/21	2,813	2,710	2,499
American Tire Distributors Inc	(j)(l)	Automobiles & Components	L+650, 1.0% PIK (1.0% Max PIK)	1.0%	9/1/23	244	244	228
American Tire Distributors Inc	(l)	Automobiles & Components	L+750	1.0%	8/30/24	1,548	1,376	1,274
Ammeraal Beltech Holding BV (NLD)	(g)(h)(o)	Capital Goods	E+375		7/30/25	1,000	1,176	1,140
Apex Group Limited (GBR)	(f)(g)(h)(n)(q)	Diversified Financials	L+650		6/15/23	$ 89	86	76
Apex Group Limited (GBR)	(f)(g)(h)(n)	Diversified Financials	L+650	1.0%	6/15/25	600	589	577
Apex Group Limited (GBR)	(f)(g)(h)(n)(q)	Diversified Financials	L+650	1.0%	6/15/25	290	284	278
Apex Group Limited (GBR)	(f)(g)(h)(n)	Diversified Financials	L+650	1.0%	6/15/25	97	95	93
Apex Group Limited (GBR)	(f)(g)(h)(n)(q)	Diversified Financials	L+650	1.0%	6/15/25	145	143	139
Belk Inc	(n)	Retailing	L+475	1.0%	12/12/22	4,885	4,460	3,964
Berner Food & Beverage LLC	(f)(n)	Food & Staples Retailing	L+675	1.0%	2/2/23	4,372	4,338	4,225
Bugaboo International BV (NLD)	(f)(g)(h)(j)(o)	Consumer Durables & Apparel	E+700, 7.8% PIK (7.8% Max PIK)		3/20/25	1,215	1,447	1,372
Caprock Midstream LLC	(m)	Energy	L+475		11/3/25	$ 615	612	573
Constellis Holdings LLC / Constellis Finance Corp	(f)(n)	Capital Goods	L+575	1.0%	4/1/22	1,825	1,798	1,798
Diamond Resorts International Inc	(l)	Consumer Services	L+375	1.0%	9/2/23	1,011	959	945
Distribution International Inc	(n)	Retailing	L+500	1.0%	12/15/21	7,482	6,698	6,659
Eacom Timber Corp (CAN)	(f)(g)(h)(n)	Materials	L+650	1.0%	11/30/23	2,782	2,758	2,773
Eagle Family Foods Inc	(f)(l)(q)	Food, Beverage & Tobacco	L+650	1.0%	6/14/23	159	158	136
Eagle Family Foods Inc	(f)(l)	Food, Beverage & Tobacco	L+650	1.0%	6/14/24	1,056	1,045	1,039
Foresight Energy LLC	(g)(n)	Materials	L+575	1.0%	3/28/22	1,557	1,487	1,533

See notes to unaudited financial statements.

Corporate Capital Trust II
Schedule of Investments (continued)
As of December 31, 2018
(in thousands, except share amounts)

Portfolio Company(a)(b)	Footnotes	Industry	Rate	Floor		Maturity Date	Principal Amount(c)	Cost(d)	Fair Value
Frontline Technologies Group LLC	(f)(l)(q)	Software & Services	L+650	1.0	%	9/18/23	$ 889	$ 879	$ 891
Frontline Technologies Group LLC	(f)(l)	Software & Services	L+650	1.0	%	9/18/23	4,479	4,423	4,486
ID Verde (FRA)	(f)(g)(h)(o)	Commercial & Professional Services	E+700			3/29/24	138	124	135
ID Verde (FRA)	(f)(g)(h)(o)(q)	Commercial & Professional Services	E+700			3/29/24	92	158	153
ID Verde (FRA)	(f)(g)(h)(o)	Commercial & Professional Services	E+700			3/29/25	936	1,120	1,076
ID Verde (FRA)	(f)(g)(h)(o)	Commercial & Professional Services	E+725			3/29/25	£ 378	514	485
Integro Ltd/United States	(f)(n)	Insurance	L+575			10/30/22	$ 1,191	1,186	1,191
Jo-Ann Stores Inc	(n)	Retailing	L+500	1.0	%	10/20/23	3,395	3,371	3,247
Jostens Inc	(e)(n)	Consumer Services	L+550			12/19/25	612	594	597
MedAssets Inc	(l)	Health Care Equipment & Services	L+450	1.0	%	10/20/22	71	71	68
Misys Ltd	(e)(g)(n)	Software & Services	L+350	1.0	%	6/13/24	207	192	193
Monitronics International Inc	(g)(n)	Commercial & Professional Services	L+550	1.0	%	9/30/22	2,007	1,975	1,800
NCI Inc	(f)(l)	Software & Services	L+750	1.0	%	8/15/24	4,276	4,233	4,240
Onvoy LLC	(n)	Telecommunication Services	L+450	1.0	%	2/10/24	155	139	140
Patriot Well Solutions LLC	(f)(l)	Energy	L+875	1.0	%	5/1/21	325	322	321
Patriot Well Solutions LLC	(f)(n)	Energy	L+875	1.0	%	5/1/21	667	658	658
Qdoba Restaurant Corp	(l)	Consumer Services	L+700	1.0	%	3/21/25	1,985	1,948	1,975
Quorum Health Corp	(l)	Health Care Equipment & Services	L+675	1.0	%	4/29/22	4,501	4,490	4,476
Reliant Rehab Hospital Cincinnati LLC	(f)(l)	Health Care Equipment & Services	L+675	1.0	%	8/30/24	2,122	2,102	2,116
Revere Superior Holdings, Inc	(f)(n)	Software & Services	L+675	1.0	%	11/21/22	4,697	4,657	4,711
Revere Superior Holdings, Inc	(f)(n)	Software & Services	L+675	1.0	%	11/21/22	352	346	308
Revere Superior Holdings, Inc	(f)(n)	Software & Services	L+675	1.0	%	11/21/22	1,243	1,233	1,240
Savers Inc	(n)	Retailing	L+375	1.3	%	7/9/19	1,062	1,030	1,017
Sequa Corp	(n)	Materials	L+500	1.0	%	11/28/21	1,530	1,539	1,467
SIRVA Worldwide Inc	(n)	Commercial & Professional Services	L+550			8/2/25	464	457	456
SMART Global Holdings Inc	(f)(g)(n)(q)	Semiconductors & Semiconductor Equipment	L+400			8/9/22	96	96	89

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As of December 31, 2018
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Portfolio Company(a)(b)	Footnotes	Industry	Rate	Floor	Maturity Date	Principal Amount(c)	Cost(d)	Fair Value
SMART Global Holdings Inc	(f)(g)(n)	Semiconductors & Semiconductor Equipment	L+625	1.0%	8/9/22	$ 3,319	$ 3,277	$ 3,353
Staples Canada (CAN)	(f)(g)(h)(n)	Retailing	L+700	1.0%	9/12/24	C$ 5,149	4,166	3,811
Sutherland Global Services Inc	(g)(n)	Software & Services	L+538	1.0%	4/23/21	$ 1,794	1,754	1,694
Sutherland Global Services Inc	(g)(n)	Software & Services	L+538	1.0%	4/23/21	418	409	394
Tangoe LLC	(f)(l)	Software & Services	L+650	1.0%	11/28/25	2,007	1,987	1,987
Team Health Inc	(l)	Health Care Equipment & Services	L+275	1.0%	2/6/24	967	939	869
Utility One Source LP	(l)	Capital Goods	L+550	1.0%	4/18/23	3,272	3,257	3,272
Virgin Pulse Inc	(f)(n)	Software & Services	L+650	1.0%	5/22/25	3,081	3,059	2,986
Wheels Up Partners LLC	(f)(n)	Transportation	L+855	1.0%	1/26/21	724	724	724
Wheels Up Partners LLC	(f)(n)	Transportation	L+855	1.0%	8/26/21	372	372	371
Wheels Up Partners LLC	(f)(n)	Transportation	L+710	1.0%	6/30/24	1,220	1,220	1,225
Wheels Up Partners LLC	(f)(n)	Transportation	L+710	1.0%	8/1/24	809	801	812
Wheels Up Partners LLC	(f)(n)	Transportation	L+710	1.0%	11/1/24	502	502	504
Wheels Up Partners LLC	(f)(n)	Transportation	L+710	1.0%	12/21/24	790	790	793
Wheels Up Partners LLC	(f)(n)	Transportation	L+710	1.0%	12/21/24	257	255	258
WireCo WorldGroup Inc	(e)(l)	Capital Goods	L+500	1.0%	9/29/23	97	96	96
Total Senior Secured Loans–First Lien							99,040	95,581
Unfunded Loan Commitments							(1,804)	(1,804)
Net Senior Secured Loans–First Lien							97,236	93,777
Senior Secured Loans–Second Lien–32.0%								
Access CIG LLC	(n)	Software & Services	L+775		2/27/26	211	209	209
Advantage Sales & Marketing Inc	(l)	Commercial & Professional Services	L+650	1.0%	7/25/22	542	483	429
Albany Molecular Research Inc	(l)	Pharmaceuticals, Biotechnology & Life Sciences	L+700	1.0%	8/28/25	913	909	906
Ammeraal Beltech Holding BV (NLD)	(f)(g)(h)(n)	Capital Goods	L+800		7/27/26	2,018	1,979	1,974

See notes to unaudited financial statements.

Corporate Capital Trust II
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Portfolio Company(a)(b)	Footnotes	Industry	Rate	Floor		Maturity Date	Principal Amount(c)	Cost(d)	Fair Value
Applied Systems Inc	(l)	Software & Services	L+700	1.0	%	9/19/25	$ 2,624	$ 2,624	$ 2,581
CommerceHub Inc	(f)(l)	Software & Services	L+775			5/21/26	3,222	3,133	3,016
CTI Foods Holding Co LLC	(n)(p)(r)	Food, Beverage & Tobacco	L+725	1.0	%	6/28/21	222	211	24
Direct ChassisLink Inc	(n)	Transportation	L+600			6/15/23	587	584	566
EaglePicher Technologies LLC	(l)	Capital Goods	L+725			3/8/26	450	447	441
Excelitas Technologies Corp	(l)	Technology Hardware & Equipment	L+750	1.0	%	12/1/25	811	804	777
Grocery Outlet Inc	(n)	Food & Staples Retailing	L+725			10/22/26	382	378	380
Higginbotham Insurance Agency Inc	(f)(l)	Insurance	L+725	1.0	%	12/19/25	1,304	1,293	1,303
Integro Ltd/United States	(f)(n)	Insurance	L+925			10/30/23	222	220	222
Invictus	(m)	Materials	L+675			3/30/26	451	452	451
iParadigms Holdings LLC	(n)	Software & Services	L+725	1.0	%	7/29/22	183	180	182
Jo-Ann Stores Inc	(n)	Retailing	L+925	1.0	%	5/21/24	396	391	384
LBM Borrower LLC	(n)	Capital Goods	L+925	1.0	%	8/20/23	900	895	882
Misys Ltd	(e)(g)(n)	Software & Services	L+725	1.0	%	6/13/25	1,918	1,911	1,777
New Arclin US Holding Corp	(g)(l)	Materials	L+875	1.0	%	2/14/25	289	286	289
One Call Care Management Inc	(f)(j)(l)	Insurance	L+375, 6.0% PIK (6.0% Max PIK)			4/11/24	1,198	1,188	1,148
Paradigm Acquisition Corp	(n)	Health Care Equipment & Services	L+750			10/26/26	267	267	269
Polyconcept North America Inc	(f)(l)	Consumer Durables & Apparel	L+1000	1.0	%	2/16/24	624	613	643
Press Ganey Holdings Inc	(l)	Health Care Equipment & Services	L+650	1.0	%	10/21/24	1,066	1,080	1,061
Pure Fishing Inc	(f)(n)	Consumer Durables & Apparel	L+838	1.0	%	12/31/26	1,806	1,788	1,788
Rise Baking Company	(f)(l)	Food, Beverage & Tobacco	L+800	1.0	%	8/9/26	694	687	687
Sequa Corp	(n)	Materials	L+900	1.0	%	4/28/22	4,024	4,061	3,823
SIRVA Worldwide Inc	(n)	Commercial & Professional Services	L+950			8/2/26	417	386	369
SMG/PA	(l)	Consumer Services	L+700			1/23/26	230	231	227
Sparta Systems Inc	(f)(l)	Software & Services	L+825	1.0	%	7/27/25	2,438	2,405	2,099
Transplace	(l)	Transportation	L+875	1.0	%	10/6/25	3,289	3,218	2,993
Vantage Specialty Chemicals Inc	(n)	Materials	L+825	1.0	%	10/26/25	755	745	741

See notes to unaudited financial statements.

Corporate Capital Trust II
Schedule of Investments (continued)
As of December 31, 2018
(in thousands, except share amounts)

Portfolio Company(a)(b)	Footnotes	Industry	Rate	Floor	Maturity Date	Principal Amount(c)	Cost(d)	Fair Value
WireCo WorldGroup Inc	(l)	Capital Goods	L+900	1.0%	9/30/24	$ 1,632	$ 1,628	$ 1,636
Total Senior Secured Loans–Second Lien							35,686	34,277
Other Senior Secured Debt–6.9%								
Cleaver-Brooks Inc	(i)	Capital Goods	7.9%		3/1/23	625	625	611
Cornerstone Chemical Co	(i)	Materials	6.8%		8/15/24	2,682	2,686	2,362
Frontier Communications Corp	(g)(i)	Telecommunication Services	8.5%		4/1/26	353	353	309
Genesys Telecommunications Laboratories Inc	(i)	Technology Hardware & Equipment	10.0%		11/30/24	672	742	707
Pattonair Holdings Ltd	(g)(i)	Capital Goods	9.0%		11/1/22	1,057	1,071	1,068
Surgery Partners Holdings LLC	(i)	Health Care Equipment & Services	8.9%		4/15/21	18	18	18
Vivint Inc		Commercial & Professional Services	7.9%		12/1/22	1,752	1,731	1,660
Vivint Inc		Commercial & Professional Services	7.6%		9/1/23	821	744	672
Total Other Senior Secured Debt							7,970	7,407
Subordinated Debt–27.0%								
Allegheny Technologies Inc	(g)	Materials	7.9%		8/15/23	850	829	871
CDK Global Inc	(g)	Software & Services	4.9%		6/1/27	7	7	7
ClubCorp Club Operations Inc	(i)	Consumer Services	8.5%		9/15/25	5,260	5,169	4,734
Consolidated Energy Finance SA (LUX)	(g)(h)(i)	Materials	6.5%		5/15/26	201	201	192
Datatel Inc	(i)	Software & Services	9.0%		9/30/23	102	107	103
Hub International Ltd	(i)	Insurance	7.0%		5/1/26	1,180	1,179	1,069
Kenan Advantage Group Inc	(i)	Transportation	7.9%		7/31/23	3,262	3,371	3,140
LifePoint Hospitals Inc	(i)	Health Care Equipment & Services	9.8%		12/1/26	921	921	877
PAREXEL International Corp	(i)	Pharmaceuticals, Biotechnology & Life Sciences	6.4%		9/1/25	610	591	545
Ply Gem Holdings Inc	(i)	Capital Goods	8.0%		4/15/26	1,666	1,634	1,533
Quorum Health Corp		Health Care Equipment & Services	11.6%		4/15/23	268	269	255
Reynolds Group Holdings Inc		Materials	8.0%		12/15/25	849	929	838

See notes to unaudited financial statements.

Corporate Capital Trust II
Schedule of Investments (continued)
As of December 31, 2018
(in thousands, except share amounts)

Portfolio Company(a)(b)	Footnotes	Industry	Rate	Floor	Maturity Date	Principal Amount(c)	Cost(d)	Fair Value
Reynolds Group Holdings Inc		Materials	8.4%		4/15/27	$ 2,653	$ 2,940	$ 2,637
SRS Distribution Inc	(i)	Capital Goods	8.3%		7/1/26	3,010	2,997	2,769
Surgery Partners Holdings LLC	(i)	Health Care Equipment & Services	6.8%		7/1/25	548	502	474
Team Health Inc	(i)	Health Care Equipment & Services	6.4%		2/1/25	1,943	1,710	1,586
Tenet Healthcare Corp	(g)	Health Care Equipment & Services	7.0%		8/1/25	31	31	29
Triumph Group Inc		Capital Goods	7.8%		8/15/25	217	217	192
Vertiv Group Corp	(i)	Technology Hardware & Equipment	9.3%		10/15/24	6,124	6,324	5,450
Vivint Inc		Commercial & Professional Services	8.8%		12/1/20	1,695	1,571	1,617
Total Subordinated Debt							31,499	28,918

Portfolio Company(a)(b)	Footnotes	Industry	Rate	No. of Shares	Cost(d)	Fair Value
Asset Based Finance–6.3%						
Accelerator Investments Aggregator LP (NLD)	(f)(g)(h)(p)	Diversified Financials		107,825	$126	$123
Australis Maritime (MHL)	(f)(g)(h)	Transportation		43,819	44	44
KKR Zeno Aggregator LP (K2 Aviation) (IRE)	(f)(g)(h)	Capital Goods		5,630,570	5,631	5,631
Montgomery Credit Holdings LP	(f)(g)(p)	Diversified Financials		1,095,595	1,095	975
Total Asset Based Finance					6,896	6,773
Equity/Other–3.8%						
Misys Ltd, Preferred Stock	(f)(g)(j)(n)	Software & Services	L+1025	2,842	2,788	2,682
Polyconcept North America Inc, Class A - 1 Units	(f)	Consumer Durables & Apparel		624	62	92
VICI Properties Inc, Common Stock		Consumer Services		66,020	1,228	1,240
Total Equity/Other					4,078	4,014
TOTAL INVESTMENTS–163.5%	(k)				$ 183,365	175,166
OTHER ASSETS IN EXCESS OF LIABILITIES–(63.5%)						(67,996)
NET ASSETS–100.0%						$ 107,170
Derivative Instruments (Note 7)–0.4%						
Foreign currency forward contracts						$457

See notes to unaudited financial statements.

Corporate Capital Trust II
Schedule of Investments (continued)
As of December 31, 2018
(in thousands, except share amounts)

(a) Security may be an obligation of one or more entities affiliated with the named company.

(b) Non-controlled/non-affiliated investments as defined by the Investment Company Act of 1940, as amended (“1940 Act”), unless otherwise indicated. Non-controlled/non-affiliated investments are investments that are neither controlled investments nor affiliated investments.

(c) Denominated in U.S. dollars unless otherwise noted.

(d) Represents amortized cost for debt securities and cost for equity investments translated to U.S. dollars.

(e) Position or portion thereof unsettled as of December 31, 2018.

(f) Investments classified as Level 3 whereby fair value was determined by the Company’ s board of trustees (see Note 2).

(g) The investment is not a qualifying asset as defined in Section 55(a) under the 1940 Act. A business development company may not acquire any asset other than qualifying assets, unless, at the time the acquisition is made, qualifying assets represent at least 70% of the company’ s total assets. As of December 31, 2018, 80.0% of the Company’ s total assets represented qualifying assets.

(h) A portfolio company domiciled in a foreign country. The jurisdiction of the security issuer may be a different country than the domicile of the portfolio company.

(i) This security was acquired in a transaction that was exempt from the registration requirements of the Securities Act, pursuant to Rule 144A thereunder. This security may be resold only in transactions that are exempt from the registration requirements of the Securities Act, normally to qualified institutional buyers.

(j) The issuer of this security may elect at any time to capitalize distributions or interest.

(k) As of December 31, 2018, the aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost was $570; the aggregate gross unrealized depreciation for all investments in which there was an excess of tax cost over value was $9,053; the net unrealized depreciation was $8,483; the aggregate cost of investments for federal income tax purposes was $183,649.

(l) The interest rate on these investments is subject to a base rate of 1-Month LIBOR, which at December 31, 2018 was 2.52%. The current base rate for each investment may be different from the reference rate on December 31, 2018.

(m) The interest rate on these investments is subject to a base rate of 2-Month LIBOR, which at December 31, 2018 was 2.62%. The current base rate for each investment may be different from the reference rate on December 31, 2018.

(n) The interest rate on these investments is subject to a base rate of 3-Month LIBOR, which at December 31, 2018 was 2.81%. The current base rate for each investment may be different from the reference rate on December 31, 2018.

(o) The interest rate on these investments is subject to a base rate of 3-Month Euro Interbank Offered Rate, which at December 31, 2018 was approximately (0.31)%. The current base rate for each investment may be different from the reference rate on December 31, 2018.

(p) Security is non-income producing.

(q) Security is an unfunded loan commitment.

(r) Security is on non-accrual status.

See notes to unaudited financial statements.

Corporate Capital Trust II
Schedule of Investments (continued)
As of December 31, 2018
(in thousands, except share amounts)

Abbreviations:

C$ - Canadian Dollar; local currency investment amount is denominated in Canadian Dollar. C$ 1 / U.S. $0.73 as of December 31, 2018.
- Local currency investment amount is denominated in Euros. 1 / U.S. $1.15 as of December 31, 2018.
£ - Local currency investment amount is denominated in British Pound Sterling. £ 1 / U.S. $1.28 as of December 31, 2018.
CAN = Canada
CDOR = Canadian Banker Acceptance Rate
E = EURIBOR - Euro Interbank Offered Rate
FRA = France
GBR = United Kingdom
IRE = Ireland
L = LIBOR - London Interbank Offered Rate, typically 3-Month
LUX = Luxembourg
MHL = Marshall Islands
NLD = Netherlands
PIK = Payment-in-kind; the issuance of additional securities by the borrower to settle interest payment obligations.

See notes to unaudited financial statements.

Corporate Capital Trust II

Notes to Unaudited Financial Statements
(in thousands, except share and per share amounts)

Note 1. Principal Business and Organization

Corporate Capital Trust II, or the Company, was formed as a Delaware statutory trust on August 12, 2014. The Company is a non-diversified, closed-end management investment company and has elected to be regulated as a business development company, or BDC, under the Investment Company Act of 1940, as amended, or the 1940 Act. In addition, the Company has elected to be treated for U.S. federal income tax purposes, and intends to qualify annually, as a regulated investment company, or RIC, as defined under Subchapter M of the Internal Revenue Code of 1986, as amended, or the Code.

The Company' s investment objectives are to generate current income and, to a lesser extent, long-term capital appreciation. The Company' s portfolio is comprised primarily of investments in senior secured loans and second lien secured loans of private middle-market U.S. companies and, to a lesser extent, subordinated loans of private U.S. companies. In addition, a portion of the Company' s portfolio may be comprised of equity and equity-related securities, corporate bonds, structured products, other debt securities and derivatives, including total return swaps and credit default swaps.

The Company is externally managed by FS/KKR Advisor, LLC, or the Advisor, pursuant to an investment advisory agreement, dated as of April 9, 2018, or the investment advisory agreement. Since inception and through April 8, 2018, the Company was externally managed by CNL Fund Advisors II, LLC, or CNL, as investment adviser and KKR Credit Advisors (US) LLC, or KKR, as investment sub-adviser, or together, the Former Advisors.

On May 31, 2019, the Company entered into an Agreement and Plan of Merger, or the Merger Agreement, with FS Investment Corporation II, a Maryland corporation, or FSIC II, FS Investment Corporation III, a Maryland corporation, or FSIC III, FS Investment Corporation IV, a Maryland corporation, or FSIC IV and, together with the Company, FSIC II and FSIC III, the Funds, NT Acquisition 1, Inc., a Maryland corporation and wholly-owned subsidiary of FSIC II, or Merger Sub 1, NT Acquisition 2, Inc., a Delaware corporation and wholly-owned subsidiary of FSIC II, or Merger Sub 2, NT Acquisition 3, Inc., a Maryland corporation and wholly-owned subsidiary of FSIC II, or Merger Sub 3, and the Advisor. The Merger Agreement provides that, subject to the conditions set forth in the Merger Agreement, (i) Merger Sub 1 will merge with and into FSIC III, with FSIC III continuing as the surviving company and as a wholly-owned subsidiary of FSIC II, or Merger 1A, and, immediately thereafter, FSIC III will merge with and into FSIC II, with FSIC II continuing as the surviving company or, together with Merger 1A, Merger 1, (ii) Merger Sub 2 will merge with and into the Company, with the Company continuing as the surviving company and as a wholly-owned subsidiary of FSIC II, or Merger 2A, and, immediately thereafter, the Company will merge with and into FSIC II, with FSIC II continuing as the surviving company or, together with Merger 2A, Merger 2 and (iii) Merger Sub 3 will merge with and into FSIC IV, with FSIC IV continuing as the surviving company and as a wholly-owned subsidiary of FSIC II, or Merger 3A, and, immediately thereafter, FSIC IV will merge with and into FSIC II, with FSIC II continuing as the surviving company or, together with Merger 3A, Merger 3 and, together with Merger 1 and Merger 2, the Mergers. See Note 12 for additional information.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation: The accompanying unaudited financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP, for interim financial information and with the instructions for Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial

Note 2. Summary of Significant Accounting Policies (continued)

statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. For a more complete discussion of significant accounting policies and certain other information, the Company' s interim unaudited financial statements should be read in conjunction with its audited financial statements as of and for the year ended December 31, 2018 included in the Company' s annual report on Form 10-K for the year ended December 31, 2018. Operating results for the three and nine months ended September 30, 2019 are not necessarily indicative of the results that may be expected for the year ending December 31, 2019. The December 31, 2018 balance sheet and schedule of investments are derived from the Company' s audited financial statements as of and for the year ended December 31, 2018. The Company is considered an investment company under GAAP and follows the accounting and reporting guidance applicable to investment companies under Accounting Standards Codification Topic 946, *Financial Services−Investment Companies*.

Use of Estimates: The preparation of the unaudited financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subordinated Income Incentive Fee: Pursuant to the terms of the Investment Advisory Agreement, a subordinated incentive fee on income is determined and payable in arrears as of the end of each calendar quarter (or upon termination of the Investment Advisory Agreement). A subordinated incentive fee on income is payable to the Advisor each calendar quarter if the Company' s "pre-incentive fee net investment fee income" (as defined in the Investment Advisory Agreement and approved by the Company' s board of trustees) exceeds the 1.75% "quarterly preferred return" to the Company' s shareholders (the ratio of pre-incentive fee net investment income divided by average adjusted capital). Once the Company' s pre-incentive fee net investment income in any quarter exceeds the quarterly preferred return of 1.75%, the Advisor will be entitled to a fee equal to the amount of the Company' s pre-incentive fee net investment income in excess of the quarterly preferred return, until the Company' s pre-incentive fee net investment income for such quarter equals 2.1875% of the Company' s average adjusted capital. Thereafter, the Advisor will be entitled to receive 20.0% of the Company' s pre-incentive fee net investment income.

Capital Gains Incentive Fee: Pursuant to the terms of the Investment Advisory Agreement, an incentive fee on capital gains is determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Advisory Agreement). This fee equals 20.0% of the Company' s incentive fee on capital gains, which equals the Company' s realized capital gains on a cumulative basis since inception, calculated as of the end of the applicable period, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gains incentive fees. The Company accrues for the capital gains incentive fee, which, if earned, is paid annually. The Company accrues the incentive fee on capital gains based on net realized and unrealized gains; however, the fee payable to the Advisor is based on realized gains and no such fee is payable with respect to unrealized gains unless and until such gains are actually realized.

Reclassifications: Certain amounts in the unaudited financial statements as of and for the three and nine months ended September 30, 2018 and the audited financial statements as of and for the year ended December 31, 2018 may have been reclassified to conform to the classifications used to prepare the unaudited financial statements as of and for the three and nine months ended September 30, 2019.

Note 2. Summary of Significant Accounting Policies (continued)

Revenue Recognition: Security transactions are accounted for on the trade date. The Company records interest income on an accrual basis to the extent that it expects to collect such amounts. The Company records dividend income on the ex-dividend date. Distributions received from limited liability company ("LLC") and limited partnership ("LP") investments are evaluated to determine if the distribution should be recorded as dividend income or a return of capital. The Company does not accrue as a receivable interest or dividends on loans and securities if it has reason to doubt its ability to collect such income. The Company' s policy is to place investments on non-accrual status when there is reasonable doubt that interest income will be collected. The Company considers many factors relevant to an investment when placing it on or removing it from non-accrual status including, but not limited to, the delinquency status of the investment, economic and business conditions, the overall financial condition of the underlying investment, the value of the underlying collateral, bankruptcy status, if any, and any other facts or circumstances relevant to the investment. If there is reasonable doubt that the Company will receive any previously accrued interest, then the interest income will be written-off. Payments received on non-accrual investments may be recognized as income or applied to principal depending upon the collectability of the remaining principal and interest. Non-accrual investments may be restored to accrual status when principal and interest become current and are likely to remain current based on the Company' s judgment.

Loan origination fees, original issue discount and market discount are capitalized and the Company amortizes such amounts as interest income over the respective term of the loan or security. Upon the prepayment of a loan or security, any unamortized loan origination fees and original issue discount are recorded as interest income. Structuring and other non-recurring upfront fees are recorded as fee income when earned. For the nine months ended September 30, 2019, the Company recognized $384 in structuring fee revenue. The Company records prepayment premiums on loans and securities as fee income when it receives such amounts.

Recent Accounting Pronouncements: In August 2018, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update 2018-13, *Fair Value Measurement (Topic 820)−Disclosure Framework−Changes to the Disclosure Requirements for Fair Value Measurement*, or ASU 2018-13. ASU 2018-13 introduces new fair value disclosure requirements and eliminates and modifies certain existing fair value disclosure requirements. ASU 2018-13 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Company is currently evaluating the impact of ASU 2018-13 on its financial statements.

(in thousands, except share and per share amounts)

Note 3. Share Transactions

Below is a summary of transactions with respect to shares of the Company’ s common stock during the nine months ended September 30, 2019 and 2018:

	Nine Months Ended September 30,			
	2019		2018(1)	
	Shares	Amount	Shares	Amount
Gross Proceeds from Offering	–	$–	136,070	$1,331
Reinvestment of Distributions	188,771	1,643	296,059	2,744
Total Gross Proceeds	188,771	1,643	432,129	4,075
Commissions and Dealer Manager Fees	–	–	–	(61)
Net Proceeds to Company	188,771	1,643	432,129	4,014
Repurchases of Common Shares	(426,220)	(3,829)	(448,151)	(4,138)
Net Proceeds from Share Transactions	(237,449)	$ (2,186)	(16,022)	$ (124)

(1) The Company terminated its Offering to new investors effective April 30, 2018. However, the Company continues to issue new shares under its distribution reinvestment plan.

During the period from October 1, 2019 to November 8, 2019, the Company issued 94,390 shares of common stock pursuant to its distribution reinvestment plan, or DRP, at a price per share of $8.55 for gross proceeds of $807. For additional information regarding the terms of the DRP, see Note 5.

Share Repurchase Program

Historically, the Company has conducted quarterly tender offers pursuant to its share repurchase program. Historically, the Company limited repurchases in each quarter to 2.5% of the weighted average number of shares of common stock outstanding. The Company may limit the number of shares to be repurchased during any calendar year to the number of shares it can repurchase with the proceeds it receives from the issuance of shares of its common stock under its distribution reinvestment plan. At the discretion of the Company’ s board of trustees, the Company may also use cash on hand, cash available from borrowings and cash from the sale of investments as of the end of the applicable period to repurchase shares. The Company’ s board of trustees may amend, suspend or terminate the share repurchase program upon 30 days’ notice.

On May 31, 2019, in conjunction with the announced Merger Agreement, the Company’ s board of trustees suspended the Company’ s share repurchase program.

Corporate Capital Trust II

Notes to Unaudited Financial Statements (continued)
(in thousands, except share and per share amounts)

Note 3. Share Transactions (continued)

The following table provides information concerning the Company' s repurchases of shares of common stock pursuant to its share repurchase program during the nine months ended September 30, 2019 and 2018:

For the Three Months Ended	Repurchase Date	Shares Repurchased	Percentage of Shares Tendered That Were Repurchased	Percentage of Outstanding Shares Repurchased	Repurchase Price Per Share	Aggregate Consideration for Repurchased Shares
Fiscal 2018						
December 31, 2017	February 20, 2018	91,276	37%	0.72%	$ 9.20	$ 840
June 30, 2018	July 2, 2018	356,875	100%	2.77%	$9.24	3,298
Total		448,151				$4,138
Fiscal 2019						
December 31, 2018	January 7, 2019	315,173	90%	2.51%	$9.14	$2,881
March 31, 2019	April 9, 2019	111,047	100%	0.90%	$8.54	948
June 30, 2019(1)	–	–	–	–	–	–
Total		426,220				$3,829

(1) The Company suspended its share repurchase program on May 31, 2019.

Note 4. Related Party Transactions

Managing Dealer Agreement and Distribution and Shareholder Servicing Plan

The Company was a party to a managing dealer agreement with CNL Securities Corp., an affiliate of CNL. CNL Securities Corp. which served as the managing dealer of the Company' s Offering and in connection therewith received up-front selling commissions of up to 2.00% of gross offering proceeds, up-front dealer manager fees of up to 2.75% of gross offering proceeds and ongoing distribution and shareholder servicing fees at an annualized rate of 1.25% of the Company' s most recently published net asset value per share, excluding shares issued through the distribution reinvestment plan. All or any portion of these fees were re-allowed to participating brokers.

On March 16, 2017, the board of trustees approved an amended and restated managing dealer agreement, or the Managing Dealer Agreement, between the Company and the managing dealer and approved an amended and restated distribution and shareholder servicing plan for the Company, or the Distribution and Shareholder Servicing Plan, which lowered the ongoing distribution and shareholder servicing fee paid to the managing dealer from an annualized rate of 1.25% to an annualized rate of 1.00% of the Company' s net asset value per share. On April 9, 2018, the Managing Dealer Agreement and the Distribution and Shareholder Servicing Plan were terminated effective April 30, 2018.

Investment Advisory Agreements

On April 9, 2018, the Company terminated the Former Investment Advisory Agreement (as defined below) and concurrently entered into the Investment Advisory Agreement with the Advisor. Pursuant to the Investment Advisory Agreement, the Company pays the Advisor a fee for their services consisting of two components – a

Note 4. Related Party Transactions (continued)

base management fee based on the average value of the Company' s gross assets and incentive fees based on the Company' s performance. The incentive fee consists of (i) a subordinated incentive fee on income and (ii) an incentive fee on capital gains. Under the Investment Advisory Agreement, the Advisor is entitled to an annual base management fee of 1.50% of the average value of the Company' s gross assets, as compared to the annual rate of 2.00% under the Former Investment Advisory Agreement. In addition, the calculation of the base management fee under the Investment Advisory Agreement excludes cash and cash equivalents from gross assets, as compared to the Former Investment Advisory Agreement, which included cash and cash equivalents within the definition of gross assets. Under the Investment Advisory Agreement, the Advisor serves as the sole investment adviser of the Company. See Note 2 for a discussion of the capital gains and subordinated income incentive fees that the Advisor may be entitled to under the Investment Advisory Agreement.

Previously, the Company was a party to an investment advisory agreement with CNL, or the Former Investment Advisory Agreement, for the overall management of the Company' s activities. CNL was a party to a sub-advisory agreement with KKR, or the Former Sub-Advisory Agreement, under which KKR was responsible for the day-to-day management of the Company' s investment portfolio. Pursuant to the Former Investment Advisory Agreement, CNL earned (i) a management fee equal to an annual rate of 2.00% of the Company' s average gross assets, and (ii) an incentive fee based on the Company' s performance. The incentive fee consisted of (i) a subordinated incentive fee on income and (ii) an incentive fee on capital gains. CNL compensated KKR for advisory services that it provided to the Company with 50% of the fees that CNL received under the Former Investment Advisory Agreement.

A subordinated incentive fee on income is payable to the Advisor each calendar quarter if the Company' s pre-incentive fee net investment fee income (as defined in the Investment Advisory Agreement and approved by the Company' s board of trustees) exceeds the 1.75% quarterly preferred return to the Company' s shareholders (the ratio of pre-incentive fee net investment income divided by average adjusted capital).

The annual incentive fees on capital gains recorded for GAAP purposes are equal to (i) 20% of the Company' s realized and unrealized capital gains on a cumulative basis since inception, net of all realized capital losses and unrealized depreciation on a cumulative basis from inception, less (ii) the aggregate amount of any previously paid incentive fees on capital gains. For financial reporting purposes, in accordance with GAAP, the Company includes unrealized appreciation on the investment portfolio in the calculation of incentive fees on capital gains; however, such amounts are not payable by the Company unless and until the net unrealized appreciation is actually realized. The actual amount of incentive fees on capital gains that are due and payable to the Advisor is determined at the end of the calendar year.

The terms of the incentive fees are substantially the same as those to which the Former Advisors were entitled to receive under the Former Investment Advisory Agreement.

Under the terms of the Former Investment Advisory Agreement, CNL (and indirectly KKR) was entitled to receive up to 1.50% of gross offering proceeds as reimbursement for organization and offering expenses incurred by the Former Advisors on behalf of the Company. The Former Advisors had incurred organization and offering costs of approximately $5,400 as of March 31, 2018 on behalf of the Company. The Former Advisors waived the reimbursement of organization and offering expenses in connection with the Company' s gross capital raise received from the Offering from March 1, 2016 (when the Company satisfied the minimum offering requirement) through April 30, 2017, or the O&O Reimbursement Waiver. The O&O Reimbursement Waiver did not reduce

Note 4. Related Party Transactions (continued)

the amount of organization and offering expenses incurred by the Former Advisors that were eligible for reimbursement in future periods based on subsequent gross capital raised by the Company after April 30, 2017. Gross capital raised by the Company after April 30, 2017 was subject to the maximum organization and offering cost reimbursement of 1.50%. The Former Advisors were entitled to reimbursement of approximately $400 of organization and offering costs for gross capital raised for the period May 1, 2017 through April 9, 2018, all of which had been reimbursed to the Former Advisors as of April 9, 2018. A contingent obligation for the balance of organization and offering costs, subject to reimbursement based on future gross proceeds raised assuming a reinstatement of the Company' s Offering, was approximately $5,000 as of April 30, 2018.

On April 30, 2018, the Company terminated its Offering and in conjunction therewith, the Former Advisors agreed to permanently waive their rights to receive reimbursement of approximately $5,000 of organization and offering expenses that they had incurred on the Company' s behalf. As such, as of September 30, 2019, the Company had no contingent obligations to reimburse its Former Advisors for organization and offering expenses.

Administrative Services Agreements

The Company was a party to an administrative services agreement with CNL, or the Former Administrative Services Agreement, under which CNL performed, or oversaw the performance of, various administrative services on behalf of the Company. Administrative services included investor services, general ledger accounting, fund accounting, maintaining required financial records, calculating the Company' s net asset value, filing tax returns, preparing and filing SEC reports, preparing, printing, and disseminating shareholder reports and generally overseeing the payment of the Company' s expenses and the performance of administrative and professional services rendered to the Company by others. The Company reimbursed CNL for administrative expenses it incurred in performing its obligations.

On April 9, 2018, the Company terminated the Former Administrative Services Agreement with CNL and concurrently entered into a new administrative services agreement with the Advisor, or the Administrative Services Agreement. Under the Administrative Services Agreement, the Advisor serves as the Company' s administrator. The terms of the Administrative Services Agreement, including the services to be provided by the Advisor as administrator and the amount of reimbursements to be paid by the Company for certain administrative expenses, are substantially the same as those under the Former Administrative Services Agreement.

Expense Support Agreements

The Company was a party to an expense support and conditional reimbursement agreement, as amended and restated, or the Former Expense Support Agreement, with the Former Advisors pursuant to which the Former Advisors jointly and severally agreed to pay to the Company some or all of its operating expenses, or an Expense Support Payment, for each month during the Former Expense Support Payment Period (as defined below) in which the Company' s board of trustees declared a distribution to its shareholders. Expense Support Payments were made in accordance with the terms of the Former Expense Support Agreement. The Expense Support Payment Period commenced on March 1, 2016 and terminated effective with the termination of the Former Expense Support Agreement on April 9, 2018. The amount of Expense Support Payments provided by the Former Advisors since inception was approximately $5,400. Effective April 30, 2018, the Former Advisors waived their right to reimbursement of such Expense Support Payments.

Note 4. Related Party Transactions (continued)

The Former Advisors were entitled to be reimbursed promptly by the Company, or a Reimbursement Payment, for Expense Support Payments made with respect to any class of common stock, subject to the limitation that no Reimbursement Payment may be made by the Company to the extent that it would cause the Company' s Other Operating Expenses (as defined in the Former Expense Support Agreement) for such class of common stock to exceed the lesser of (A) 1.75% of average net assets attributable to common shares on an annualized basis after taking such payment into account and (B) the percentage of average net assets attributable to shares of such class of common stock represented by Other Operating Expenses (as defined in the Former Expense Support Agreement) during the period in which such Expense Support Payment from the Former Advisors was made (provided, however, that this clause (B) did not apply to any Reimbursement Payment which related to an Expense Support Payment from the Former Advisors made during the same period).

Concurrently with the Company' s entry into the Investment Advisory Agreement and the Administrative Services Agreement, on April 9, 2018, the Company entered into a new expense support and conditional reimbursement agreement, or the Expense Support Agreement, which replaced the Former Expense Support Agreement. The Expense Support Agreement was substantially similar to the Former Expense Support Agreement.

On November 14, 2018, the Advisor announced that for any calendar month ending on or prior to September 30, 2019, it will defer the receipt of base management fees under the Investment Advisory Agreement if, and to the extent that, the Company' s distributions paid to the Company' s shareholders in the calendar month exceeds the sum of the Company' s investment company taxable income (as defined in Section 852 of the Internal Revenue Code of 1986, as amended, or the Code), net capital gains (as defined in Section 1222 of the Code) and dividends and other distributions paid to the Company on account of preferred and common equity investments in portfolio companies (to the extent such amounts were not included in net investment company taxable income or net capital gains) in the calendar month, or collectively, the Company' s distributable funds on a tax basis. The Advisor will only receive any deferred fees in a future calendar month if, and to the extent that, the Company' s distributable funds on a tax basis in the future calendar month exceeds the Company' s distributions paid to the Company' s shareholders in such month. In light of this commitment by the Advisor, the Expense Support Agreement was terminated on November 14, 2018. The Company' s conditional obligation to reimburse the Advisor pursuant to the terms of the Expense Support Agreement survived the termination of such agreement.

During the nine months ended September 30, 2019, the Advisor did not defer the receipt of any base management fees. As of September 30, 2019, there were no deferred base management fees subject to future payment by the Company.

(in thousands, except share and per share amounts)

Note 4. Related Party Transactions (continued)

The following table describes the fees and expenses accrued under the Investment Advisory Agreement, the Former Investment Advisory Agreement, the Administrative Services Agreement, the Former Administrative Services Agreement, the Expense Support Agreement and the Former Expense Support Agreement, as applicable, during the three and nine months ended September 30, 2019 and 2018:

			Three Months Ended September 30,		Nine Months Ended September 30,	
Related Party	**Source Agreement**	**Description**	**2019**	**2018**	**2019**	**2018**
CNL Securities Corp.	Managing Dealer Agreement	Up-front Selling Commissions and Dealer Manager Fees	$ –	$ –	$ –	$ 61
CNL Securities Corp.	Managing Dealer Agreement	Distribution and Shareholder Servicing Fees	$–	$–	$–	$376
CNL and KKR	Former Investment Advisory Agreement	Offering Costs	$–	$–	$–	$20
FS/KKR Advisor, CNL and KKR	Investment Advisory Agreement Former Investment Advisory Agreement	Base Management Fee(1)	$699	$724	$2,071	$2,295
FS/KKR Advisor, CNL and KKR	Investment Advisory Agreement Former Investment Advisory Agreement	Capital Gains Incentive Fee(2)	$–	$185	$–	$(79)
FS/KKR Advisor, CNL and KKR	Investment Advisory Agreement Former Investment Advisory Agreement	Subordinated Incentive Fee on Income(3)	$351	$–	$716	$–
FS/KKR Advisor and CNL	Administrative Services Agreement Former Administrative Services Agreement	Administrative Services Expenses(4)	$103	$–	$265	$364
FS/KKR Advisor, CNL and KKR	Expense Support Agreement Former Expense Support Agreement	Expense Support(1)	$–	$(44)	$–	$(625)

(1) During the nine months ended September 30, 2019, $1,902 of base management fees were paid to the Advisor and $165 of expense support payments due from the Advisor were used to offset management fees payable. As of September 30, 2019, $699 in base management fees were payable to the Advisor.

(2) During the nine months ended September 30, 2019 and 2018, no capital gains incentive fees were paid to the Advisor and/or Former Advisors. As of September 30, 2019, no capital gains incentive fees were payable to the Advisor.

(3) During the nine months ended September 30, 2019, $365 of subordinated incentive fees on income were paid to the Advisor. As of September 30, 2019, a subordinated incentive fee on income of $351 was payable to the Advisor.

(4) During the nine months ended September 30, 2019, $53 of the accrued administrative services expenses related to the allocation of costs of administrative personnel for services rendered to the Company by the Advisor, and the remainder

Note 4. Related Party Transactions (continued)

related to other reimbursable expenses, including reimbursement of fees related to transactional expenses for prospective investments, such as fees and expenses associated with performing due diligence reviews of investments that do not close, often referred to as "broken deal" costs. Broken deal costs were $11 and $16 for the nine months ended September 30, 2019 and 2018, respectively. The Company paid $236 in administrative services expenses to the Advisor during the nine months ended September 30, 2019.

Potential Conflicts of Interest

The members of the senior management and investment teams of the Advisor serve or may serve as officers, directors or principals of entities that operate in the same or a related line of business as the Company does, or of investment vehicles managed by the same personnel. For example, the Advisor is the investment adviser to FS KKR Capital Corp., FS Investment Corporation II, FS Investment Corporation III and FS Investment Corporation IV, or together with the Company, the Fund Complex, and the officers, managers and other personnel of the Advisor may serve in similar or other capacities for the investment advisers to future investment vehicles affiliated with FS Investments or KKR Credit Advisors (US) LLC, or KKR Credit. In serving in these multiple and other capacities, they may have obligations to other clients or investors in those entities, the fulfillment of which may not be in the Company' s best interests or in the best interest of the Company' s shareholders. The Company' s investment objectives may overlap with the investment objectives of such investment funds, accounts or other investment vehicles. For additional information regarding potential conflicts of interest, see the Company' s annual report on Form 10-K for the year ended December 31, 2018.

Exemptive Relief

As a BDC, the Company is subject to certain regulatory restrictions in making its investments. For example, BDCs generally are not permitted to co-invest with certain affiliated entities in transactions originated by the BDC or its affiliates in the absence of an exemptive order from the SEC. However, BDCs are permitted to, and may, simultaneously co-invest in transactions where price is the only negotiated term.

In an order dated April 3, 2018, or the SEC Exemptive Order, the SEC granted exemptive relief permitting the Company, subject to the satisfaction of certain conditions, to co-invest in certain privately negotiated investment transactions, including investments originated and directly negotiated by the Advisor or KKR Credit, with certain affiliates of the Advisor. The SEC Exemptive Order extended the co-investment exemptive order previously granted by the SEC to the Company in June 2017.

(in thousands, except share and per share amounts)

Note 5. Distributions

The following table reflects the cash distributions per share that the Company has declared on its common stock during the nine months ended September 30, 2019 and 2018:

For the Three Months Ended	Distribution Per Share	Distribution Amount
Fiscal 2018		
March 31, 2018	$ 0.14625	$1,868
June 30, 2018	0.14625	1,876
September 30, 2018	0.14625	1,839
Total	$0.43875	$5,583
Fiscal 2019		
March 31, 2019	$0.14625	$ 1,796
June 30, 2019	0.14625	1,787
September 30, 2019	0.14625	1,787
Total	$0.43875	$5,370

The Company currently intends to declare and pay regular cash distributions on a quarterly basis. On October 29, 2019, the Company' s board of trustees declared a regular quarterly cash distribution of $0.14625 per share, which will be paid on or about January 15, 2020 to shareholders of record as of the close of business on December 31, 2019. The timing and amount of any future distributions to shareholders are subject to applicable legal restrictions and the sole discretion of the Company' s board of trustees.

The Company has adopted a distribution reinvestment plan for its shareholders. As a result, if the Company makes a cash distribution, its shareholders who have elected to participate in the distribution reinvestment plan will have their cash distribution automatically reinvested in additional shares of the Company' s common stock. The Company has suspended the DRP with respect to any distributions with a record date between December 1, 2019 and the closing of the Mergers.

The Company may fund its cash distributions to shareholders from any sources of funds legally available to it, including proceeds from the sale of shares of the Company' s common stock, borrowings, net investment income from operations, capital gains proceeds from the sale of assets, non-capital gains proceeds from the sale of assets and dividends or other distributions paid to the Company on account of preferred and common equity investments in portfolio companies. The Company has not established limits on the amount of funds it may use from available sources to make distributions. During certain periods, the Company' s distributions may exceed its earnings. As a result, it is possible that a portion of the distributions the Company makes may represent a return of capital. A return of capital generally is a return of a stockholder' s investment rather than a return of earnings or gains derived from the Company' s investment activities. Each year a statement on Form 1099-DIV identifying the sources of the distributions (i.e., paid from ordinary income, paid from net capital gains on the sale of securities, and/or a return of capital, which is a nontaxable distribution) will be mailed to the Company' s shareholders. There can be no assurance that the Company will be able to pay distributions at a specific rate or at all.

Corporate Capital Trust II

Notes to Unaudited Financial Statements (continued)
(in thousands, except share and per share amounts)

Note 5. Distributions (continued)

The Company estimates that none of the distributions declared during the nine months ended September 30, 2019 would be classified as a tax basis return of capital. None of the distributions declared during the year ended December 31, 2018 were classified as a tax basis return of capital. As of September 30, 2019 and December 31, 2018, the Company had undistributed net investment income of $894 and $294, respectively.

The total and the sources of declared distributions on a GAAP basis for the nine months ended September 30, 2019 and 2018 are presented in the table below:

	Nine Months Ended September 30,					
	2019			2018		
	Per Share	Amount	Allocation	Per Share	Amount	Allocation
Net investment income	$ 0.44	$ 5,370	100.0%	$ 0.41	$ 5,176	92.7%
Net realized gains	–	–	–	0.02	300	5.4%
Distributions in excess of net investment income	–	–	–	0.01	107	1.9%
Total declared distributions	$0.44	$5,370	100.0%	$0.44	$ 5,583	100.0%

Net investment income includes Expense Support Payments of $625 which supported distributions during the nine months ended September 30, 2018. Sources of distributions, other than net investment income and realized gains on a GAAP basis, include (i) the ordinary income component of prior year tax basis undistributed earnings and (ii) required adjustments to GAAP net investment income and realized gains in the current period to determine taxable income available for distributions.

Note 6. Investment Portfolio

The following table summarizes the composition of the Company' s investment portfolio at cost and fair value as of September 30, 2019 and December 31, 2018:

	September 30, 2019 (Unaudited)			December 31, 2018		
	Amortized Cost(1)	Fair Value	Percentage of Portfolio	Amortized Cost(1)	Fair Value	Percentage of Portfolio
Senior Secured Loans–First Lien	$115,581	$ 109,376	58.4%	$97,236	$93,777	53.6%
Senior Secured Loans–Second Lien	36,360	35,506	18.9%	35,686	34,277	19.6%
Other Senior Secured Debt	7,200	6,993	3.7%	7,970	7,407	4.2%
Subordinated Debt	21,988	20,598	11.0%	31,499	28,918	16.5%
Asset Based Finance	9,187	10,520	5.6%	6,896	6,773	3.8%
Equity/Other	4,085	4,406	2.4%	4,078	4,014	2.3%
Total	$ 194,401	$187,399	100.0%	$ 183,365	$ 175,166	100.0%

(1) Amortized cost represents the original cost adjusted for the amortization of premiums and/or accretion of discounts, as applicable, on investments.

In general, under the 1940 Act, the Company would be presumed to "control" a portfolio company if it owned more than 25% of its voting securities or it had the power to exercise control over the management or

(in thousands, except share and per share amounts)

Note 6. Investment Portfolio (continued)

policies of such portfolio company, and would be an "affiliated person" of a portfolio company if it owned 5% or more of its voting securities. As of September 30, 2019 and December 31, 2018, the Company did not hold investments in any portfolio companies of which it is deemed to "control" or be an "affiliated person."

The Company' s investment portfolio may contain loans and other unfunded arrangements that are in the form of lines of credit, revolving credit facilities, delayed draw credit facilities or other investments, which require the Company to provide funding when requested by portfolio companies in accordance with the terms of the underlying agreements. As of September 30, 2019, the Company had unfunded debt investments with aggregate unfunded commitments of $4,284 and unfunded equity/other commitments of $7,562. As of December 31, 2018, the Company had unfunded debt investments with aggregate unfunded commitments of $1,804 and unfunded equity commitments of $9,531. The Company maintains sufficient cash on hand and available borrowings to fund such unfunded commitments should the need arise. See Note 10 for additional details regarding the Company' s unfunded commitments.

The table below describes investments by industry classification and enumerates the percentage, by fair value, of the total portfolio assets in such industries as of September 30, 2019 and December 31, 2018:

	September 30, 2019 (Unaudited)			December 31, 2018		
Industry Classification	**Fair Value**	**Percentage of Portfolio**		**Fair Value**	**Percentage of Portfolio**	
Automobiles & Components	$1,600	0.9	%	$1,502	0.9	%
Capital Goods	19,680	10.5	%	23,439	13.4	%
Commercial & Professional Services	15,478	8.3	%	14,372	8.2	%
Consumer Durables & Apparel	3,963	2.1	%	3,895	2.2	%
Consumer Services	11,422	6.1	%	9,718	5.5	%
Diversified Financials	3,513	1.9	%	1,748	1.0	%
Energy	825	0.4	%	1,552	0.9	%
Food & Staples Retailing	11,719	6.2	%	4,605	2.6	%
Food, Beverage & Tobacco	2,194	1.2	%	1,728	1.0	%
Health Care Equipment & Services	14,354	7.7	%	12,098	6.9	%
Insurance	5,084	2.7	%	4,933	2.8	%
Materials	12,537	6.7	%	17,977	10.3	%
Media & Entertainment	778	0.4	%	–	–	
Pharmaceuticals, Biotechnology & Life Sciences	4,833	2.6	%	1,451	0.8	%
Real Estate	1,369	0.7	%	–	–	
Retailing	20,678	11.0	%	19,082	10.9	%
Semiconductors & Semiconductor Equipment	3,329	1.8	%	3,346	1.9	%
Software & Services	36,241	19.3	%	34,907	19.9	%
Technology Hardware & Equipment	6,097	3.2	%	6,934	4.0	%
Telecommunication Services	1,075	0.6	%	449	0.3	%
Transportation	10,630	5.7	%	11,430	6.5	%
Total	$187,399	100.0	%	$175,166	100.0	%

(in thousands, except share and per share amounts)

Note 7. Financial Instruments

The following is a summary of the fair value and location of the Company' s derivative instruments in the balance sheets held as of September 30, 2019 and December 31, 2018:

		Fair Value	
Derivative Instrument	Statement Location	September 30, 2019 (Unaudited)	December 31, 2018
Foreign currency forward contracts	Unrealized appreciation on foreign currency forward contracts	$ 363	$457
Total		$ 363	$ 457

Net realized and unrealized gains and losses on derivative instruments recorded by the Company for the three and nine months ended September 30, 2019 and 2018 are in the following locations in the unaudited statements of operations:

		Net Realized Gains (Losses)			
		Three Months Ended September 30,		Nine Months Ended September 30,	
Derivative Instrument	Statement Location	2019	2018	2019	2018
Foreign currency forward contracts	Net realized gain (loss) on foreign currency forward contracts	$ –	$ –	$ –	$ (1)
Total		$–	$–	$–	$(1)

		Net Unrealized Gains (Losses)			
		Three Months Ended September 30,		Nine Months Ended September 30,	
Derivative Instrument	Statement Location	2019	2018	2019	2018
Foreign currency forward contracts	Net change in unrealized appreciation (depreciation) on foreign currency forward contracts	$ 63	$ (71)	$ (94)	$ 112
Total		$ 63	$ (71)	$ (94)	$ 112

Foreign Currency Forward Contracts

The Company may enter into foreign currency forward contracts from time to time to facilitate settlement of purchases and sales of investments denominated in foreign currencies and to economically hedge the impact that an adverse change in foreign exchange rates would have on the value of the Company' s investments denominated in foreign currencies. A foreign currency forward contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. These contracts are marked-to-market by recognizing the difference between the contract forward exchange rate and the forward market exchange rate on the last day of the period presented as unrealized appreciation or depreciation. Realized gains or losses are recognized when forward contracts are settled. Risks arise as a result of the potential inability of the counterparties to meet the terms of their contracts. The Company attempts to limit counterparty risk by only dealing with well-known counterparties.

(in thousands, except share and per share amounts)

Note 7. Financial Instruments (continued)

The Company was a party to two foreign currency forward contracts during the period which related to economic hedging of the Company' s foreign currency denominated debt investments. As of September 30, 2019 and December 31, 2018, the Company' s open foreign currency forward contracts were as follows:

Foreign Currency	Settlement Date	Counterparty	Notional Amount and Transaction	US$ Value at Settlement Date	US$ Value at September 30, 2019	Unrealized Appreciation
CAD	October 10, 2019	JP Morgan Chase Bank	C$ 5,690 Sold	$ 4,642	$ 4,296	$ 346
EUR	July 17, 2023	JP Morgan Chase Bank	107 Sold	144	127	17
Total				$4,786	$ 4,423	$363

Foreign Currency	Settlement Date	Counterparty	Notional Amount and Transaction	US$ Value at Settlement Date	US$ Value at December 31, 2018	Unrealized Appreciation
CAD	October 10, 2019	JP Morgan Chase Bank	C$ 5,690 Sold	$ 4,642	$ 4,191	$ 451
EUR	July 17, 2023	JP Morgan Chase Bank	107 Sold	144	138	6
Total				$4,786	$ 4,329	$457

The following table presents the Company' s derivative assets by counterparty, net of amounts available for offset under a master netting agreement and net of the related collateral received by the Company for assets as of September 30, 2019:

Counterparty	Derivative Assets Subject to Master Netting Agreement	Derivatives Available for Offset	Non-cash Collateral Received(1)	Cash Collateral Received(1)	Net Amount of Derivative Assets(2)
JP Morgan Chase Bank	$ 363	–	–	–	$ 363

(1) In some instances, the actual amount of the collateral received may be more than the amount shown due to overcollateralization.

(2) Net amount of derivative assets represents the net amount due from the counterparty to the Company in the event of default.

(in thousands, except share and per share amounts)

Note 7. Financial Instruments (continued)

As of September 30, 2019 and December 31, 2018, the combined contractual notional balance of the Company' s foreign currency forward contracts totaled $4,423 and $4,329, respectively, all of which related to hedging of the Company' s foreign currency denominated debt investments. The tables below display the Company' s foreign currency denominated debt investments and foreign currency forward contracts, summarized by foreign currency type as of September 30, 2019 and December 31, 2018:

	Debt Investments Denominated in Foreign Currencies As of September 30, 2019			Hedges As of September 30, 2019	
Foreign Currency	Par Value in Local Currency	Par Value in U.S. Dollars	Fair Value	Net Foreign Currency Hedge Amount in Local Currency	Net Foreign Currency Hedge Amount in U.S. Dollars
Australian Dollars	A$ 2,585	$ 1,732	$ 1,725	A$ –	$ –
Canadian Dollars	C$ 6,569	4,992	5,010	C$ 5,690	4,296
Euros	5,664	6,174	6,074	107	127
British Pound Sterling	£ 2,487	3,059	3,066	£ –	–
Total		$ 15,957	$ 15,875		$ 4,423

	Debt Investments Denominated in Foreign Currencies As of December 31, 2018			Hedges As of December 31, 2018	
Foreign Currency	Par Value in Local Currency	Par Value in U.S. Dollars	Fair Value	Net Foreign Currency Hedge Amount in Local Currency	Net Foreign Currency Hedge Amount in U.S. Dollars
Canadian Dollars	C$ 5,149	$ 3,759	$ 3,811	C$ 5,690	$ 4,191
Euros	3,289	3,782	3,718	107	138
British Pound Sterling	£ 378	484	485	£ –	–
Total		$8,025	$8,014		$ 4,329

Note 8. Fair Value of Financial Instruments

Under existing accounting guidance, fair value is defined as the price that the Company would receive upon selling an investment or pay to transfer a liability in an orderly transaction to a market participant in the principal or most advantageous market for the investment. This accounting guidance emphasizes valuation techniques that maximize the use of observable market inputs and minimize the use of unobservable inputs. Inputs refer broadly to the assumptions that market participants would use in pricing an asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances. The Company classifies the inputs used to measure these fair values into the following hierarchy as defined by current accounting guidance:

Level 1: Inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities.

(in thousands, except share and per share amounts)

Note 8. Fair Value of Financial Instruments (continued)

Level 2: Inputs that are quoted prices for similar assets or liabilities in active markets.

Level 3: Inputs that are unobservable for an asset or liability.

A financial instrument' s categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

As of September 30, 2019 and December 31, 2018, the Company' s investments were categorized as follows in the fair value hierarchy:

	September 30, 2019 (Unaudited)			
	Level 1	Level 2	Level 3	Total
Senior Secured Loans–First Lien	$–	$43,236	$66,140	$109,376
Senior Secured Loans–Second Lien	–	19,264	16,242	35,506
Other Senior Secured Debt	–	6,993	–	6,993
Subordinated Debt	–	19,332	1,266	20,598
Asset Based Finance	–	1	10,519	10,520
Equity/Other	1,495	–	2,911	4,406
Total Investments	$ 1,495	$ 88,826	$ 97,078	$ 187,399

	December 31, 2018			
	Level 1	Level 2	Level 3	Total
Senior Secured Loans–First Lien	$–	$44,151	$49,626	$93,777
Senior Secured Loans–Second Lien	–	21,397	12,880	34,277
Other Senior Secured Debt	–	7,407	–	7,407
Subordinated Debt	–	28,918	–	28,918
Asset Based Finance	–	–	6,773	6,773
Equity/Other	1,240	–	2,774	4,014
Total Investments	$ 1,240	$ 101,873	$ 72,053	$ 175,166

In addition, the Company had foreign currency forward contracts, as described in Note 7, which were categorized as Level 2 in the fair value hierarchy as of September 30, 2019 and December 31, 2018.

The Company' s investments consist primarily of debt investments that were acquired directly from the issuer. Debt investments, for which broker quotes are not available, are valued by independent valuation firms, which determine the fair value of such investments by considering, among other factors, the borrower' s ability to adequately service its debt, prevailing interest rates for like investments, expected cash flows, call features, anticipated repayments and other relevant terms of the investments. Except as described below, all of the Company' s equity/other investments are also valued by independent valuation firms, which determine the fair value of such investments by considering, among other factors, contractual rights ascribed to such investments,

(in thousands, except share and per share amounts)

Note 8. Fair Value of Financial Instruments (continued)

as well as various income scenarios and multiples of earnings before interest, taxes, depreciation and amortization, or EBITDA, cash flows, net income, revenues or, in limited instances, book value or liquidation value. An investment that is newly issued and purchased near the date of the financial statements is valued at cost if the Company' s board of trustees determines that the cost of such investment is the best indication of its fair value. Such investments described above are typically classified as Level 3 within the fair value hierarchy. Investments that are traded on an active public market are valued at their closing price as of the date of the financial statements and are classified as Level 1 within the fair value hierarchy. Except as described above, the Company typically values its other investments by using the midpoint of the prevailing bid and ask prices from dealers on the date of the relevant period end, which are provided by independent third-party pricing services and screened for validity by such services and are typically classified as Level 2 within the fair value hierarchy.

The Company periodically benchmarks the bid and ask prices it receives from the third-party pricing services and/or dealers and independent valuation firms as applicable, against the actual prices at which the Company purchases and sells its investments. Based on the results of the benchmark analysis and the experience of the Company' s management in purchasing and selling these investments, the Company believes that these prices are reliable indicators of fair value. The audit committee for valuation of the Company' s board of trustees, or the audit committee, and the board of trustees reviewed and approved the valuation determinations made with respect to these investments in a manner consistent with the Company' s valuation policy.

The following tables provide reconciliations for the nine months ended September 30, 2019 and 2018 of investments for which significant unobservable inputs (Level 3) were used in determining fair value:

	For the Nine Months Ended September 30, 2019					
	Senior Secured Loans–First Lien	Senior Secured Loans–Second Lien	Subordinated Debt	Asset Based Finance	Equity/Other	Total
Fair value at beginning of period	$ 49,626	$ 12,880	$–	$ 6,773	$ 2,774	$ 72,053
Purchases	19,611	4,756	1,258	3,826	7	29,458
Paid-in-kind interest	125	51	–	–	–	176
Net realized gain (loss)	(50)	2	–	(171)	–	(219)
Net change in unrealized appreciation (depreciation)	(187)	(165)	8	1,469	130	1,255
Sales and repayments	(3,070)	(1,295)	–	(1,378)	–	(5,743)
Net discount accretion	85	13	–	–	–	98
Net transfers in or out of Level 3	–	–	–	–	–	–
Fair value at end of period	$ 66,140	$ 16,242	$ 1,266	$ 10,519	$ 2,911	$ 97,078
The amount of total gains or losses for the period included in changes in net assets attributable to the change in unrealized gains or losses relating to investments still held at the reporting date	$ (201)	$ (155)	$ 8	$ 1,349	$ 130	$ 1,131

Corporate Capital Trust II

Notes to Unaudited Financial Statements (continued)
(in thousands, except share and per share amounts)

Note 8. Fair Value of Financial Instruments (continued)

	For the Nine Months Ended September 30, 2018				
	Senior Secured Loans–First Lien	Senior Secured Loans–Second Lien	Asset Based Finance	Equity/Other	Total
Fair value at beginning of period	$ 27,061	$ 4,964	$ 2,682	$ 2,814	$ 37,521
Purchases	20,342	7,157	4,462	–	31,961
Paid-in-kind interest	54	21	–	–	75
Net realized gain (loss)	(6)	–	–	–	(6)
Net change in unrealized appreciation (depreciation)	(333)	(58)	(126)	(17)	(534)
Sales and repayments	(1,462)	(654)	(1,166)	–	(3,282)
Net discount accretion	96	17	–	–	113
Net transfers in or out of Level 3	–	–	–	–	–
Fair value at end of period	$ 45,752	$ 11,447	$ 5,852	$ 2,797	$ 65,848
The amount of total gains or losses for the period included in changes in net assets attributable to the change in unrealized gains or losses relating to investments still held at the reporting date	$ (329)	$ (52)	$ (126)	$ (17)	$ (524)

(in thousands, except share and per share amounts)

Note 8. Fair Value of Financial Instruments (continued)

The valuation techniques and significant unobservable inputs used in recurring Level 3 fair value measurements as of September 30, 2019 and December 31, 2018 were as follows:

Type of Investment	Fair Value at September 30, 2019(1) (Unaudited)	Valuation Technique(2)	Unobservable Input	Range (Weighted Average)(3)	Impact to Valuation from an Increase in Input(4)
Senior Debt	$ 77,290	Discounted Cash Flow	Discount Rate	6.50% - 16.43% (9.15%)	Decrease
	5,092	Cost			
Subordinated Debt	1,266	Discounted Cash Flow	Discount Rate	13.18% - 13.18% (13.18%)	Decrease
Asset Based Finance	8,834	Discounted Cash Flow	Discount Rate	7.80% - 12.90% (11.96%)	Decrease
	877	Cost			
	795	Other(5)			
	13	Waterfall	EBITDA Multiple	1.36x - 1.36x (1.36x)	Increase
Equity/Other	2,795	Discounted Cash Flow	Discount Rate	12.78% - 12.78% (12.78%)	Decrease
	116	Waterfall	EBITDA Multiple	8.80x - 9.30x (9.27x)	Increase
Total	$ 97,078				

Type of Investment	Fair Value at December 31, 2018(1)	Valuation Technique(2)	Unobservable Input	Range (Weighted Average)(3)	Impact to Valuation from an Increase in Input(4)
Senior Debt	$ 56,933	Discounted Cash Flow	Discount Rate	7.68% - 15.55% (10.90%)	Decrease
	5,573	Cost	Cost	N/A	N/A
Asset Based Finance	975	Discounted Cash Flow	Discount Rate	10.96% (10.96%)	Decrease
	5,798	Cost	Cost	N/A	N/A
Equity/Other	2,682	Discounted Cash Flow	Discount Rate	15.59% (15.59%)	Decrease
	92	Market Comparables	Illiquidity Discount	10.00% (10.00%)	Decrease
Total	$ 72,053				

(1) Certain investments may be valued at cost for a period of time after an acquisition as the best indicator of fair value.

(2) For the assets and investments that have more than one valuation technique, the Company may rely on the stated techniques individually or in the aggregate based on a weight ascribed to each valuation technique, ranging from 0 - 100%. Indicative dealer quotes obtained for valuation purposes are reviewed by the Company relative to other valuation techniques.

(3) Weighted average amounts are based on the estimated fair values.

(in thousands, except share and per share amounts)

Note 8. Fair Value of Financial Instruments (continued)

(4) This column represents the directional change in the fair value of the Level 3 investments that would result from an increase to the corresponding unobservable input. A decrease to the input would have the opposite effect. Significant changes in these inputs in isolation could result in significantly higher or lower fair value measurements.

(5) Fair value based on expected outcome of proposed corporate transactions and/or other factors.

Note 9. Financing Arrangements

On July 14, 2017, the Company entered into a senior secured revolving credit agreement, or as amended, the Credit Agreement. The Credit Agreement provides for a revolving credit facility, or the Revolving Credit Facility, consisting of loans to be made in dollars and other foreign currencies in an initial aggregate principal amount of $70,000, which was increased to $82,000 on June 11, 2018. Availability under the Revolving Credit Facility will terminate on December 31, 2019, and the outstanding loans under the Revolving Credit Facility will mature on July 14, 2020.

Under the Revolving Credit Facility, the Company has made certain representations and warranties and is required to comply with various covenants, reporting requirements and other customary requirements for similar revolving credit facilities. The Company was in compliance with all covenants required by the Revolving Credit Facility as of September 30, 2019 and December 31, 2018.

As of September 30, 2019 and December 31, 2018, the principal amount outstanding on the Revolving Credit Facility was approximately $79,728 and $73,933, respectively. Of the $79,728 principal outstanding as of September 30, 2019, approximately $1,720, $642, $6,342 and $1,624 were denominated in Australian dollars, Canadian dollars, Euros and British pound sterling, respectively. Of the $73,933 principal outstanding as of December 31, 2018, approximately $73, $3,770 and $440 were denominated in Canadian dollars, Euros and British pound sterling, respectively.

The components of interest expense, average interest rates (i.e., base interest rate in effect plus the spread) and average outstanding balances for the Revolving Credit Facility for the three and nine months ended September 30, 2019 and 2018 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Interest expense	$978	$943	$2,982	$2,226
Unused commitment fees	4	6	14	44
Amortization of deferred financing costs	27	28	81	80
Total interest expense	$1,009	$977	$3,077	$2,350
Weighted average interest rate(1)	4.9%	4.9%	5.1%	4.8%
Average borrowings	$ 79,095	$ 76,773	$ 78,310	$ 63,183

(1) Weighted average interest rates include the effect of unused commitment fees.

The weighted average effective interest rate and weighted average remaining years to maturity of the Company' s outstanding borrowings as of September 30, 2019 were approximately 4.6% and 0.8 years, respectively.

(in thousands, except share and per share amounts)

Note 10. Commitments and Contingencies

The Company enters into contracts that contain a variety of indemnification provisions. The Company' s maximum exposure under these arrangements is unknown; however, the Company has not had prior claims or losses pursuant to these contracts. The Advisor has reviewed the Company' s existing contracts and expects the risk of loss to the Company to be remote.

The Company is not currently subject to any material legal proceedings and, to the Company' s knowledge, no material legal proceedings are threatened against the Company. From time to time, the Company may be a party to certain legal proceedings in the ordinary course of business, including proceedings relating to the enforcement of the Company' s rights under contracts with its portfolio companies. While the outcome of these legal proceedings cannot be predicted with certainty, the Company does not expect that any such proceedings will have a material effect upon its financial condition or results of operations.

As of September 30, 2019, the Company had a contingent obligation to reimburse the Advisor for expense support payments of $165. On April 30, 2018, the Former Advisors agreed to permanently waive the Company' s obligation to reimburse the Former Advisors approximately $5,400 in expense support payments not previously reimbursed under the Former Expense Support Agreement and approximately $5,000 of organization and offering expenses that they had incurred on the Company' s behalf. As such, as of September 30, 2019, the Company had no contingent obligations to reimburse its Former Advisors for expense support and organization and offering expenses. See Note 4 for further detail of the agreements with the Advisor and the Former Advisors.

Unfunded commitments to provide funds to portfolio companies are not recorded in the Company' s balance sheets. Since these commitments may expire without being drawn upon, the total commitment amount does not necessarily represent future cash requirements. The Company has sufficient liquidity to fund these commitments. As of September 30, 2019, the Company' s unfunded commitments consisted of the following:

Category / Company(1)	Commitment Amount
Senior Secured Loans–First Lien	
Apex Group Limited	$87
Conservice LLC	65
Conservice LLC	56
Eagle Family Foods Inc	91
Entertainment Benefits Group LLC	92
ID Verde	322
J S Held LLC	141
J S Held LLC	328
Lipari Foods LLC	973
Monitronics International Inc	1,162
Revere Superior Holdings, Inc	347
SMART Global Holdings Inc	96
Asset Based Finance	
Home Partners JV, Structured Mezzanine	524
Total	$4,284
Unfunded equity/other commitments	$ 7,562

(1) May be commitments to one or more entities affiliated with the named company.

Note 10. Commitments and Contingencies (continued)

As of September 30, 2019, the Company' s unfunded debt commitments have a fair value representing unrealized appreciation (depreciation) of $7. The Company funds its equity/other investments as it receives funding notices from the portfolio companies. As of September 30, 2019, the Company' s unfunded equity/other commitments have a fair value of zero.

In the normal course of business, the Company may enter into guarantees on behalf of portfolio companies. Under such arrangements, the Company would be required to make payments to third parties if the portfolio companies were to default on their related payment obligations. The Company had no such guarantees outstanding as of September 30, 2019 and December 31, 2018.

(in thousands, except share and per share amounts)

Note 11. Financial Highlights

The following is a schedule of financial highlights of the Company for the nine months ended September 30, 2019 and 2018:

	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Per Share Data:(1)		
Net asset value, beginning of period	$ 8.55	$ 9.20
Results of operations(2)		
Net investment income, before expense support	0.49	0.36
Expense support	–	0.05
Net investment income	0.49	0.41
Net realized gain (loss) and unrealized appreciation (depreciation)	0.00	(0.03)
Net increase (decrease) in net assets resulting from operations	0.49	0.38
Shareholder distributions(3)		
Distributions from net investment income	(0.44)	(0.41)
Distributions from net realized gains	–	(0.02)
Distributions in excess of net investment income(4)	–	(0.01)
Net decrease in net assets resulting from shareholder distributions	(0.44)	(0.44)
Issuance of common stock(5)	0.01	0.00
Repurchases of common stock(6)	(0.01)	0.00
Net increase (decrease) in net assets resulting from capital share transactions	0.00	0.00
Net asset value, end of period	$ 8.60	$ 9.14
Total return based on net asset value(7)	5.77%	4.16%
Ratio/Supplemental Data:		
Net assets, end of period	$ 105,834	$ 115,542
Average net assets(8)	$ 106,804	$ 116,916
Average borrowings(8)	$ 78,310	$ 63,183
Shares outstanding, end of period	12,302,271	12,640,594
Weighted average shares outstanding	12,260,166	12,733,097
Ratios to average net assets:(8)		
Total operating expenses before expense support	7.50%	6.18%
Total operating expenses after expense support	7.50%	5.64%
Net investment income	5.59%	4.43%
Portfolio turnover	18%	34%
Total amount of senior securities outstanding, exclusive of treasury securities	$ 79,728	$ 75,471
Asset coverage per unit(9)	2.33	2.53

(1) Per share data may be rounded in order to recompute the ending net asset value per share.

(2) The per share data was derived by using the weighted average shares outstanding during the applicable period.

(3) The per share data for distributions is the actual amount of distributions paid or payable per share of common stock outstanding during the entire period; distributions per share are rounded to the nearest $0.01.

(4) See Note 5 for further information on the source of distributions from other than net investment income and realized gains.

Note 11. Financial Highlights (continued)

(5) The issuance of common stock on a per share basis reflects the incremental net asset value changes as a result of the issuance of shares of common stock in the Company' s continuous public offering and pursuant to the DRP. The issuance of common stock at a price, net of selling commissions and dealer manager fees, that is greater than the net asset value per share results in an increase in net asset value per share. The per share impact of the Company' s DRP is an increase to the net asset value of less than $0.01 per share during the nine months ended September 30, 2018.

(6) The per share impact of the Company' s repurchases of common stock reflects a change in net asset value of less than $0.01 per share during the nine months ended September 30, 2018.

(7) The total return based on net asset value is a measure of the change in total value for shareholders who held the Company' s common stock at the beginning and end of the period, including distributions declared during the period. Total return based on net asset value is based on (i) net asset value per share on the first day of the period, (ii) the net asset value per share on the last day of the period, of (A) one share plus (B) any fractional shares issued in connection with the reinvestment of monthly or quarterly distributions, and (iii) distributions payable relating to one share, if any, on the last day of the period. The total return based on net asset value calculation assumes that (i) monthly or quarterly cash distributions are reinvested in accordance with the Company' s distribution reinvestment plan and (ii) the fractional shares issued pursuant to the distribution reinvestment plan are issued at the then current public offering price, net of sales load, on each monthly or quarterly distribution payment date. Since there is no public market for the Company' s shares, terminal market value per share is assumed to be equal to net asset value per share on the last day of the period presented. The Company' s performance changes over time and currently may be different than that shown above. Past performance is no guarantee of future results. Investment performance is presented without regard to sales load that may be incurred by shareholders in the purchase of the Company' s shares of common stock. Total return is not annualized.

(8) The computation of average net assets and average borrowings during the period is based on the daily value of net assets and borrowing balances, respectively.

(9) Asset coverage per unit is the ratio of the carrying value of the Company' s total assets, less liabilities and indebtedness not represented by senior securities, to the aggregate amount of senior securities representing indebtedness.

Note 12. Fund Mergers

On May 31, 2019, the Funds entered into the Merger Agreement with Merger Sub 1, Merger Sub 2, Merger Sub 3 and the Advisor. The Merger Agreement provides that, subject to the conditions set forth in the Merger Agreement, (i) Merger Sub 1 will merge with and into FSIC III, with FSIC III continuing as the surviving company and as a wholly-owned subsidiary of FSIC II, and, immediately thereafter, FSIC III will merge with and into FSIC II, with FSIC II continuing as the surviving company, (ii) Merger Sub 2 will merge with and into the Company, with the Company continuing as the surviving company and as a wholly-owned subsidiary of FSIC II, and, immediately thereafter, the Company will merge with and into FSIC II, with FSIC II continuing as the surviving company and (iii) Merger Sub 3 will merge with and into FSIC IV, with FSIC IV continuing as the surviving company and as a wholly-owned subsidiary of FSIC II, and, immediately thereafter, FSIC IV will merge with and into FSIC II, with FSIC II continuing as the surviving company. The parties to the Merger Agreement intend the Mergers to be treated as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended.

In the Mergers, each share of FSIC III common stock, the Company' s common stock and FSIC IV common stock issued and outstanding immediately prior to the effective time of Merger 1A, Merger 2A and Merger 3A, respectively, will be converted into the right to receive a number of shares of FSIC II common stock equal to an exchange ratio with respect to the applicable Merger, to be determined in connection with the closing of such Merger, or each, the applicable Exchange Ratio. The Exchange Ratio for each of Merger 1A, Merger 2A and

Note 12. Fund Mergers (continued)

Merger 3A will equal the net asset value per share of FSIC III common stock, the Company' s common stock and FSIC IV common stock, respectively (determined, in each case, no earlier than 48 hours (excluding Sundays and holidays) prior to the closing date of the applicable Merger), divided by the net asset value per share of FSIC II common stock (determined, in each case, no earlier than 48 hours (excluding Sundays and holidays) prior to the closing date of the applicable Merger).

Consummation of the Mergers, which is currently anticipated to occur during the fourth quarter of 2019, is subject to certain closing conditions, including (1) requisite approvals of the applicable Funds' stockholders, (2) certain required charter amendments for each of the Funds, (3) the absence of certain legal impediments to the consummation of the Mergers, (4) effectiveness of the registration statement on Form N-14, which includes a joint proxy statement of the Funds and a prospectus of FSIC II, and (5) subject to certain exceptions, the accuracy of the representations and warranties and compliance with the covenants of each party to the Merger Agreement. Merger 1A (involving a wholly-owned subsidiary of FSIC II and FSIC III) is a condition precedent to each of the Mergers. Therefore, Merger 2A (including a wholly-owned subsidiary of FSIC II and the Company) will not occur unless Merger 1A also occurs. No other Merger is a condition precedent to any other Merger.

The Merger Agreement also contains certain termination rights in favor of each Fund including if the Mergers are not completed on or before May 31, 2020 or if the requisite approvals of the applicable Funds' stockholders are not obtained.

On November 6, 2019, each of the Funds held its annual stockholder meeting at which stockholders voted on the applicable Mergers, the Recapitalization Transactions and certain other proposals. The stockholders of each of the Funds approved the applicable Mergers and the Recapitalization Transaction, but each of the FSIC II, FSIC III and FSIC IV adjourned its respective annual stockholder meeting until November 22, 2019 with respect to certain other proposals, including proposals necessary to consummate the Mergers and the Recapitalization Transaction. The stockholders of the Company approved all proposals necessary to consummate the Mergers and the Recapitalization Transaction.

Item 2. Management' s Discussion and Analysis of Financial Condition and Results of Operations. (in thousands, except share and per share amounts)

The information contained in this section should be read in conjunction with our financial statements and related notes thereto appearing elsewhere in this quarterly report on Form 10-Q. In this report, "we," "us," "our" and the "Company" refer to Corporate Capital Trust II.

Forward-Looking Statements

Some of the statements in this quarterly report on Form 10-Q constitute forward-looking statements because they relate to future events or our future performance or financial condition. The forward-looking statements contained in this quarterly report on Form 10-Q may include statements as to:

- our future operating results;
- our business prospects and the prospects of the companies in which we may invest;
- the impact of the investments that we expect to make;
- the ability of our portfolio companies to achieve their objectives;
- our current and expected financings and investments;
- receiving and maintaining corporate credit ratings and changes in the general interest rate environment;
- the adequacy of our cash resources, financing sources and working capital;
- the timing and amount of cash flows, distributions and dividends, if any, from our portfolio companies;
- our contractual arrangements and relationships with third parties;
- actual and potential conflicts of interest with the other funds in the Fund Complex, their respective current or future investment advisers or any of their affiliates;
- the dependence of our future success on the general economy and its effect on the industries in which we may invest;
- our use of financial leverage;
- the ability of the Advisor to locate suitable investments for us and to monitor and administer our investments;
- the ability of the Advisor or its affiliates to attract and retain highly talented professionals;
- our ability to maintain our qualification as a RIC and as a BDC;
- the impact on our business of the Dodd-Frank Act, and the rules and regulations issued thereunder;
- the effect of changes to tax legislation on us and the portfolio companies in which we may invest and our and their tax position;
- the tax status of the enterprises in which we may invest; and
- the Mergers, the likelihood the Mergers are completed and the anticipated timing of their completion.

In addition, words such as "anticipate," "believe," "expect" and "intend" indicate a forward-looking statement, although not all forward-looking statements include these words. The forward-looking statements contained in this quarterly report on Form 10-Q involve risks and uncertainties. Our actual results could differ materially from those implied or expressed in the forward-looking statements for any reason. Factors that could cause actual results to differ materially include:

- changes in the economy;

risks associated with possible disruption in our operations or the economy generally due to terrorism or natural disasters; and

future changes in laws or regulations and conditions in our operating areas.

We have based the forward-looking statements included in this quarterly report on Form 10-Q on information available to us on the date of this quarterly report on Form 10-Q. Except as required by the federal securities laws, we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise. Shareholders are advised to consult any additional disclosures that we may make directly to shareholders or through reports that we may file in the future with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. The forward-looking statements and projections contained in this quarterly report on Form 10-Q are excluded from the safe harbor protection provided by Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Exchange Act.

Overview

We are a non-diversified, closed-end management investment company that has elected to be treated as a BDC under the 1940 Act and has elected to be treated for U.S. federal income tax purposes, and intends to qualify annually, as a RIC under Subchapter M of the Code. We commenced operations on March 1, 2016 when we satisfied our minimum offering requirement. Formed as a Delaware statutory trust on August 12, 2014, we were externally managed by our Former Advisors through April 8, 2018 under the Former Investment Advisory Agreement and the Former Administrative Services Agreement.

On April 9, 2018, we entered into the Investment Advisory Agreement with the Advisor. The Investment Advisory Agreement replaced the Former Investment Advisory Agreement with KKR and CNL. In addition, we entered into the Administrative Services Agreement, which replaced the Former Administrative Services Agreement between us and CNL.

Through April 8, 2018, our Former Advisors were, and commencing April 9, 2018, our Advisor is responsible for sourcing potential investments, conducting due diligence on prospective investments, analyzing investment opportunities, structuring investments, determining the securities and other assets that we purchase, retain or sell and monitoring our portfolio on an ongoing basis, as well as providing the administrative services necessary for our company to operate. Our Former Advisors were, and our Advisor is, registered as investment advisers with the SEC.

Our investment objectives are to generate current income and, to a lesser extent, long-term capital appreciation. We pursue our investment objective by investing primarily in the debt of middle market U.S. companies with a focus on originated transactions sourced through the network of the Advisor and its affiliates. We define direct originations as any investment where the Advisor or its affiliates negotiates the terms of the transaction beyond just the price, which, for example, may include negotiating financial covenants, maturity dates or interest rate terms. These directly originated transactions include participation in other originated transactions where there may be third parties involved, or a bank acting as an intermediary, for a closely held club, or similar transactions.

Our portfolio is comprised primarily of investments in senior secured loans and second lien secured loans of private middle market U.S. companies and, to a lesser extent, subordinated loans of private U.S. companies. Although we do not expect a significant portion of our portfolio to be comprised of subordinated loans, there is no limit on the amount of such loans in which we may invest. We may purchase interests in loans or make other debt investments, including investments in senior secured bonds, through secondary market transactions in the OTC market or directly from our target companies as primary market or directly originated investments. In connection with our debt investments, we may on occasion receive equity interests such as warrants or options as additional consideration. We may also purchase or otherwise acquire interests in the form of common or preferred equity or equity-related securities, such as rights and warrants that may be converted into or exchanged for common stock or other equity or the cash value of common stock or other equity, in our target companies, generally in conjunction with one of our debt investments, including through the restructuring of such investments, or through a co-investment with a financial sponsor, such as an institutional investor or private equity firm. In addition, a portion of our portfolio may be comprised of corporate bonds, structured products, other debt securities and derivatives, including total return swaps and credit default swaps. The Advisor will seek to tailor our investment focus as market conditions evolve. Depending on market conditions, we may increase or decrease our exposure to less senior portions of the capital structure or otherwise make opportunistic investments, such as where the market price of loans, bonds or other securities reflects a lower value than deemed warranted by the Advisor' s fundamental analysis, which may occur due to general dislocations in the markets, a misunderstanding by the market of a particular company or an industry being out of favor with the broader investment community and may include event driven investments, anchor orders and structured products.

The senior secured loans, second lien secured loans and senior secured bonds in which we invest generally have stated terms of three to seven years and subordinated debt investments that we make generally have stated terms of up to ten years, but the expected average life of such securities is generally between three and seven years. However, there is no limit on the maturity or duration of any security in our portfolio. Our debt investments may be rated by a NRSRO and, in such case, generally will carry a rating below investment grade (rated lower than "Baa3" by Moody' s or lower than "BBB-" by S&P). We also invest in non-rated debt securities.

Revenues

The principal measure of our financial performance is net increase in net assets resulting from operations, which includes net investment income, net realized gain or loss on investments, net realized gain or loss on foreign currency, net unrealized appreciation or depreciation on investments and net unrealized gain or loss on foreign currency. Net investment income is the difference between our income from interest, dividends, fees and other investment income and our operating and other expenses. Net realized gain or loss on investments is the difference between the proceeds received from dispositions of portfolio investments and their amortized cost, including the respective realized gain or loss on foreign currency for those foreign denominated investment transactions. Net realized gain or loss on foreign currency is the portion of realized gain or loss attributable to foreign currency fluctuations. Net unrealized appreciation or depreciation on investments is the net change in the fair value of our investment portfolio, including the respective unrealized gain or loss on foreign currency for those foreign denominated investments. Net unrealized gain or loss on foreign currency is the net change in the value of receivables or accruals due to the impact of foreign currency fluctuations.

We principally generate revenues in the form of interest income on the debt investments we hold. In addition, we may generate revenues in the form of non-recurring commitment, closing, origination, structuring or diligence fees, monitoring fees, fees for providing managerial assistance, consulting fees, prepayment fees and performance-based fees. We may also generate revenues in the form of dividends and other distributions on the equity or other securities we hold.

Expenses

Our primary operating expenses include the payment of management and incentive fees and other expenses under the Investment Advisory Agreement and the Administrative Services Agreement, interest expense from financing arrangements and other indebtedness, and other expenses necessary for our operations. The management and incentive fees compensate the Advisor for its work in identifying, evaluating, negotiating, executing, monitoring and servicing our investments.

The Advisor oversees our day-to-day operations, including the provision of general ledger accounting, fund accounting, legal services, investor relations, certain government and regulatory affairs activities, and other administrative services. The Advisor also performs, or oversees the performance of, our corporate operations and required administrative services, which includes being responsible for the financial records that we are required to maintain and preparing reports for our stockholders and reports filed with the SEC. In addition, the Advisor assists us in calculating our net asset value, overseeing the preparation and filing of tax returns and the printing and dissemination of reports to our stockholders, and generally overseeing the payment of our expenses and the performance of administrative and professional services rendered to us by others.

Pursuant to the Administrative Services Agreement, we reimburse the Advisor for expenses necessary to perform services related to our administration and operations, including the Advisor' s allocable portion of the compensation and related expenses of certain personnel of FS Investments and KKR Credit providing administrative services to us on behalf of the Advisor. We reimburse the Advisor quarterly for expenses necessary to perform services related to our administration and operations. The amount of this reimbursement is set at the lesser of (1) the Advisor' s actual costs incurred in providing such services and (2) the amount that we estimate we would be required to pay alternative service providers for comparable services in the same geographic location. The Advisor allocates the cost of such services to us based on factors such as total assets, revenues, time allocations and/or other reasonable metrics. Our board of trustees reviews the methodology employed in determining how the expenses are allocated to us and the proposed allocation of administrative expenses among us and certain affiliates of the Advisor and assesses the reasonableness of such reimbursements.

We bear all other expenses of our operations and transactions, including all other expenses incurred by the Advisor in performing services for us and administrative personnel paid by FS Investments and KKR Credit.

In addition, we have contracted with State Street Bank and Trust Company to provide various accounting and administrative services, including, but not limited to, preparing preliminary financial information for review by the Advisor, preparing and monitoring expense budgets, maintaining accounting and corporate books and records, processing trade information provided by us and performing testing with respect to RIC compliance.

Pending Merger with FSIC II

On May 31, 2019, the Funds, Merger Sub 1, Merger Sub 2, Merger Sub 3 and the Advisor entered into the Merger Agreement. The Merger Agreement provides that, subject to the conditions set forth in the Merger Agreement, (i) Merger Sub 1 will merge with and into FSIC III, with FSIC III continuing as the surviving company and as a wholly-owned subsidiary of FSIC II, and, immediately thereafter, FSIC III will merge with and into FSIC II, with FSIC II continuing as the surviving company, (ii) Merger Sub 2 will merge with and into the Company, with the Company continuing as the surviving company and as a wholly-owned subsidiary of FSIC II, and, immediately thereafter, the Company will merge with and into FSIC II, with FSIC II continuing as the surviving company, and (iii) Merger Sub 3 will merge with and into FSIC IV, with FSIC IV continuing as the surviving company and as a wholly-owned subsidiary of FSIC II, and, immediately thereafter, FSIC IV will merge with and into FSIC II, with FSIC II continuing as the surviving company. See Note 12 for additional information. The parties to the Merger Agreement intend the Mergers to be treated as a "reorganization" within the meaning of Section 368(a) of the Code.

In the Mergers, each share of FSIC III common stock, the Company' s common stock and FSIC IV common stock issued and outstanding immediately prior to the effective time of Merger 1A, Merger 2A and Merger 3A, respectively, will be converted into the right to receive a number of shares of FSIC II common stock equal to the applicable Exchange Ratio. The Exchange Ratio for each of Merger 1A, Merger 2A and Merger 3A will equal the net asset value per share of FSIC III common stock, the Company' s common stock and FSIC IV common stock, respectively (determined, in each case, no earlier than 48 hours (excluding Sundays and holidays) prior to the closing date of the applicable Merger), divided by the net asset value per share of FSIC II common stock (determined, in each case, no earlier than 48 hours (excluding Sundays and holidays) prior to the closing date of the applicable Merger).

The Merger Agreement contains representations, warranties and covenants, including, among others, covenants relating to the operation of each of the Funds' and the Advisor's businesses during the period prior to the closing of the Mergers. The Funds have agreed to convene and hold meetings of their respective stockholders for the purpose of obtaining the required approvals of the Funds' stockholders, respectively, and have agreed to recommend that their stockholders approve their respective proposals.

The Merger Agreement provides that the board of directors or trustees of each Fund may not solicit proposals relating to alternative transactions, or, subject to certain exceptions, enter into discussions or negotiations or provide information in connection with any proposal for an alternative transaction. However, each of the Funds may, subject to certain conditions, change its recommendation to its respective stockholders, terminate the Merger Agreement and enter into an agreement with respect to a superior alternative proposal if the board of directors or trustees of such Fund determines in its reasonable good faith judgment, after consultation with its outside legal counsel, that the failure to take such action would be reasonably likely to breach its standard of conduct under applicable law (taking into account any changes to the Merger Agreement proposed by the other Funds).

Consummation of the Mergers, which is currently anticipated to occur during the fourth quarter of 2019, is subject to certain closing conditions, including (1) requisite approvals of the Funds' stockholders, (2) certain required charter amendments for each of the Funds, (3) the absence of certain legal impediments to the consummation of the Mergers, (4) effectiveness of the registration statement on Form N-14, which includes a joint proxy statement of FSIC II, FSIC III, the Company and FSIC IV, and a prospectus of FSIC II, and (5) subject to certain exceptions, the accuracy of the representations and warranties and compliance with the covenants of each party to the Merger Agreement. Merger 1A (involving a wholly-owned subsidiary of FSIC II and FSIC III) is a condition precedent to each of the Mergers. Therefore, Merger 2A (including a wholly-owned subsidiary of FSIC II and the Company) will not occur unless Merger 1A also occurs. No other Merger is a condition precedent to any other Merger.

The Merger Agreement also contains certain termination rights in favor of each Fund including if the Mergers are not completed on or before May 31, 2020 or if the requisite approvals of the applicable Funds' stockholders are not obtained.

On November 6, 2019, each of the Funds held its annual stockholder meeting at which stockholders voted on the applicable Mergers, the Recapitalization Transactions and certain other proposals. The stockholders of each of the Funds approved the applicable Mergers and the Recapitalization Transaction, but each of the FSIC II, FSIC III and FSIC IV adjourned its respective annual stockholder meeting until November 22, 2019 with respect to certain other proposals, including proposals necessary to consummate the Mergers and the Recapitalization Transaction. The stockholders of the Company approved all proposals necessary to consummate the Mergers and the Recapitalization Transaction.

Portfolio Investment Activity for the Three and Nine Months Ended September 30, 2019 and for the Year Ended December 31, 2018

Total Portfolio Activity

The following tables present certain selected information regarding our portfolio investment activity for the three and nine months ended September 30, 2019:

Net Investment Activity	**For the Three Months Ended September 30, 2019**	**For the Nine Months Ended September 30, 2019**
Purchases	$ 19,017	$ 44,942
Sales and Repayments	(12,514)	(33,387)
Net Portfolio Activity	$ 6,503	$ 11,555

New Investment Activity by Asset Class	For the Three Months Ended September 30, 2019		For the Nine Months Ended September 30, 2019	
	Purchases	Percentage	Purchases	Percentage
Senior Secured Loans−First Lien	$14,006	73.6%	$32,575	72.5%
Senior Secured Loans−Second Lien	2,524	13.3%	5,015	11.2%
Other Senior Secured Debt	317	1.7%	672	1.5%
Subordinated Debt	543	2.9%	2,833	6.3%
Asset Based Finance	1,627	8.5%	3,840	8.5%
Equity/Other	−	−	7	0.0%
Total	$ 19,017	100.0%	$ 44,942	100.0%

The following table summarizes the composition of our investment portfolio at cost and fair value as of September 30, 2019 and December 31, 2018:

	September 30, 2019 (Unaudited)			December 31, 2018		
	Amortized Cost(1)	Fair Value	Percentage of Portfolio	Amortized Cost(1)	Fair Value	Percentage of Portfolio
Senior Secured Loans−First Lien	$115,581	$109,376	58.4%	$97,236	$93,777	53.6%
Senior Secured Loans−Second Lien	36,360	35,506	18.9%	35,686	34,277	19.6%
Other Senior Secured Debt	7,200	6,993	3.7%	7,970	7,407	4.2%
Subordinated Debt	21,988	20,598	11.0%	31,499	28,918	16.5%
Asset Based Finance	9,187	10,520	5.6%	6,896	6,773	3.8%
Equity/Other	4,085	4,406	2.4%	4,078	4,014	2.3%
Total	$ 194,401	$ 187,399	100.0%	$ 183,365	$ 175,166	100.0%

(1) Amortized cost represents the original cost adjusted for the amortization of premiums and/or accretion of discounts, as applicable, on investments.

The following table presents certain selected information regarding the composition of our investment portfolio as of September 30, 2019 and December 31, 2018:

	September 30, 2019	December 31, 2018
Number of Portfolio Companies	110	94
% Variable Rate Debt Investments (based on fair value)(1)(2)	77.8%	74.6%
% Fixed Rate Debt Investments (based on fair value)(1)(2)	15.5%	20.8%
% Other Income Producing Investments (based on fair value)(3)	5.0%	4.0%
% Non-Income Producing Investments (based on fair value)(2)	0.4%	0.6%
% of Investments on Non-Accrual (based on fair value)	1.3%	−
Weighted Average Annual Yield on Accruing Debt Investments(2)(4)	9.4%	9.5%
Weighted Average Annual Yield on All Debt Investments(5)	9.1%	9.5%

(1) "Debt Investments" means investments that pay or are expected to pay a stated interest rate, stated dividend rate or other similar stated return.

(2) Does not include investments on non-accrual status.

(3) "Other Income Producing Investments" means investments that pay or are expected to pay interest, dividends or other income to the Company on an ongoing basis but do not have a stated interest rate, stated dividend rate or other similar stated return.

(4) The Weighted Average Annual Yield on Accruing Debt Investments is computed as (i) the sum of (a) the stated annual interest rate, dividend rate or other similar stated return of each accruing Debt Investment, multiplied by its par amount, adjusted to U.S. dollars and for any partial income accrual when necessary, as of the end of the applicable reporting period, plus (b) the annual amortization of the purchase or original issue discount or premium of each accruing Debt Investment; divided by (ii) the total amortized cost of Debt Investments included in the calculated group as of the end of the applicable reporting period.

(5) The Weighted Average Annual Yield on All Debt Investments is computed as (i) the sum of (a) the stated annual interest rate, dividend rate or other similar stated return of each Debt Investment, multiplied by its par amount, adjusted to U.S. dollars and for any partial income accrual when necessary, as of the end of the applicable reporting period, plus (b) the annual amortization of the purchase or original issue discount or premium of each Debt Investment; divided by (ii) the total amortized cost of Debt Investments included in the calculated group as of the end of the applicable reporting period.

For the nine months ended September 30, 2019, our total return based on net asset value was 5.77% as compared to 4.16% for the nine months ended September 30, 2018. See footnote 7 to the table included in Note 11 to our unaudited financial statements included herein for information regarding the calculation of our total return based on net asset value.

Direct Originations

The following table presents certain selected information regarding our direct originations as of September 30, 2019 and December 31, 2018:

Characteristics of All Direct Originations held in Portfolio	September 30, 2019	December 31, 2018
Number of Portfolio Companies	47	31
% of Investments on Non-Accrual	–	–
Total Cost of Direct Originations	$96,942	$73,193
Total Fair Value of Direct Originations	$ 97,044	$ 72,053
% of Total Investments, at Fair Value	51.8%	41.1%
Weighted Average Annual Yield on Accruing Debt Investments(1)	9.5%	10.2%
Weighted Average Annual Yield on All Debt Investments(2)	9.5%	10.1%

(1) The Weighted Average Annual Yield on Accruing Debt Investments is computed as (i) the sum of (a) the stated annual interest rate, dividend rate or other similar stated return of each accruing Debt Investment, multiplied by its par amount, adjusted to U.S. dollars and for any partial income accrual when necessary, as of the end of the applicable reporting period, plus (b) the annual amortization of the purchase or original issue discount or premium of each accruing Debt Investment; divided by (ii) the total amortized cost of Debt Investments included in the calculated group as of the end of the applicable reporting period. Does not include Debt Investments on non-accrual status.

(2) The Weighted Average Annual Yield on All Debt Investments is computed as (i) the sum of (a) the stated annual interest rate, dividend rate or other similar stated return of each Debt Investment, multiplied by its par amount, adjusted to U.S. dollars and for any partial income accrual when necessary, as of the end of the applicable reporting period, plus (b) the annual amortization of the purchase or original issue discount or premium of each Debt Investment; divided by (ii) the total amortized cost of Debt Investments included in the calculated group as of the end of the applicable reporting period.

Portfolio Composition by Industry Classification

See Note 6 to our unaudited financial statements included herein for additional information regarding the composition of our investment portfolio by industry classification.

Portfolio Asset Quality

In addition to various risk management and monitoring tools, the Advisor uses an investment rating system to characterize and monitor the expected level of returns on each investment in our portfolio. The Advisor uses an investment rating scale of 1 to 4. The following is a description of the conditions associated with each investment rating:

Investment Rating	Summary Description
1	Performing investment–generally executing in accordance with plan and there are no concerns about the portfolio company' s performance or ability to meet covenant requirements.
2	Performing investment–no concern about repayment of both interest and our cost basis but company' s recent performance or trends in the industry require closer monitoring.
3	Underperforming investment–some loss of interest or dividend possible, but still expecting a positive return on investment.
4	Underperforming investment–concerns about the recoverability of principal or interest.

The following table shows the distribution of our investments on the 1 to 4 investment rating scale at fair value as of September 30, 2019 and December 31, 2018:

	September 30, 2019		December 31, 2018	
Investment Rating	Fair Value	Percentage of Portfolio	Fair Value	Percentage of Portfolio
1	$ 90,131	48%	$ 80,548	46%
2	93,330	50%	90,011	51%
3	2,327	1%	1,404	1%
4	1,611	1%	3,203	2%
Total	$ 187,399	100%	$ 175,166	100%

The amount of the portfolio in each grading category may vary substantially from period to period resulting primarily from changes in the composition of the portfolio as a result of new investment, repayment and exit activities. In addition, changes in the grade of investments may be made to reflect our expectation of performance and changes in investment values.

Results of Operations

Comparison of the Three and Nine Months Ended September 30, 2019 and 2018

Revenues

Our investment income for the three and nine months ended September 30, 2019 and 2018 was as follows:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2019		2018		2019		2018	
	Amount	Percentage of Total Income	Amount	Percentage of Total Income	Amount	Percentage of Total Income	Amount	Percentage of Total Income
Interest income	$4,209	83.6%	$4,173	98.3%	$12,525	89.6%	$11,377	96.6%
Fee income	162	3.2%	52	1.2%	453	3.2%	348	3.0%
Dividend and other income	662	13.2%	20	0.5%	1,002	7.2%	47	0.4%
Total investment income	$ 5,033	100.0%	$ 4,245	100.0%	$ 13,980	100.0%	$ 11,772	100.0%

The level of interest income we receive is generally related to the balance of income-producing investments, multiplied by the weighted average yield of our investments. Fee income is transaction-based, and typically consists of prepayment fees and structuring fees. As such, fee income is generally dependent on new direct origination investments and the occurrence of events at existing portfolio companies resulting in such fees.

The increase in income during the three and nine months ended September 30, 2019 compared to the three and nine months ended September 30, 2018 can primarily be attributed to the increase of dividend income as well as the increase in average investments held in our portfolio, along with higher yielding assets, resulting in increased interest income during the three months ended September 30, 2019.

Expenses

Our operating expenses for the three and nine months ended September 30, 2019 and 2018 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Management fees	$699	$724	$2,071	$2,295
Capital gains incentive fees	–	185	–	(79)
Subordinated income incentive fees	351	–	716	–
Administrative services expenses	103	–	265	364
Stock transfer agent fees	115	15	274	76
Accounting and administrative fees	116	121	350	364
Interest expense	1,009	977	3,077	2,350
Trustees' fees	77	72	231	200
Distribution and shareholder servicing fees	–	–	–	376
Offering costs	–	–	–	20
Other general and administrative expenses	563	457	1,026	1,255
Total operating expenses	3,033	2,551	8,010	7,221
Expense support	–	(44)	–	(625)
Total net expenses	$ 3,033	$ 2,507	$ 8,010	$ 6,596

The following table reflects selected expense ratios as a percent of average net assets for the three and nine months ended September 30, 2019 and 2018:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Ratio of operating expenses to average net assets	2.86%	2.22%	7.50%	6.18%
Ratio of expense support to average net assets(1)	–	(0.04)%	–	(0.54)%
Ratio of net operating expenses to average net assets	2.86%	2.18%	7.50%	5.64%
Ratio of incentive fees and interest expense to average net assets(1)	1.28%	1.01%	3.55%	1.94%
Ratio of net operating expenses, excluding certain expenses, to average net assets	1.58%	1.17%	3.95%	3.70%

(1) Ratio data may be rounded in order to recompute the ending ratio of net operating expenses to average net assets or net operating expenses, excluding certain expenses, to average net assets.

Incentive fees and interest expense, among other things, may increase or decrease our expense ratios relative to comparative periods depending on portfolio performance and changes in amounts outstanding under our financing arrangements and benchmark interest rates such as LIBOR, among other factors.

Net Investment Income

Our net investment income totaled $2,000 ($0.16 per share) and $1,738 ($0.14 per share) for the three months ended September 30, 2019 and 2018, respectively. The increase in net investment income can be attributed primarily to higher dividend income, as discussed above, during the three months ended September 30, 2019.

Our net investment income totaled $5,970 ($0.49 per share) and $5,176 ($0.41 per share) for the nine months ended September 30, 2019 and 2018, respectively. The increase in net investment income can be attributed primarily to higher interest income and dividend income, as discussed above, during the nine months ended September 30, 2019.

Net Realized Gains or Losses

Our net realized gains (losses) for the three and nine months ended September 30, 2019 and 2018 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Net realized gain (loss) on investments[1]	$(809)	$101	$ (1,211)	$ 332
Net realized gain (loss) on foreign currency forward contracts	–	–	–	(1)
Net realized gain (loss) on foreign currency transactions	7	(10)	54	(31)
Total net realized gain (loss)	$(802)	$ 91	$ (1,157)	$300

(1) We sold investments and received principal repayments, respectively, of $9,957 and $2,557 during the three months ended September 30, 2019 and $4,356 and $7,717 during the three months ended September 30, 2018. We sold investments and received principal repayments, respectively, of $25,623 and $7,764 during the nine months ended September 30, 2019 and $38,229 and $21,176 during the nine months ended September 30, 2018.

Net Change in Unrealized Appreciation (Depreciation)

Our net change in unrealized appreciation (depreciation) for the three and nine months ended September 30, 2019 and 2018 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Net change in unrealized appreciation (depreciation) on investments	$ (1,324)	$ 875	$1,197	$(1,007)
Net change in unrealized appreciation (depreciation) on foreign currency forward contracts	63	(71)	(94)	112
Net change in unrealized appreciation (depreciation) on foreign currency translation	298	27	304	197
Total net change in unrealized appreciation (depreciation)	$(963)	$831	$ 1,407	$(698)

During the three months ended September 30, 2019, the net change in unrealized appreciation (depreciation) was primarily driven by the decrease in valuation of our Senior Secured Loan investments. During the nine months ended September 30, 2019, the net change in unrealized appreciation (depreciation) was primarily driven by the increase in valuation of our Asset Based Finance and Subordinated Debt investments.

Net Increase (Decrease) in Net Assets Resulting from Operations

For the three months ended September 30, 2019 and 2018, the net increase (decrease) in net assets resulting from operations was $235 ($0.02 per share) and $2,660 ($0.21 per share), respectively.

For the nine months ended September 30, 2019 and 2018, the net increase (decrease) in net assets resulting from operations was $6,220 ($0.51 per share) and $4,778 ($0.38 per share), respectively.

Financial Condition, Liquidity and Capital Resources

Overview

As of September 30, 2019, we had approximately $1,325 in cash and foreign currency and $2,272 in borrowings available under our revolving credit facility, subject to borrowing base and other limitations. Proceeds from sales of investments and principal payments totaled $25,623 and $7,764, respectively, during the nine months ended September 30, 2019. As of September 30, 2019, we had unfunded debt investments with aggregate unfunded commitments of $4,284 and unfunded equity/other commitments of $7,562. We maintain sufficient cash on hand and available borrowings to fund such unfunded commitments should the need arise.

Our capital resources and liquidity are primarily derived from (i) cash flows from operations, including sales and repayments, (ii) our distribution reinvestment plan and (iii) borrowings under our credit facility. Our primary uses of funds include (i) investments in portfolio companies, (ii) distributions to our shareholders, (iii) repurchases under our share repurchase program, (iv) interest payments on borrowings under our credit facility and (v) operating expenses. We expect to use proceeds from the sales and repayments of our investment portfolio and proceeds from borrowings under our credit facility to finance our investment activities at our discretion.

Financing Arrangements

On July 14, 2017, we entered into the Credit Agreement which provides for the Revolving Credit Facility, consisting of loans to be made in dollars and other foreign currencies in an aggregate principal amount of up to $82,000. Availability under the Revolving Credit Facility will terminate on December 31, 2019, or the Revolver Termination Date, and the outstanding loans under the Revolving Credit Facility will mature on July 14, 2020.

The Revolving Credit Facility also requires mandatory prepayment of interest and principal upon certain events during the term-out period commencing on the Revolver Termination Date. The stated borrowing rate under the Revolving Credit Facility is based on LIBOR or with respect to borrowings in foreign currencies on a base rate applicable to such currency borrowings plus an applicable spread of 2.75%, or on an “alternate base rate” (as defined in the Credit Agreement). The Revolving Credit Facility includes an “accordion” feature that allows us, under certain circumstances, to increase the size of the facility to a maximum of $200,000. Under the Revolving Credit Facility, we have made certain representations and warranties and are required to comply with various covenants, reporting requirements and other customary requirements for similar revolving credit facilities. During the nine months ended September 30, 2019, we borrowed approximately $24,073 and repaid approximately $17,704 on our Revolving Credit Facility. We have and will continue to use proceeds from borrowings to make investments in portfolio companies.

See Note 9 to our unaudited financial statements included herein for additional information regarding our financing arrangements.

RIC Status and Distributions

We have elected to be subject to tax as a RIC under Subchapter M of the Code. In order to qualify for RIC tax treatment, we must, among other things, make distributions of an amount at least equal to 90% of our investment company taxable income, determined without regard to any deduction for distributions paid, each tax year. As long as the distributions are declared by the later of the fifteenth day of the ninth month following the close of a tax year or the due date of the tax return for such tax year, including extensions, distributions paid up to twelve months after the current tax year can be carried back to the prior tax year for determining the distributions paid in such tax year. We intend to make sufficient distributions to our shareholders to qualify for and maintain our RIC tax status each tax year. We are also subject to a 4% nondeductible federal excise tax on certain undistributed income unless we make distributions in a timely manner to our shareholders generally of an amount at least equal to the sum of (1) 98% of our net ordinary income (taking into account certain deferrals and elections) for the calendar year, (2) 98.2% of our capital gain net income, which is the excess of capital gains in excess of capital losses, or “capital gain net income” (adjusted for certain ordinary losses), for the one-year period ending October 31 of that calendar year and (3) any net ordinary income and capital gain net income for the preceding years that were not distributed during such years and on which we paid no U.S. federal income tax. Any distribution declared by us during October, November or December of any calendar year, payable to shareholders of record on a specified date in such a month and actually paid during January of the following calendar year, will be treated as if it had been paid by us, as well as received by our shareholders, on December 31 of the calendar year in which the distribution was declared. We can offer no assurance that we will achieve results that will permit us to pay any cash distributions. If we issue senior securities, we will be prohibited from making distributions if doing so causes us to fail to maintain the asset coverage ratios stipulated by the 1940 Act or if distributions are limited by the terms of any of our borrowings.

Subject to applicable legal restrictions and the sole discretion of our board of trustees, we intend to authorize, declare and pay regular cash distributions on a quarterly basis. We will calculate each shareholder’ s specific distribution amount for the period using record and declaration dates and each shareholder’ s distributions will begin to accrue on the date that shares of our common stock are issued to such shareholder. From time to time, we may also pay special interim distributions in the form of cash or shares of our common stock at the discretion of our board of trustees.

During certain periods, our distributions may exceed our earnings. As a result, it is possible that a portion of the distributions we make may represent a return of capital. A return of capital generally is a return of a shareholder’ s investment rather than a return of earnings or gains derived from our investment activities. Each year a statement on Form 1099-DIV identifying the sources of the distributions will be mailed to our shareholders. No portion of the distributions paid during the nine months ended September 30, 2019 and 2018 represented a return of capital.

We intend to continue to make our regular distributions in the form of cash, out of assets legally available for distribution, except for those shareholders who receive their distributions in the form of shares of our common stock under the DRP. Any distributions reinvested under the plan will nevertheless remain taxable to a U.S. shareholder.

The following table reflects the cash distributions per share and the total amount of distributions that we have declared on our common stock during the nine months ended September 30, 2019 and 2018:

	Distribution	
For the Three Months Ended	Per Share	Amount
Fiscal 2018		
March 31, 2018	$ 0.14625	$ 1,868
June 30, 2018	0.14625	1,876
September 30, 2018	0.14625	1,839
Total	$ 0.43875	$ 5,583
Fiscal 2019		
March 31, 2019	$ 0.14625	$ 1,796
June 30, 2019	0.14625	1,787
September 30, 2019	0.14625	1,787
Total	$ 0.43875	$ 5,370

See Note 5 to our unaudited financial statements included herein for additional information regarding our distributions for the nine months ended September 30, 2019 and 2018.

Critical Accounting Policies

Our financial statements are prepared in conformity with GAAP, which requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Critical accounting policies are those that require the application of management' s most difficult, subjective or complex judgments, often because of the need to make estimates about the effect of matters that are inherently uncertain and that may change in subsequent periods. In preparing the financial statements, management has made estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. In preparing the financial statements, management has utilized available information, including our past history, industry standards and the current economic environment, among other factors, in forming its estimates and judgments, giving due consideration to materiality. Actual results may differ from these estimates. In addition, other companies may utilize different estimates, which may impact the comparability of our results of operations to those of companies in similar businesses. As we execute our operating plans, we will describe additional critical accounting policies in the notes to our future financial statements in addition to those discussed below.

Valuation of Portfolio Investments

We determine the fair value of our investment portfolio each quarter. Securities are valued at fair value as determined in good faith by our board of trustees. In connection with that determination, the Advisor provides our board of trustees with portfolio company valuations which are based on relevant inputs, including, but not limited to, indicative dealer quotes, values of like securities, recent portfolio company financial statements and forecasts, and valuations prepared by independent third-party valuation services.

Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosure*, or ASC Topic 820, issued by the FASB, clarifies the definition of fair value and requires companies to expand their disclosure about the use of fair value to measure assets and liabilities in interim and annual periods subsequent to initial recognition. ASC Topic 820 defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC Topic 820 also establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, which includes inputs such as quoted prices for similar securities in active markets and quoted prices for identical securities where there is little or no activity in the market; and Level 3, defined as unobservable inputs for which little or no market data exists, therefore requiring an entity to develop its own assumptions.

With respect to investments for which market quotations are not readily available, we undertake a multi-step valuation process each quarter, as described below:

our quarterly fair valuation process begins with the Advisor reviewing and documenting valuations of each portfolio company or investment, which valuations are obtained from an independent third-party valuation service, and provide a valuation range;

the Advisor then provides the audit committee with its valuation recommendation for each portfolio company or investment, along with supporting materials;

preliminary valuations are then discussed with the audit committee;

our audit committee reviews the preliminary valuations and the Advisor, together with our independent third-party valuation services, if applicable, supplement the preliminary valuations to reflect any comments provided by the audit committee;

following its review, the audit committee will recommend that our board of trustees approve our fair valuations; and

our board of trustees discusses the valuations and determines the fair value of each such investment in our portfolio in good faith based on various statistical and other factors, including the input and recommendation of the Advisor, the audit committee and any independent third-party valuation services, if applicable.

Determination of fair value involves subjective judgments and estimates. Accordingly, the notes to our financial statements refer to the uncertainty with respect to the possible effect of such valuations and any change in such valuations on our financial statements. In making its determination of fair value, our board of trustees may use any approved independent third-party pricing or valuation services. However, our board of trustees is not required to determine fair value in accordance with the valuation provided by any single source, and may use any relevant data, including information obtained from the Advisor or any approved independent third-party valuation or pricing service that our board of trustees deems to be reliable in determining fair value under the circumstances. Below is a description of factors that the Advisor, any approved independent third-party valuation services and our board of trustees may consider when determining the fair value of our investments.

Valuation of fixed income investments, such as loans and debt securities, depends upon a number of factors, including prevailing interest rates for like securities, expected volatility in future interest rates, call features, put features and other relevant terms of the debt. For investments without readily available market prices, we may incorporate these factors into discounted cash flow models to arrive at fair value. Other factors that may be considered include the borrower' s ability to adequately service its debt, the fair market value of the borrower in relation to the face amount of its outstanding debt and the quality of collateral securing our debt investments.

For convertible debt securities, fair value generally approximates the fair value of the debt plus the fair value of an option to purchase the underlying security (i.e., the security into which the debt may convert) at the conversion price. To value such an option, a standard option pricing model may be used.

Our equity interests in portfolio companies for which there is no liquid public market are valued at fair value. Our board of trustees, in its determination of fair value, may consider various factors, such as multiples of EBITDA, cash flows, net income, revenues or, in limited instances, book value or liquidation value. All of these factors may be subject to adjustments based upon the particular circumstances of a portfolio company or our actual investment position. For example, adjustments to EBITDA may take into account compensation to previous owners or acquisition, recapitalization, restructuring or other related items.

The Advisor, any approved independent third-party valuation services and our board of trustees may also consider private merger and acquisition statistics, public trading multiples discounted for illiquidity and other factors, valuations implied by third-party investments in the portfolio companies or industry practices in determining fair value. The Advisor, any approved independent third-party valuation services and our board of trustees may also consider the size and scope of a portfolio company and its specific strengths and weaknesses, and may apply discounts or premiums, where and as appropriate, due to the higher (or lower) financial risk and/or the smaller size of portfolio companies relative to comparable firms, as well as such other factors as our board of trustees, in consultation with the Advisor and any approved independent third-party valuation services, if applicable, may consider relevant in assessing fair value. Generally, the value of our equity interests in public companies for which market quotations are readily available is based upon the most recent closing public market price. Portfolio securities that carry certain restrictions on sale are typically valued at a discount from the public market value of the security.

When we receive warrants or other equity securities at nominal or no additional cost in connection with an investment in a debt security, the cost basis in the investment will be allocated between the debt securities and any such warrants or other equity securities received at the time of origination. Our board of trustees subsequently values these warrants or other equity securities received at their fair value.

The fair values of our investments are determined in good faith by our board of trustees. Our board of trustees is responsible for the valuation of our portfolio investments at fair value as determined in good faith pursuant to our valuation policy and consistently applied valuation process. Our board of trustees has delegated day-to-day responsibility for implementing our valuation policy to the Advisor, and has authorized the Advisor to utilize independent third-party valuation and pricing services that have been approved by our board of trustees. The audit committee is responsible for overseeing the Advisor' s implementation of the valuation process.

See Note 8 to our unaudited financial statements included herein for additional information regarding the fair value of our financial instruments.

Revenue Recognition

Security transactions are accounted for on the trade date. We record interest income on an accrual basis to the extent that we expect to collect such amounts. We record dividend income on the ex-dividend date. Distributions received from limited liability company ("LLC") and limited partnership ("LP") investments are evaluated to determine if the distribution should be recorded as dividend income or a return of capital. We do not accrue as a receivable interest or dividends on loans and securities if we have reason to doubt our ability to collect such income. Our policy is to place investments on non-accrual status when there is reasonable doubt that interest income will be collected. We consider many factors relevant to an investment when placing it on or removing it from non-accrual status including, but not limited to, the delinquency status of the investment, economic and business conditions, the overall financial condition of the underlying investment, the value of the underlying collateral, bankruptcy status, if any, and any other facts or circumstances relevant to the investment. If there is reasonable doubt that we will receive any previously accrued interest, then the interest income will be written-off. Payments received on non-accrual investments may be recognized as income or applied to principal depending upon the collectability of the remaining principal and interest. Non-accrual investments may be restored to accrual status when principal and interest become current and are likely to remain current based on our judgment.

Loan origination fees, original issue discount and market discount are capitalized and we amortize such amounts as interest income over the respective term of the loan or security. Upon the prepayment of a loan or security, any unamortized loan origination fees and original issue discount are recorded as interest income. Structuring and other non-recurring upfront fees are recorded as fee income when earned. For the nine months ended September 30, 2019, we recognized $384 in structuring fee revenue. We record prepayment premiums on loans and securities as fee income when we receive such amounts.

Net Realized Gains or Losses, Net Change in Unrealized Appreciation or Depreciation and Net Change in Unrealized Gains or Losses on Foreign Currency

Gains or losses on the sale of investments are calculated by using the specific identification method. We measure realized gains or losses by the difference between the net proceeds from the repayment or sale and the amortized cost basis of the investment, without regard to unrealized appreciation or depreciation previously recognized, but considering unamortized fees. Net change in unrealized appreciation or depreciation reflects the change in portfolio investment values during the reporting period, including any reversal of previously recorded unrealized gains or losses when gains or losses are realized. Net change in unrealized gains or losses on foreign currency reflects the change in the value of receivables or accruals during the reporting period due to the impact of foreign currency fluctuations.

Uncertainty in Income Taxes

We evaluate our tax positions to determine if the tax positions taken meet the minimum recognition threshold in connection with accounting for uncertainties in income tax positions taken or expected to be taken for the purposes of measuring and recognizing tax benefits or liabilities in our financial statements. Recognition of a tax benefit or liability with respect to an uncertain tax position is required only when the position is "more likely than not" to be sustained assuming examination by taxing authorities. We recognize interest and penalties, if any, related to unrecognized tax liabilities as income tax expense in our statements of operations. During the nine months ended September 30, 2019 and 2018, we did not incur any interest or penalties.

Derivative Instruments

Our derivative instruments include foreign currency forward contracts. We recognize all derivative instruments as assets or liabilities at fair value in our financial statements. Derivative contracts entered into by us are not designated as hedging instruments, and as a result, we present changes in fair value through net change in unrealized appreciation (depreciation) on derivative instruments in the statements of operations. Realized gains and losses that occur upon the cash settlement of the derivative instruments are included in net realized gains (losses) on derivative instruments in the statements of operations.

See Note 2 to our unaudited financial statements included herein for additional information regarding our significant accounting policies.

Contractual Obligations

We have entered into agreements with the Advisor to provide us with investment advisory and administrative services. Payments for investment advisory services under the Investment Advisory Agreement are equal to (a) an annual base management fee based on the average value of our gross assets (excluding cash and cash equivalents) and (b) an incentive fee based on our performance. The Advisor is reimbursed for administrative expenses incurred on our behalf. See Note 4 to our unaudited financial statements included herein for a discussion of these agreements and for the amount of fees and expenses accrued under these agreements during the nine months ended September 30, 2019 and 2018.

As of September 30, 2019, the principal amount outstanding on the Revolving Credit Facility was approximately $79,728. Of the $79,728 principal outstanding as of September 30, 2019, approximately $1,720, $642, $6,342 and $1,624 were denominated in Australian dollars, Canadian dollars, Euros and British pound sterling, respectively. The amount outstanding under the Revolving Credit Facility will mature, and all accrued and unpaid interest thereunder will be due and payable on July 14, 2020, the maturity date. As of September 30, 2019, $2,272 remained unused under the Revolving Credit Facility.

Off-Balance Sheet Arrangements

We currently have no off-balance sheet arrangements, including any risk management of commodity pricing or other hedging practices.

Recently Issued Accounting Standards

In August 2018, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update 2018-13, *Fair Value Measurement (Topic 820)−Disclosure Framework−Changes to the Disclosure Requirements for Fair Value Measurement*, or ASU 2018-13. ASU 2018-13 introduces new fair value disclosure requirements and eliminates and modifies certain existing fair value disclosure requirements. ASU 2018-13 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. We are currently evaluating the impact of ASU 2018-13 on our financial statements.

Item 3. Quantitativeand Qualitative Disclosures About Market Risk.
(dollar amounts in thousands)

Interest Rate Risk

We are subject to financial market risks, including changes in interest rates. As of September 30, 2019, 77.8% of our portfolio investments (based on fair value) were debt investments paying variable interest rates and 15.5% were debt investments paying fixed interest rates while 5.0% were other income producing investments, 0.4% consisted of non-income producing investments, and the remaining 1.3% consisted of investments on non-accrual status. A rise in the general level of interest rates can be expected to lead to higher interest rates applicable to any variable rate investments we hold and to declines in the value of any fixed rate investments we hold. However, many of our variable rate investments provide for an interest rate floor, which may prevent our interest income from increasing until benchmark interest rates increase beyond a threshold amount. To the extent that a substantial portion of our investments may be in variable rate investments, an increase in interest rates beyond this threshold would make it easier for us to meet or exceed the hurdle rate applicable to the subordinated incentive fee on income, and may result in a substantial increase in our net investment income and to the amount of incentive fees payable to the Advisor with respect to our increased pre-incentive fee net investment income.

The following table shows the effect over a twelve-month period of changes in interest rates on our interest income, interest expense and net interest income, assuming no changes in the composition of our investment portfolio, including the accrual status of our investments, and our financing arrangements in effect as of September 30, 2019:

Basis Point Change in Interest Rates	Increase (Decrease) in Interest Income(1)	Increase (Decrease) in Interest Expense	Increase (Decrease) in Net Interest Income	Percentage Change in Net Interest Income
Down 100 basis points	$ (1,408)	$ (797)	$ (611)	(4.7)%
No change	–	–	–	–
Up 100 basis points	$ 1,464	$ 797	$ 667	5.1%
Up 300 basis points	$ 4,444	$ 2,392	$ 2,052	15.8%
Up 500 basis points	$ 7,424	$ 3,986	$ 3,438	26.4%

(1) Assumes no defaults or prepayments by portfolio companies over the next twelve months.

We expect that our long-term investments will be financed primarily with equity and debt. If deemed prudent, we may use interest rate risk management techniques in an effort to minimize our exposure to interest rate fluctuations. These techniques may include various interest rate hedging activities to the extent permitted by the 1940 Act. Adverse developments resulting from changes in interest rates or hedging transactions could have a material adverse effect on our business, financial condition and results of operations. During the nine months ended September 30, 2019 and 2018, we did not engage in interest rate hedging activities.

Foreign Currency Risk

From time to time, we may make investments that are denominated in a foreign currency that are subject to the effects of exchange rate movements between the foreign currency of each such investment and the U.S. dollar, which may affect future fair values and cash flows, as well as amounts translated into U.S. dollars for inclusion in our financial statements.

The table below presents the effect that a 10% immediate, unfavorable change in the foreign currency exchange rates (i.e., strengthening of the U.S. dollar) would have on the fair value of our investments denominated in foreign currencies as of September 30, 2019, by foreign currency, all other valuation assumptions remaining constant. In addition, the table below presents the cost of our investments denominated in foreign currencies and the notional amount of foreign currency forward contracts in local currency in place as of September 30, 2019 to hedge against foreign currency risks.

	Investments Denominated in Foreign Currencies As of September 30, 2019				Hedges As of September 30, 2019	
Foreign Currency	Cost in Local Currency	Cost in U.S. Dollars	Fair Value	Reduction in Fair Value as of September 30, 2019 if 10% Adverse Change in Exchange Rate(1)	Net Foreign Currency Hedge Amount in Local Currency	Net Foreign Currency Hedge Amount in U.S. Dollars
Australian Dollars	A$ 2,664	$ 1,785	$ 1,725	$ 173	A$−	$−
Canadian Dollars	C$6,824	5,186	5,010	501	C$ 5,690	4,296
Euros	6,406	6,982	6,565	657	107	127
British Pound Sterling	£ 2,548	3,134	3,066	307	£ −	−
Total		$17,087	$16,366	$ 1,638		$4,423

(1) Excludes effect, if any, of any foreign currency hedges.

As illustrated in the table above, we use derivative instruments from time to time, including foreign currency forward contracts, to manage the impact of fluctuations in foreign currency exchange rates. In addition, we have the ability to borrow in foreign currencies under our Revolving Credit Facility, which provides a natural hedge with regard to changes in exchange rates between the foreign currencies and U.S. dollar and reduces our exposure to foreign exchange rate differences. We are typically a net receiver of these foreign currencies as related to our international investment positions, and, as a result, our investments denominated in foreign currencies, to the extent not hedged, benefit from a weaker U.S. dollar and are adversely affected by a stronger U.S. dollar.

As of September 30, 2019, the net contractual amount of our foreign currency forward contracts totaled $4,423, all of which related to hedging of our foreign currency denominated debt investments. As of September 30, 2019, we had outstanding borrowings denominated in foreign currencies of A$2,550, C$850, 5,815 and £1,320 under our Revolving Credit Facility.

In addition, we may have risk regarding portfolio valuation. See "Item 2. Management' s Discussion and Analysis of Financial Condition and Results of Operations−Critical Accounting Policies−Valuation of Portfolio Investments."

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(b) under the Exchange Act, we carried out an evaluation, under the supervision and with the participation of our management, including the chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2019.

Based on the foregoing, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective to provide reasonable assurance that we would meet our disclosure obligations.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) of the Exchange Act) that occurred during the three-month period ended September 30, 2019 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II–OTHER INFORMATION

Item 1. Legal Proceedings.

We are not currently subject to any material legal proceedings, nor, to our knowledge, is any material legal proceeding threatened against us. From time to time, we may be party to certain legal proceedings in the ordinary course of business, including proceedings relating to the enforcement of our rights under contracts with our portfolio companies. While the outcome of any legal proceedings cannot be predicted with certainty, we do not expect that these proceedings will have a material adverse effect upon our financial condition or results of operations.

Item 1A. Risk Factors.

There have been no material changes from the risk factors set forth in our annual report on Form 10-K for the year ended December 31, 2018, as supplemented by our definitive proxy statement for the Mergers (filed on August 13, 2019).

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Not applicable.

Item 3. Defaults upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Not applicable.

Item 6. Exhibits.

3.1	Certificate of Trust of the Registrant *(Incorporated by reference to Exhibit 2(a) to the Company's registration statement on Form N-2 (File No. 333-199018) filed on September 29, 2014).*
3.2	Certificate of Amendment to Certificate of Trust of the Registrant *(Incorporated by reference to Exhibit 2(a)(1) to the Company's registration statement on Form N-2 (File No. 333-199018) filed on August 31, 2015).*
3.3	Second Amended and Restated Declaration of Trust of the Registrant *(Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on February 19, 2016).*
3.4	Amended and Restated Bylaws of the Registrant *(Incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on February 19, 2016).*
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended *(filed herewith).*
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended *(filed herewith).*
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 *(filed herewith).*

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this quarterly report to be signed on its behalf by the undersigned, thereunto duly authorized on November 14, 2019.

CORPORATE CAPITAL TRUST II

By: /s/ MICHAEL C. FORMAN

Michael C. Forman
Chief Executive Officer
(Principal Executive Officer)

By: /s/ WILLIAM GOEBEL

William Goebel
Chief Financial Officer
(Principal Accounting and Financial Officer)

Exhibit 31.1

CERTIFICATION

I, Michael C. Forman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Corporate Capital Trust II;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant' s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant' s internal control over financial reporting that occurred during the registrant' s most recent fiscal quarter (the registrant' s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant' s internal control over financial reporting; and

5. The registrant' s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant' s auditors and the audit committee of the registrant' s board of trustees (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant' s ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant' s internal control over financial reporting.

Date: November 14, 2019

/s/ MICHAEL C. FORMAN

Michael C. Forman
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, William Goebel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Corporate Capital Trust II;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant' s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant' s internal control over financial reporting that occurred during the registrant' s most recent fiscal quarter (the registrant' s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant' s internal control over financial reporting; and

5. The registrant' s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant' s auditors and the audit committee of the registrant' s board of trustees (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant' s ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant' s internal control over financial reporting.

Date: November 14, 2019

/s/ WILLIAM GOEBEL

William Goebel
Chief Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q of Corporate Capital Trust II (the "Company") for the three months ended September 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-Q"), Michael C. Forman, as Chief Executive Officer of the Company, and William Goebel, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

the Form 10-Q of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 14, 2019

/s/ MICHAEL C. FORMAN
Michael C. Forman
Chief Executive Officer

/s/ WILLIAM GOEBEL
William Goebel
Chief Financial Officer