

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: 2019-05-10 | Period of Report: 2019-03-31
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Main Street Capital CORP

CIK: **1396440** | IRS No.: **412230745** | State of Incorporation: **MD** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **814-00746** | Film No.: **19813360**

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549
FORM 10-Q

(Mark
One)

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

For the quarterly period ended March 31, 2019

OR

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

For the transition period from: to
Commission File Number: 001-33723

Main Street Capital Corporation

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

41-2230745
(I.R.S. Employer
Identification No.)

1300 Post Oak Boulevard, 8th Floor
Houston, TX
(Address of principal executive offices)

77056
(Zip Code)

(713) 350-6000
(Registrant's telephone number including area code)

n/a

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

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

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, par value \$0.01 per share	MAIN	New York Stock Exchange

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 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

The number of shares outstanding of the issuer's common stock as of May 9, 2019 was 62,715,187.

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MAIN STREET CAPITAL CORPORATION
Consolidated Balance Sheets
(dollars in thousands, except shares and per share amounts)

	<u>March 31,</u>	<u>December 31,</u>
	<u>2019</u>	<u>2018</u>
	<u>(Unaudited)</u>	
ASSETS		
Investments at fair value:		
Control investments (cost: \$751,106 and \$750,618 as of March 31, 2019 and December 31, 2018, respectively)	\$ 1,009,757	\$ 1,004,993
Affiliate investments (cost: \$379,117 and \$381,307 as of March 31, 2019 and December 31, 2018, respectively)	360,752	359,890
Non-Control/Non-Affiliate investments (cost: \$1,169,595 and \$1,137,108 as of March 31, 2019 and December 31, 2018, respectively)	1,126,082	1,089,026
Total investments (cost: \$2,299,818 and \$2,269,033 as of March 31, 2019 and December 31, 2018, respectively)	<u>2,496,591</u>	<u>2,453,909</u>
Cash and cash equivalents	47,368	54,181
Interest receivable and other assets	45,793	39,674
Receivable for securities sold	921	1,201
Deferred financing costs (net of accumulated amortization of \$6,797 and \$6,562 as of March 31, 2019 and December 31, 2018, respectively)	4,226	4,461
Total assets	<u>\$ 2,594,899</u>	<u>\$ 2,553,426</u>
LIABILITIES		
Credit facility	\$ 340,000	\$ 301,000
SBIC debentures (par: \$321,800 (\$10,000 due within one year) and \$345,800 as of March 31, 2019 and December 31, 2018, respectively)	314,702	338,186
4.50% Notes due 2022 (par: \$185,000 as of both March 31, 2019 and December 31, 2018)	182,774	182,622
4.50% Notes due 2019 (par: \$175,000 as of both March 31, 2019 and December 31, 2018)	174,518	174,338
Accounts payable and other liabilities	18,343	17,962
Payable for securities purchased	3,190	28,254
Interest payable	6,743	6,041
Dividend payable	12,445	11,948
Deferred tax liability, net	19,687	17,026
Total liabilities	<u>1,072,402</u>	<u>1,077,377</u>
Commitments and contingencies (Note K)		
NET ASSETS		
Common stock, \$0.01 par value per share (150,000,000 shares authorized; 62,344,895 and 61,264,861 shares issued and outstanding as of March 31, 2019 and December 31, 2018, respectively)	624	613
Additional paid-in capital	1,451,530	1,409,945

Total undistributed earnings	70,343	65,491
Total net assets	1,522,497	1,476,049
Total liabilities and net assets	\$ 2,594,899	\$ 2,553,426
NET ASSET VALUE PER SHARE	\$ 24.41	\$ 24.09

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

MAIN STREET CAPITAL CORPORATION
Consolidated Statements of Operations
(dollars in thousands, except shares and per share amounts)
(Unaudited)

	Three Months Ended	
	March 31,	
	2019	2018
INVESTMENT INCOME:		
Interest, fee and dividend income:		
Control investments	\$ 23,691	\$ 21,955
Affiliate investments	9,071	9,071
Non-Control/Non-Affiliate investments	28,603	24,916
Total investment income	61,365	55,942
EXPENSES:		
Interest	(11,916)	(10,265)
Compensation	(6,069)	(5,491)
General and administrative	(3,203)	(2,974)
Share-based compensation	(2,329)	(2,303)
Expenses allocated to the External Investment Manager	1,643	2,066
Total expenses	(21,874)	(18,967)
NET INVESTMENT INCOME	39,491	36,975
NET REALIZED GAIN (LOSS):		
Control investments	(187)	13,094
Affiliate investments	(3,241)	-
Non-Control/Non-Affiliate investments	(2,305)	(5,634)
Realized loss on extinguishment of debt	(5,689)	(1,374)
Total net realized gain (loss)	(11,422)	6,086
NET UNREALIZED APPRECIATION (DEPRECIATION):		
Control investments	4,946	(22,974)
Affiliate investments	2,376	14,238
Non-Control/Non-Affiliate investments	3,902	(2,146)
SBIC debentures	5,177	1,359
Total net unrealized appreciation (depreciation)	16,401	(9,523)
INCOME TAXES:		
Federal and state income, excise and other taxes	(702)	(887)
Deferred taxes	(2,367)	1,866
Income tax benefit (provision)	(3,069)	979
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 41,401	\$ 34,517
NET INVESTMENT INCOME PER SHARE-BASIC AND DILUTED	\$ 0.64	\$ 0.63
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS PER SHARE-BASIC AND DILUTED	\$ 0.67	\$ 0.59

**WEIGHTED AVERAGE SHARES OUTSTANDING—BASIC AND
DILUTED**

61,864,688 58,852,252

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

MAIN STREET CAPITAL CORPORATION
Consolidated Statements of Changes in Net Assets
(dollars in thousands, except shares)
(Unaudited)

	<u>Common Stock</u>		Additional Paid-In Capital	Total Undistributed Earnings	Total Net Asset Value
	Number of Shares	Par Value			
Balances at December 31, 2017	58,660,680	\$ 586	\$1,310,780	\$ 69,002	\$1,380,368
Public offering of common stock, net of offering costs	309,895	4	11,332	-	11,336
Share-based compensation	-	-	2,303	-	2,303
Purchase of vested stock for employee payroll tax withholding	(5,392)	-	(212)	-	(212)
Dividend reinvestment	42,423	-	1,589	-	1,589
Amortization of directors' deferred compensation	-	-	206	-	206
Issuance of restricted stock	124	-	-	-	-
Dividends to stockholders	-	-	-	(33,507)	(33,507)
Net increase resulting from operations	-	-	-	34,517	34,517
Balances at March 31, 2018	<u>59,007,730</u>	<u>\$ 590</u>	<u>\$1,325,998</u>	<u>\$ 70,012</u>	<u>\$1,396,600</u>
Balances at December 31, 2018	61,264,861	\$ 613	\$1,409,945	\$ 65,491	\$1,476,049
Public offering of common stock, net of offering costs	960,684	9	35,376	-	35,385
Share-based compensation	-	-	2,329	-	2,329
Dividend reinvestment	96,189	1	3,595	-	3,596
Amortization of directors' deferred compensation	-	-	216	-	216
Issuance of restricted stock	52,043	1	(1)	-	-
Dividends to stockholders	-	-	70	(36,549)	(36,479)
Net increase resulting from operations	-	-	-	41,401	41,401
Balances at March 31, 2019	<u>62,373,777</u>	<u>\$ 624</u>	<u>\$1,451,530</u>	<u>\$ 70,343</u>	<u>\$1,522,497</u>

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

MAIN STREET CAPITAL CORPORATION
Consolidated Statements of Cash Flows
(dollars in thousands)
(Unaudited)

	Three Months Ended	
	March 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net increase in net assets resulting from operations	\$ 41,401	\$ 34,517
Adjustments to reconcile net increase in net assets resulting from operations to net cash used in operating activities:		
Investments in portfolio companies	(128,460)	(340,405)
Proceeds from sales and repayments of debt investments in portfolio companies	58,704	133,835
Proceeds from sales and return of capital of equity investments in portfolio companies	12,069	32,268
Net unrealized (appreciation) depreciation	(16,401)	9,523
Net realized (gain) loss	11,422	(6,086)
Accretion of unearned income	(2,375)	(3,238)
Payment-in-kind interest	(1,183)	(576)
Cumulative dividends	(661)	(562)
Share-based compensation expense	2,329	2,303
Amortization of deferred financing costs	821	881
Deferred tax (benefit) provision	2,367	(1,866)
Changes in other assets and liabilities:		
Interest receivable and other assets	(6,478)	(3,467)
Interest payable	702	3,237
Accounts payable and other liabilities	597	(4,913)
Deferred fees and other	584	1,392
Net cash used in operating activities	(24,562)	(143,157)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from public offering of common stock, net of offering costs	35,385	11,336
Dividends paid	(32,386)	(31,872)
Proceeds from issuance of SBIC debentures	-	22,000
Repayments of SBIC debentures	(24,000)	(4,000)
Proceeds from credit facility	94,000	194,000
Repayments on credit facility	(55,000)	(70,000)
Payment of deferred issuance costs and SBIC debenture fees	(250)	(533)
Purchases of vested stock for employee payroll tax withholding	-	(212)
Net cash provided by financing activities	17,749	120,719
Net decrease in cash and cash equivalents	(6,813)	(22,438)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	54,181	51,528
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 47,368	\$ 29,090

Supplemental cash flow disclosures:

Interest paid	\$ 10,362	\$ 6,116
Taxes paid	\$ 1,340	\$ 3,320
Operating non-cash activities:		
Right-of-use assets obtained in exchange for operating lease liabilities	\$ 5,240	\$ -
Non-cash financing activities:		
Shares issued pursuant to the DRIP	\$ 3,596	\$ 1,589

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

MAIN STREET CAPITAL CORPORATION
Consolidated Schedule of Investments
March 31, 2019
(dollars in thousands)
(unaudited)

Portfolio Company(1)(20)	Investment Date(26)	Business Description	Type of Investment(2)(3)(25)	Principal(4)	Cost(4)	Fair Value(18)
Control Investments(5)						
Access Media						
Holdings, LLC(10)	July 22, 2015	Private Cable Operator				
			10% PIK Secured Debt (Maturity–July 22, 2020)(14)(19)	\$ 23,828	\$23,828	\$ 7,603
			Preferred Member Units (9,481,500 units)(27)		9,375	(284)
			Member Units (45 units)		1	–
					<u>33,204</u>	<u>7,319</u>
ASC Interests, LLC						
	August 1, 2013	Recreational and Educational Shooting Facility				
			11% Secured Debt (Maturity–July 31, 2020)	1,650	1,626	1,626
			Member Units (1,500 units)		1,500	1,290
					<u>3,126</u>	<u>2,916</u>
ATS Workholding, LLC(10)						
	March 10, 2014	Manufacturer of Machine Cutting Tools and Accessories				
			5% Secured Debt (Maturity–November 16, 2021)	4,835	4,492	4,484
			Preferred Member Units (3,725,862 units)		3,726	3,726
					<u>8,218</u>	<u>8,210</u>
Bond-Coat, Inc.						
	December 28, 2012	Casing and Tubing Coating Services				
			12% Secured Debt (Maturity–December 28, 2020)	11,596	11,393	11,393
			Common Stock (57,508 shares)		6,350	6,890
					<u>17,743</u>	<u>18,283</u>

Brewer Crane Holdings, LLC	January 9, 2018	Provider of Crane Rental and Operating Services	LIBOR Plus 10.00% (Floor 1.00%), Current Coupon 12.49%, Secured Debt (Maturity–January 9, 2023)(9)	9,424	9,347	9,347
			Preferred Member Units (2,950 units)(8)		4,280	4,280
				<u>13,627</u>	<u>13,627</u>	
Café Brazil, LLC	April 20, 2004	Casual Restaurant Group	Member Units (1,233 units)(8)		1,742	4,180
California Splendor Holdings LLC	March 30, 2018	Processor of Frozen Fruits	LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 10.88%, Secured Debt (Maturity–March 30, 2023)(9)	8,091	7,937	7,937
			LIBOR Plus 10.00% (Floor 1.00%), Current Coupon 12.88%, Secured Debt (Maturity–March 30, 2023)(9)	28,000	27,766	27,766
			Preferred Member Units (6,157 units)(8)		10,775	7,382
				<u>46,478</u>	<u>43,085</u>	
CBT Nuggets, LLC	June 1, 2006	Produces and Sells IT Training Certification Videos	Member Units (416 units)(8)		1,300	60,630

MAIN STREET CAPITAL CORPORATION
Consolidated Schedule of Investments (Continued)
March 31, 2019
(dollars in thousands)
(unaudited)

Portfolio Company(1)(20)	Investment Date(26)	Business Description	Type of Investment(2)(3)(25)	Principal(4)	Cost(4)	Fair Value(18)
Centre Technologies Holdings, LLC	January 4, 2019	Provider of IT Hardware Services and Software Solutions	LIBOR Plus 9.00% (Floor 2.00%), Current Coupon 11.50%, Secured Debt (Maturity–January 4, 2024)(9)	12,240	12,122	12,122
			Preferred Member Units (12,696 units)		5,840	5,840
				<u>17,962</u>		<u>17,962</u>
Chamberlin Holding LLC	February 26, 2018	Roofing and Waterproofing Specialty Contractor	LIBOR Plus 10.00% (Floor 1.00%), Current Coupon 12.75%, Secured Debt (Maturity–February 26, 2023)(9)	20,203	20,036	20,036
			Member Units (4,347 units)(8)		11,440	21,120
			Member Units (Chamberlin Langfield Real Estate, LLC) (732,160 units)		732	732
Charps, LLC	February 3, 2017	Pipeline Maintenance and Construction	11.50% Secured Debt (Maturity–February 3, 2022)	11,233	11,149	11,222
			Preferred Member Units (1,600 units)(8)		400	3,750
				<u>11,549</u>		<u>14,972</u>
Clad-Rex Steel, LLC	December 20, 2016	Specialty Manufacturer of Vinyl-Clad Metal				

		LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 11.49%, Secured Debt (Maturity–December 20, 2021)(9)	12,080	12,006	12,080
		Member Units (717 units)(8)		7,280	10,610
		10% Secured Debt (Clad-Rex Steel RE Investor, LLC) (Maturity–December 20, 2036)	1,156	1,144	1,156
		Member Units (Clad-Rex Steel RE Investor, LLC) (800 units)		210	350
				<u>20,640</u>	<u>24,196</u>

CMS Minerals Investments January 30, 2015 Oil & Gas Exploration & Production

		Member Units (CMS Minerals II, LLC) (100 units)(8)		2,581	2,454
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CompareNetworks Topco, LLC January 29, 2019 Internet Publishing and Web Search Portals

		LIBOR Plus 11.00% (Floor 1.00%), Current Coupon 13.50%, Secured Debt (Maturity–January 29, 2021)(9)	250	241	241
		LIBOR Plus 11.00% (Floor 1.00%), Current Coupon 13.50%, Secured Debt (Maturity–January 29, 2024)(9)	8,750	8,666	8,666
		Preferred Member Units (1,975 units)		1,975	1,975
				<u>10,882</u>	<u>10,882</u>

Copper Trail Fund Investments(12)(13) July 17, 2017 Investment Partnership

		LP Interests (CTMH, LP) (Fully diluted 38.8%)		872	872
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MAIN STREET CAPITAL CORPORATION
Consolidated Schedule of Investments (Continued)
March 31, 2019
(dollars in thousands)
(unaudited)

Portfolio Company(1)(20)	Investment Date(26)	Business Description	Type of Investment(2)(3)(25)	Principal(4)	Cost(4)	Fair Value(18)
Datacom, LLC	May 30, 2014	Technology and Telecommunications Provider	8% Secured Debt	1,800	1,800	1,690
			(Maturity–May 30, 2019)(14)			
			10.50% PIK Secured Debt	12,511	12,479	9,786
			(Maturity–May 30, 2019)(14)(19)			
			Class A Preferred Member Units		1,294	–
			Class B Preferred Member Units (6,453 units)		6,030	–
			<u>21,603</u>	<u>11,476</u>		
Digital Products Holdings LLC	April 1, 2018	Designer and Distributor of Consumer Electronics	LIBOR Plus 10.00% (Floor 1.00%), Current Coupon 12.50%, Secured Debt (Maturity–April 1, 2023)(9)	25,410	25,194	25,194
			Preferred Member Units (3,451 shares)(8)		8,466	7,965
				<u>33,660</u>	<u>33,159</u>	
Direct Marketing Solutions, Inc.	February 13, 2018	Provider of Omni-Channel Direct Marketing Services	LIBOR Plus 11.00% (Floor 1.00%), Current Coupon 13.50%, Secured Debt (Maturity–February 13, 2023)(9)	17,782	17,622	17,622
			Preferred Stock (8,400 shares)		8,400	16,150
				<u>26,022</u>	<u>33,772</u>	

Gamber-Johnson Holdings, LLC	June 24, 2016	Manufacturer of Ruggedized Computer Mounting Systems	LIBOR Plus 7.50% (Floor 2.00%), Current Coupon 9.99%, Secured Debt (Maturity–June 24, 2021)(9)	20,622	20,508	20,622
			Member Units (8,619 units)(8)		14,844	45,460
				<u>35,352</u>	<u>66,082</u>	
Garreco, LLC	July 15, 2013	Manufacturer and Supplier of Dental Products	LIBOR Plus 8.00% (Floor 1.00%, Ceiling 1.50%), Current Coupon 9.50%, Secured Debt (Maturity–March 31, 2020)(9)	4,760	4,743	4,743
			Member Units (1,200 units)		1,200	2,500
				<u>5,943</u>	<u>7,243</u>	
GRT Rubber Technologies LLC	December 19, 2014	Manufacturer of Engineered Rubber Products	LIBOR Plus 7.00%, Current Coupon 9.49%, Secured Debt (Maturity–December 31, 2023)	11,498	11,480	11,498
			Member Units (5,879 units)(8)		13,065	41,290
				<u>24,545</u>	<u>52,788</u>	

MAIN STREET CAPITAL CORPORATION
Consolidated Schedule of Investments (Continued)
March 31, 2019
(dollars in thousands)
(unaudited)

Portfolio Company(1)(20)	Investment Date(26)	Business Description	Type of Investment(2)(3)(25)	Principal(4)	Cost(4)	Fair Value(18)
Guerdon Modular Holdings, Inc.	August 13, 2014	Multi-Family and Commercial Modular Construction Company	13% Secured Debt (Maturity–May 31, 2019)	12,588	12,588	12,018
			Preferred Stock (404,998 shares)		1,140	–
			Common Stock (212,033 shares)		2,983	–
			Warrants (6,208,877 equivalent shares; Expiration–April 25, 2028; Strike price–\$0.01 per share)			–
					<u>16,711</u>	<u>12,018</u>
Gulf Manufacturing, LLC	August 31, 2007	Manufacturer of Specialty Fabricated Industrial Piping Products	Member Units (438 units)(8)		2,980	11,690
Gulf Publishing Holdings, LLC	April 29, 2016	Energy Industry Focused Media and Publishing	LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 11.99%, Secured Debt (Maturity–September 30, 2020)(9)	80	80	80
			12.5% Secured Debt (Maturity–April 29, 2021)	12,535	12,472	12,472
			Member Units (3,681 units)		3,681	4,330
					<u>16,233</u>	<u>16,882</u>
Harborside Holdings, LLC	March 20, 2017	Real Estate Holding Company	Member units (100 units)		6,406	9,530
Harris Preston Fund Investments(12)(13)	October 1, 2017	Investment Partnership				

			LP Interests (2717 MH, L.P.) (Fully diluted 49.3%)	2,235	2,328
Harrison Hydra-Gen, Ltd.	June 4, 2010	Manufacturer of Hydraulic Generators	Common Stock (107,456 shares)(8)	718	8,600
IDX Broker, LLC	November 15, 2013	Provider of Marketing and CRM Tools for the Real Estate Industry	11.5% Secured Debt (Maturity–November 15, 2020)	14,200	14,123
			Preferred Member Units (5,607 units)(8)	5,952	14,420
				<u>20,075</u>	<u>28,620</u>
Jensen Jewelers of Idaho, LLC	November 14, 2006	Retail Jewelry Store	Prime Plus 6.75% (Floor 2.00%), Current Coupon 12.25%, Secured Debt (Maturity–November 14, 2019)(9)	3,205	3,192
			Member Units (627 units)(8)	811	5,380
				<u>4,003</u>	<u>8,585</u>
KBK Industries, LLC	January 23, 2006	Manufacturer of Specialty Oilfield and Industrial Products	Member Units (325 units)(8)	783	10,740

MAIN STREET CAPITAL CORPORATION
Consolidated Schedule of Investments (Continued)
March 31, 2019
(dollars in thousands)
(unaudited)

Portfolio Company(1)(20)	Investment Date(26)	Business Description	Type of Investment(2)(3)(25)	Principal(4)	Cost(4)	Fair Value(18)			
Kickhaefer Manufacturing Company, LLC	October 31, 2018	Precision Metal Parts Manufacturing	11.5% Secured Debt	28,000	27,723	27,723			
			(Maturity–October 31, 2023)						
			Member Units (581 units)				12,240	12,240	
			9.0% Secured Debt				3,999	3,959	3,959
			(Maturity–October 31, 2048)						
Member Units (KMC RE Investor, LLC) (800 units)(8)	992	992							
				44,914	44,914	44,914			
Lamb Ventures, LLC	May 30, 2008	Aftermarket Automotive Services Chain	Libor Plus 5.75%, Current Coupon 8.23%, Secured Debt (Maturity–July 1, 2019)	200	199	200			
			11% Secured Debt (Maturity–July 1, 2022)	11,839	11,809	11,839			
			Preferred Stock (non-voting)		400	400			
			Member Units (742 units)		5,663	11,550			
			9.5% Secured Debt (Lamb's Real Estate Investment I, LLC) (Maturity–March 31, 2027)	432	428	432			
			Member Units (Lamb's Real Estate Investment I, LLC) (1,000 units)(8)		625	630			
							19,124	25,051	25,051
			Market Force Information, LLC	July 28, 2017	Provider of Customer Experience Management Services	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon	560	560	560

9.63%, Secured Debt (Maturity–July 28, 2022)(9)			
LIBOR Plus 11.00% (Floor 1.00%), Current Coupon	22,800	22,634	22,634
13.63%, Secured Debt (Maturity–July 28, 2022)(9)			
Member Units (657,113 units)		14,700	11,190
		<u>37,894</u>	<u>34,384</u>

MH Corbin Holding LLC	August 31, 2015	Manufacturer and Distributor of Traffic Safety Products				
			5% Current / 5% PIK Secured Debt (Maturity–March 15, 2022)(19)	8,557	8,461	8,557
			Preferred Member Units (66,000 shares)		4,400	4,770
			Preferred Member Units (4,000 shares)		6,000	20
				<u>18,861</u>	<u>13,347</u>	

Mid-Columbia Lumber Products, LLC	December 18, 2006	Manufacturer of Finger- Jointed Lumber Products				
			10% Secured Debt (Maturity–January 15, 2020)	1,750	1,747	1,747
			12% Secured Debt (Maturity–January 15, 2020)	3,900	3,884	3,884
			Member Units (7,874 units)		3,001	2,770
			9.5% Secured Debt (Mid- Columbia Real Estate, LLC) (Maturity–May 13, 2025)	734	734	734
			Member Units (Mid- Columbia Real Estate, LLC) (500 units)(8)		790	1,470
				<u>10,156</u>	<u>10,605</u>	

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MSC Adviser I, LLC(16)	November 22, 2013	Third Party Investment Advisory Services	Member Units (Fully diluted 100.0%)(8)		-	65,820
Mystic Logistics Holdings, LLC	August 18, 2014	Logistics and Distribution Services Provider for Large Volume Mailers	12% Secured Debt (Maturity–August 15, 2019)	7,506	7,488	7,488
			Common Stock (5,873 shares)		2,720	710
				<u>10,208</u>	<u>8,198</u>	
NAPCO Precast, LLC	January 31, 2008	Precast Concrete Manufacturing	Member Units (2,955 units)(8)		2,975	14,330
NexRev LLC	February 28, 2018	Provider of Energy Efficiency Products & Services	11% Secured Debt (Maturity–February 28, 2023)	17,440	17,296	17,296
			Preferred Member Units (86,400,000 units)(8)		6,880	6,880
				<u>24,176</u>	<u>24,176</u>	
NRI Clinical Research, LLC	September 8, 2011	Clinical Research Service Provider	LIBOR Plus 6.75% (Floor 1.50%), Current Coupon 8.98%, Secured Debt (Maturity–June 8, 2020)(9)	200	200	200
			14% Secured Debt (Maturity–June 8, 2022)	6,685	6,553	6,685
			Warrants (251,723 equivalent units; Expiration–June 8,		252	700

			2027; Strike price-\$0.01 per unit)			
			Member Units (1,454,167 units)	765	2,678	
				<u>7,770</u>	<u>10,263</u>	
NRP Jones, LLC	December 22, 2011	Manufacturer of Hoses, Fittings and Assemblies				
			12% Secured Debt (Maturity-March 20, 2023)	6,376	6,376	6,376
			Member Units (65,962 units)	3,717	6,260	
				<u>10,093</u>	<u>12,636</u>	
NuStep, LLC	January 31, 2017	Designer, Manufacturer and Distributor of Fitness Equipment				
			12% Secured Debt (Maturity-January 31, 2022)	20,600	20,468	20,468
			Preferred Member Units (406 units)	10,200	10,200	
				<u>30,668</u>	<u>30,668</u>	
OMi Holdings, Inc.	April 1, 2008	Manufacturer of Overhead Cranes				
			Common Stock (1,500 shares)(8)	1,080	16,340	
Pegasus Research Group, LLC	January 6, 2011	Provider of Telemarketing and Data Services				
			Member Units (460 units)	1,290	7,280	
PPL RVs, Inc.	June 10, 2010	Recreational Vehicle Dealer				
			LIBOR Plus 7.00% (Floor 0.50%), Current Coupon 9.80%, Secured Debt (Maturity-November 15, 2021)(9)	15,100	15,013	15,013
			Common Stock (1,962 shares)	2,150	9,050	
				<u>17,163</u>	<u>24,063</u>	

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Portfolio Company(1)(20)	Investment Date(26)	Business Description	Type of Investment(2)(3)(25)	Principal(4)	Cost(4)	Fair Value(18)
Principle						
Environmental, LLC (d/b/a TruHorizon Environmental Solutions)	February 1, 2011	Noise Abatement Service Provider	13% Secured Debt (Maturity–April 30, 2020)	6,397	6,340	6,397
			Preferred Member Units (19,631 units)(8)		4,600	15,720
			Warrants (1,018 equivalent units; Expiration–January 31, 2021; Strike price–\$0.01 per unit)		1,200	950
					<u>12,140</u>	<u>23,067</u>
Quality Lease Service, LLC	June 8, 2015	Provider of Rigsite Accommodation Unit Rentals and Related Services	Zero Coupon Secured Debt (Maturity–June 8, 2021)	7,341	7,341	6,450
			Member Units (1,000 units)		4,213	3,980
					<u>11,554</u>	<u>10,430</u>
River Aggregates, LLC	March 30, 2011	Processor of Construction Aggregates	Zero Coupon Secured Debt (Maturity–June 30, 2018)(17)	750	750	722
			Member Units (1,150 units)		1,150	4,610
			Member Units (RA Properties, LLC) (1,500 units)		369	2,930
					<u>2,269</u>	<u>8,262</u>
Tedder Industries, LLC	August 31, 2018	Manufacturer of Firearm Holsters and Accessories	12% Secured Debt (Maturity–August 31, 2020)	480	480	480

12% Secured Debt (Maturity–August 31, 2023)	16,400	16,252	16,252
Preferred Member Units (440 units)		7,476	7,476
		<u>24,208</u>	<u>24,208</u>

The MPI Group, LLC	October 2, 2007	Manufacturer of Custom Hollow Metal Doors, Frames and Accessories				
			9% Secured Debt (Maturity–October 2, 2019)	2,924	2,924	2,685
			Series A Preferred Units (2,500 units)		2,500	330
			Warrants (1,424 equivalent units; Expiration–July 1, 2024; Strike price–\$0.01 per unit)		1,096	–
			Member Units (MPI Real Estate Holdings, LLC) (100 units)(8)		2,300	2,480
					<u>8,820</u>	<u>5,495</u>

Vision Interests, Inc.	June 5, 2007	Manufacturer / Installer of Commercial Signage				
			13% Secured Debt (Maturity–June 30, 2019)	2,028	2,028	2,028
			Series A Preferred Stock (3,000,000 shares)		3,000	3,740
			Common Stock (1,126,242 shares)		3,706	279
					<u>8,734</u>	<u>6,047</u>

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Portfolio Company(1)(20)	Investment Date(26)	Business Description	Type of Investment(2)(3)(25)	Principal(4)	Cost(4)	Fair Value(18)
Ziegler's NYPD, LLC	October 1, 2008	Casual Restaurant Group	6.5% Secured Debt (Maturity–October 1, 2019)	1,000	999	1,000
			12% Secured Debt (Maturity–October 1, 2019)	425	425	425
			14% Secured Debt (Maturity–October 1, 2019)	2,750	2,750	2,750
			Warrants (587 equivalent units; Expiration–October 1, 2019; Strike price–\$0.01 per unit)		600	–
			Preferred Member Units (10,072 units)		2,834	1,009
					<u>7,608</u>	<u>5,184</u>
					<u>7,608</u>	<u>5,184</u>
Subtotal Control Investments (66.3% of net assets at fair value)				<u>\$751,106</u>	<u>\$ 1,009,757</u>	

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Portfolio Company(1)(20)	Investment Date(26)	Business Description	Type of Investment(2)(3)(25)	Principal(4)	Cost(4)	Fair Value(18)
<u>Affiliate Investments(6)</u>						
AFG Capital Group, LLC	November 7, 2014	Provider of Rent-to-Own Financing Solutions and Services	Warrants (42 equivalent units; Expiration–November 7, 2024; Strike price–\$0.01 per unit)	\$ 259	\$ 1,040	
			Preferred Member Units (186 units)(8)		1,200	4,370
				1,459	5,410	
American Trailer Rental Group LLC	June 7, 2017	Provider of Short-term Trailer and Container Rental	LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 10.04%, Secured Debt (Maturity–June 7, 2022)(9)	24,240	24,046	24,046
			Member Units (Milton Meisler Holdings LLC) (48,555 units)		4,855	6,720
				28,901	30,766	
Barfly Ventures, LLC(10)	August 31, 2015	Casual Restaurant Group	12% Secured Debt (Maturity–August 31, 2020)	10,185	10,047	10,026
			Options (3 equivalent units)		607	940
			Warrant (1 equivalent unit; Expiration–August 31, 2025; Strike price–\$1.00 per unit)		473	410
BBB Tank Services, LLC	April 8, 2016	Maintenance, Repair and Construction Services to				

the Above-Ground
Storage Tank Market

LIBOR Plus 11.00% (Floor 1.00%), Current Coupon 13.49%, (Maturity–April 8, 2021)(9)	4,400	4,249	4,249
Preferred Stock (non- voting)(8)		118	118
Member Units (800,000 units)		800	230
		<u>5,167</u>	<u>4,597</u>

**Boccella Precast
Products LLC**

June 30, 2017 Manufacturer of Precast
Hollow Core Concrete

LIBOR Plus 10.00% (Floor 1.00%), Current Coupon 12.80%, Secured Debt (Maturity–June 30, 2022)(9)	15,724	15,524	15,724
Member Units (2,160,000 units)(8)		2,160	4,910
		<u>17,684</u>	<u>20,634</u>

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Portfolio Company(1)(20)	Investment Date(26)	Business Description	Type of Investment(2)(3)(25)	Principal(4)	Cost(4)	Fair Value(18)
Bridge Capital Solutions Corporation	April 18, 2012	Financial Services and Cash Flow Solutions Provider	13% Secured Debt (Maturity–July 25, 2021)	7,500	6,317	6,317
			Warrants (82 equivalent shares; Expiration–July 25, 2026; Strike price–\$0.01 per share)		2,132	3,760
			13% Secured Debt (Mercury Service Group, LLC) (Maturity–July 25, 2021)	1,000	995	1,000
			Preferred Member Units (Mercury Service Group, LLC) (17,742 units)(8)		1,000	1,000
					<u>10,444</u>	<u>12,077</u>
Buca C, LLC	June 30, 2015	Casual Restaurant Group	LIBOR Plus 9.25% (Floor 1.00%), Current Coupon 11.73%, Secured Debt (Maturity–June 30, 2020)(9)	19,004	18,948	18,948
			Preferred Member Units (6 units; 6% cumulative)(8)(19)		4,495	4,495
					<u>23,443</u>	<u>23,443</u>
CAI Software LLC	October 10, 2014	Provider of Specialized Enterprise Resource Planning Software	12% Secured Debt (Maturity–December 7, 2023)	10,880	10,767	10,880
			Member Units (66,968 units)(8)		751	2,717
				<u>11,518</u>	<u>13,597</u>	

Chandler Signs Holdings, LLC(10)	January 4, 2016	Sign Manufacturer	12% Current / 1% PIK Secured Debt (Maturity–July 4, 2021)(19)	4,557	4,535	4,557
			Class A Units (1,500,000 units)(8)		1,500	2,120
					<u>6,035</u>	<u>6,677</u>
Charlotte Russe, Inc(11)	May 28, 2013	Fast-Fashion Retailer to Young Women	Common Stock (19,041 shares)		3,141	–
Condit Exhibits, LLC	July 1, 2008	Tradeshaw Exhibits / Custom Displays Provider	Member Units (3,936 units)(8)		100	1,950
Congruent Credit Opportunities Funds(12)(13)	January 24, 2012	Investment Partnership	LP Interests (Congruent Credit Opportunities Fund II, LP) (Fully diluted 19.8%)		5,210	855
			LP Interests (Congruent Credit Opportunities Fund III, LP) (Fully diluted 17.4%)(8)		16,959	17,645
					<u>22,169</u>	<u>18,500</u>
Copper Trail Fund Investments(12)(13)	July 17, 2017	Investment Partnership	LP Interests (Copper Trail Energy Fund I, LP) (Fully diluted 12.4%)(8)		3,306	3,930
Dos Rios Partners(12)(13)	April 25, 2013	Investment Partnership	LP Interests (Dos Rios Partners, LP) (Fully diluted 20.2%)		5,846	7,024
			LP Interests (Dos Rios Partners–A, LP) (Fully diluted 6.4%)		1,856	2,230
					<u>7,702</u>	<u>9,254</u>

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Portfolio Company(1)(20)	Investment Date(26)	Business Description	Type of Investment(2)(3)(25)	Principal(4)	Cost(4)	Fair Value(18)
East Teak Fine Hardwoods, Inc.	April 13, 2006	Distributor of Hardwood Products	Common Stock (6,250 shares)(8)		480	560
EIG Fund Investments(12)(13)	November 6, 2015	Investment Partnership	LP Interests (EIG Global Private Debt Fund-A, L.P.) (Fully diluted 11.1%)(8)		696	648
Freeport Financial Funds(12)(13)	June 13, 2013	Investment Partnership	LP Interests (Freeport Financial SBIC Fund LP) (Fully diluted 9.3%)		5,974	5,453
			LP Interests (Freeport First Lien Loan Fund III LP) (Fully diluted 6.0%)(8)		9,756	9,581
					15,730	15,034
Harris Preston Fund Investments(12)(13)	August 9, 2017	Investment Partnership	LP Interests (HPEP 3, L.P.) (Fully diluted 8.2%)		1,971	1,971
Hawk Ridge Systems, LLC(13)	December 2, 2016	Value-Added Reseller of Engineering Design and Manufacturing Solutions	10.0% Secured Debt (Maturity–December 2, 2021)		13,400	13,314
			Preferred Member Units (226 units)(8)		2,850	7,260
			Preferred Member Units (HRS Services, ULC) (226 units)		150	380
					16,314	21,040

Houston Plating and Coatings, LLC	January 8, 2003	Provider of Plating and Industrial Coating Services	8% Unsecured Convertible Debt (Maturity–May 1, 2022)	3,000	3,000	3,820
			Member Units (318,462 units)(8)		2,236	8,710
					<u>5,236</u>	<u>12,530</u>
I-45 SLF LLC(12)(13)	October 20, 2015	Investment Partnership	Member Units (Fully diluted 20.0%; 24.4% profits interest)(8)		17,000	16,218
L.F. Manufacturing Holdings, LLC(10)	December 23, 2013	Manufacturer of Fiberglass Products	Preferred Member Units (non-voting; 14% cumulative)(8)(19)		73	73
			Member Units (2,179,001 units)		2,019	2,060
					<u>2,092</u>	<u>2,133</u>
OnAsset Intelligence, Inc.	April 18, 2011	Provider of Transportation Monitoring / Tracking Products and Services	12% PIK Secured Debt (Maturity–June 30, 2021)(19)	5,915	5,915	5,915
			10% PIK Unsecured Debt (Maturity–June 30, 2021)(19)	54	54	54
			Preferred Stock (912 shares)		1,981	–
			Warrants (5,333 equivalent shares; Expiration–April 18, 2021; Strike price–\$0.01 per share)		1,919	–
					<u>9,869</u>	<u>5,969</u>

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Portfolio Company(1)(20)	Investment Date(26)	Business Description	Type of Investment(2)(3)(25)	Principal(4)	Cost(4)	Fair Value(18)
PCI Holding Company, Inc.	December 18, 2012	Manufacturer of Industrial Gas Generating Systems	12% Current / 3% PIK Secured Debt (Maturity–March 31, 2019)(17)(19)	11,681	11,681	11,681
			Preferred Stock (1,740,000 shares) (non-voting)		1,740	4,350
			Preferred Stock (1,500,000 shares)		3,927	200
					<u>17,348</u>	<u>16,231</u>
Rocaccia, LLC (Quality Lease and Rental Holdings, LLC)	January 8, 2013	Provider of Rigsite Accommodation Unit Rentals and Related Services	12% Secured Debt (Maturity–January 8, 2018)(14)(15)	30,785	30,281	250
			Preferred Member Units (250 units)		2,500	–
					<u>32,781</u>	<u>250</u>
Salado Stone Holdings, LLC(10)	June 27, 2016	Limestone and Sandstone Dimension Cut Stone Mining Quarries	Class A Preferred Units (Salado Acquisition, LLC) (2,000,000 units)		2,000	1,470
SI East, LLC	August 31, 2018	Rigid Industrial Packaging Manufacturing	10.25% Current, Secured Debt (Maturity–August 31, 2023)	35,250	34,904	34,904
			Preferred Member Units (157 units)		6,000	6,000
					<u>40,904</u>	<u>40,904</u>

Slick Innovations, LLC	September 13, 2018	Text Message Marketing Platform	14% Current, Secured Debt (Maturity–September 13, 2023)	6,880	6,658	6,658
			Member Units (70,000 units)		700	700
			Warrants (18,084 equivalent units; Expiration–September 13, 2028; Strike price–\$0.01 per unit)		181	181
					<u>7,539</u>	<u>7,539</u>

UniTek Global Services, Inc.(11)	April 15, 2011	Provider of Outsourced Infrastructure Services	LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 8.10%, Secured Debt (Maturity–August 20, 2024)(9)	2,985	2,960	2,960
			Preferred Stock (1,521,122 shares; 19% cumulative)(8)(19)		1,715	1,715
			Preferred Stock (2,281,682 shares; 19% cumulative)(8)(19)		3,183	3,183
			Preferred Stock (4,336,866 shares; 13.5% cumulative)(8)(19)		7,663	7,663
			Common Stock (945,507 shares)		–	1,820
					<u>15,521</u>	<u>17,341</u>

Universal Wellhead Services Holdings, LLC(10)	October 30, 2014	Provider of Wellhead Equipment, Designs, and Personnel to the Oil & Gas Industry	Preferred Member Units (UWS Investments, LLC) (716,949 units; 14% cumulative)(8)(19)		902	990
			Member Units (UWS Investments, LLC) (4,000,000 units)		4,000	1,860
					<u>4,902</u>	<u>2,850</u>

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Volusion, LLC	January 26, 2015	Provider of Online Software-as-a-Service eCommerce Solutions	11.5% Secured Debt				
			(Maturity–January 26, 2020)	20,234	19,554	19,554	
			8% Unsecured Convertible Debt				
			(Maturity–November 16, 2023)	409	409	409	
			Preferred Member Units (4,876,670 units)			14,000	14,000
			Warrants (1,831,355 equivalent units; Expiration–January 26, 2025; Strike price–\$0.01 per unit)				2,575
				<u>36,538</u>	<u>35,853</u>		
Subtotal Affiliate Investments (23.7% of net assets at fair value)				<u>\$379,117</u>	<u>\$ 360,752</u>		

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<u>Non-Control/Non-Affiliate Investments(7)</u>						
		Substance Abuse				
AAC Holdings, Inc.(11)	June 30, 2017	Treatment Service Provider				
			LIBOR Plus 8.75% (Floor 1.00%), Current Coupon 11.49%, Secured Debt (Maturity–June 30, 2023)(9)	\$ 14,405	\$14,019	\$ 13,325
			LIBOR Plus 11.00% (Floor 1.00%), Current Coupon 13.49%, Secured Debt (Maturity–April 15, 2020)(9)	1,855	1,680	1,680
				<u>15,699</u>		<u>15,005</u>
Adams Publishing Group, LLC(10)	November 19, 2015	Local Newspaper Operator				
			Prime Plus 4.00% (Floor 1.00%), Current Coupon 9.50%, Secured Debt (Maturity–July 3, 2023)(9)	5,000	4,915	4,915
			LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 10.30%, Secured Debt (Maturity–July 3, 2023)(9)	7,718	7,577	7,577
				<u>12,492</u>		<u>12,492</u>
		Value-Added Logistics and Supply Chain Provider to the Defense Industry				
ADS Tactical, Inc.(10)	March 7, 2017		LIBOR Plus 6.25% (Floor 0.75%), Current Coupon 8.75%, Secured Debt (Maturity–July 26, 2023)(9)	16,374	16,228	16,374

Aethon United BR LP(10)	September 8, 2017	Oil & Gas Exploration & Production	LIBOR Plus 6.75% (Floor 1.00%), Current Coupon 9.24%, Secured Debt (Maturity–September 8, 2023)(9)	4,063	4,013	4,062
Allen Media, LLC.(11)	September 18, 2018	Operator of Cable Television Networks	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 9.15%, Secured Debt (Maturity–August 30, 2023)(9)	16,929	16,480	16,590
Allflex Holdings III Inc.(11)	July 18, 2013	Manufacturer of Livestock Identification Products	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 9.49%, Secured Debt (Maturity–July 19, 2021)(9)	13,120	13,081	13,120
American Nuts, LLC(10)	April 10, 2018	Roaster, Mixer and Packager of Bulk Nuts and Seeds	LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 12.30%, Secured Debt (Maturity–April 10, 2023)(9)	12,292	12,099	11,940
American Scaffold Holdings, Inc.(10)	June 14, 2016	Marine Scaffolding Service Provider	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 9.10%, Secured Debt (Maturity–March 31, 2022)(9)	6,563	6,503	6,530

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Portfolio Company(1)(20)	Investment Date(26)	Business Description	Type of Investment(2)(3)(25)	Principal(4)	Cost(4)	Fair Value(18)
American Teleconferencing Services, Ltd.(11)	May 19, 2016	Provider of Audio Conferencing and Video Collaboration Solutions	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 9.24%, Secured Debt (Maturity–December 8, 2021)(9)	17,665	16,374	11,593
Apex Linen Service, Inc.	October 30, 2015	Industrial Launderers	LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 11.49%, Secured Debt (Maturity–October 30, 2022)(9)	2,400	2,400	2,400
			16% Secured Debt (Maturity–October 30, 2022)	14,416	14,360	14,360
				<u>16,760</u>	<u>16,760</u>	
APTIM Corp.(11)	August 17, 2018	Engineering, Construction & Procurement	7.75% Secured Debt (Maturity–June 15, 2025)	12,452	10,682	9,619
Arcus Hunting LLC(10)	January 6, 2015	Manufacturer of Bowhunting and Archery Products and Accessories	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 9.80%, Secured Debt (Maturity–November 13, 2019)(9)	13,529	13,499	13,529
Arise Holdings, Inc.(10)	March 12, 2018	Tech-Enabled Business Process Outsourcing	Preferred Stock (1,000,000 shares)		1,000	1,704

ASC Ortho Management Company, LLC(10)	August 31, 2018	Provider of Orthopedic Services	LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 10.30%, Secured Debt (Maturity–August 31, 2023)(9)	4,631	4,536	4,472
			13.25% PIK Secured Debt (Maturity–December 1, 2023)(19)	1,678	1,641	1,641
					<u>6,177</u>	<u>6,113</u>
ATI Investment Sub, Inc.(11)	July 11, 2016	Manufacturer of Solar Tracking Systems	LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 9.75%, Secured Debt (Maturity–June 22, 2021)(9)	3,885	3,848	3,616
ATX Networks Corp.(11)(13)(21)	June 30, 2015	Provider of Radio Frequency Management Equipment	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 8.60%, Secured Debt (Maturity–June 11, 2021)(9)	13,897	13,648	13,202
Berry Aviation, Inc.(10)	July 6, 2018	Charter Airline Services	10.50% Current / 1.5% PIK, Secured Debt (Maturity–January 6, 2024)(19)	4,502	4,461	4,502
			Preferred Member Units (Berry Acquisition, LLC) (1,548,387 units; 8% cumulative)(8)(19)		1,640	1,640
					<u>6,101</u>	<u>6,142</u>

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Portfolio Company(1)(20)	Investment Date(26)	Business Description	Type of Investment(2)(3)(25)	Principal(4)	Cost(4)	Fair Value(18)
BigName Commerce, LLC(10)	May 11, 2017	Provider of Envelopes and Complimentary Stationery Products	LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 9.84%, Secured Debt (Maturity–May 11, 2022)(9)	2,443	2,423	2,407
Binswanger Enterprises, LLC(10)	March 10, 2017	Glass Repair and Installation Service Provider	LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 10.62%, Secured Debt (Maturity–March 9, 2022)(9)	14,271	14,087	14,271
			Member Units (1,050,000 units)		1,050	1,230
				15,137	15,501	
Bluestem Brands, Inc.(11)	December 19, 2013	Multi-Channel Retailer of General Merchandise	LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 10.24%, Secured Debt (Maturity–November 6, 2020)(9)	11,187	11,090	8,264
Bojangles', Inc.(11)	February 5, 2019	Quick Service Restaurant Group	LIBOR Plus 4.75%, Current Coupon 7.25%, Secured Debt (Maturity–January 28, 2026)	10,000	9,803	10,044
			LIBOR Plus 8.50%, Current Coupon 11.00%, Secured Debt (Maturity–January 28, 2027)	5,000	4,901	5,000

Brainworks Software, LLC(10)	August 12, 2014	Advertising Sales and Newspaper Circulation Software	Prime Plus 9.25% (Floor 3.25%), Current Coupon 14.75%, Secured Debt (Maturity–July 22, 2019)(9)	6,733	6,727	6,427
Brightwood Capital Fund Investments(12)(13)	July 21, 2014	Investment Partnership	LP Interests (Brightwood Capital Fund III, LP) (Fully diluted 1.6%)(8)	11,940	10,411	
			LP Interests (Brightwood Capital Fund IV, LP) (Fully diluted 0.6%)(8)	2,500	2,563	
				<u>14,440</u>	<u>12,974</u>	
Cadence Aerospace LLC(10)	November 14, 2017	Aerostructure Manufacturing	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 9.10%, Secured Debt (Maturity–November 14, 2023)(9)	19,470	19,308	19,470
California Pizza Kitchen, Inc.(11)	August 29, 2016	Casual Restaurant Group	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity–August 23, 2022)(9)	12,739	12,709	12,341
Central Security Group, Inc.(11)	December 4, 2017	Security Alarm Monitoring Service Provider	LIBOR Plus 5.63% (Floor 1.00%), Current Coupon 8.12%, Secured Debt (Maturity–October 6, 2021)(9)	13,848	13,790	13,710

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Portfolio Company(1)(20)	Investment Date(26)	Business Description	Type of Investment(2)(3)(25)	Principal(4)	Cost(4)	Fair Value(18)
Cenveo Corporation(11)	September 4, 2015	Provider of Digital Marketing Agency Services	Libor Plus 9.00% (Floor 1.00%), Current Coupon 11.49%, Secured Debt (Maturity–June 7, 2023)(9)	6,370	6,139	5,924
			Common Stock (177,130 shares)		5,309	2,687
				<u>11,448</u>		<u>8,611</u>
Clarius BIGS, LLC(10)	September 23, 2014	Prints & Advertising Film Financing	15% PIK Secured Debt (Maturity–January 5, 2015)(14)(17)	2,908	2,908	44
Clickbooth.com, LLC(10)	December 5, 2017	Provider of Digital Advertising Performance Marketing Solutions	LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 11.31%, Secured Debt (Maturity–December 5, 2022)(9)	2,906	2,860	2,906
Construction Supply Investments, LLC(10)	December 29, 2016	Distribution Platform of Specialty Construction Materials to Professional Concrete and Masonry Contractors	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity–June 30, 2023)(9)	14,969	14,906	14,932
					4,221	5,050
					<u>19,127</u>	<u>19,982</u>

CTVSH, PLLC(10)	August 3, 2017	Emergency Care and Specialty Service Animal Hospital	LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 10.63%, Secured Debt (Maturity–August 3, 2022)(9)	10,700	10,622	10,700
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Darr Equipment LP(10)	April 15, 2014	Heavy Equipment Dealer	11.5% Current / 1% PIK Secured Debt (Maturity–June 22, 2023)(19)	5,854	5,854	5,854
			Warrants (915,734 equivalent units; Expiration–December 23, 2023; Strike price–\$1.50 per unit)		474	60
					<u>6,328</u>	<u>5,914</u>

Digital River, Inc.(11)	February 24, 2015	Provider of Outsourced e- Commerce Solutions and Services	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 8.60%, Secured Debt (Maturity–February 12, 2021)(9)	14,308	14,138	13,950
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DTE Enterprises, LLC(10)	April 13, 2018	Industrial Powertrain Repair and Services	LIBOR Plus 7.50% (Floor 1.50%), Current Coupon 10.00%, Secured Debt (Maturity–April 13, 2023)(9)	11,992	11,780	11,980
			Class AA Preferred Member Units (non-voting; 10% cumulative)(8)(19)		797	797
			Class A Preferred Member Units (776,316 units)(8)		776	1,440
					<u>13,353</u>	<u>14,217</u>

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Portfolio Company(1)(20)	Investment Date(26)	Business Description	Type of Investment(2)(3)(25)	Principal(4)	Cost(4)	Fair Value(18)
Dynamic Communities, LLC(10)	July 17, 2018	Developer of Business				
		Events and Online Community Groups	LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 10.59%, Secured Debt (Maturity–July 17, 2023)(9)	5,565	5,465	5,414
Elite SEM, Inc.(10)	August 31, 2018	Provider of Digital Marketing Agency Services				
			LIBOR Plus 8.44% (Floor 1.00%), Current Coupon 11.01%, Secured Debt (Maturity–February 1, 2022)(9)(23)	6,875	6,759	6,857
EnCap Energy Fund Investments(12)(13)	December 28, 2010	Investment Partnership				
			LP Interests (EnCap Energy Capital Fund VIII, L.P.) (Fully diluted 0.1%)(8)	3,661		1,631
			LP Interests (EnCap Energy Capital Fund VIII Co-Investors, L.P.) (Fully diluted 0.4%)	2,103		958
			LP Interests (EnCap Energy Capital Fund IX, L.P.) (Fully diluted 0.1%)(8)	4,452		3,466
			LP Interests (EnCap Energy Capital Fund X, L.P.) (Fully diluted 0.1%)(8)	7,805		8,443
			LP Interests (EnCap Flatrock Midstream Fund II, L.P.) (Fully diluted 0.8%)(8)	6,213		4,660
			LP Interests (EnCap Flatrock Midstream Fund III, L.P.) (Fully diluted 0.2%)(8)	5,818		5,446
				30,052		24,604

Encino Acquisition Partners Holdings, Inc.(11)	November 16, 2018	Oil & Gas Exploration & Production	LIBOR Plus 6.75% (Floor 1.00%), Current Coupon 9.25%, Secured Debt (Maturity–October 29, 2025)(9)	9,000	8,914	8,730
EPIC Y-Grade Services, LP(11)	June 22, 2018	NGL Transportation & Storage	LIBOR Plus 5.50%, Current Coupon 8.00%, Secured Debt (Maturity–June 13, 2024)	17,500	17,187	17,106
Evergreen Skills Lux S.á r.l. (d/b/a Skillsoft)(11)(13)	May 5, 2014	Technology-based Performance Support Solutions	LIBOR Plus 8.25% (Floor 1.00%), Current Coupon 10.75%, Secured Debt (Maturity–April 28, 2022)(9)	6,999	6,908	2,905
Felix Investments Holdings II(10)	August 9, 2017	Oil & Gas Exploration & Production	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 9.20%, Secured Debt (Maturity–August 9, 2022)(9)	5,000	4,932	4,971
Flavors Holdings Inc.(11)	October 15, 2014	Global Provider of Flavoring and Sweetening Products	LIBOR Plus 5.75% (Floor 1.00%), Current Coupon 8.35%, Secured Debt (Maturity–April 3, 2020)(9)	12,100	11,897	11,313

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Portfolio Company(1)(20)	Investment Date(26)	Business Description	Type of Investment(2)(3)(25)	Principal(4)	Cost(4)	Fair Value(18)
GeoStabilization International (GSI)(11)	December 31, 2018	Geohazard Engineering Services & Maintenance	LIBOR Plus 5.50%, Current Coupon 8.06%, Secured Debt (Maturity–December 19, 2025)	16,500	16,340	16,459
GI KBS Merger Sub LLC(11)	November 10, 2014	Outsourced Janitorial Service Provider	LIBOR Plus 4.75% (Floor 1.00%), Current Coupon 7.38%, Secured Debt (Maturity–October 29, 2021)(9)	9,172	9,120	9,184
			LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 11.25%, Secured Debt (Maturity–April 29, 2022)(9)	3,915	3,804	3,949
				12,924	13,133	13,133
Good Source Solutions, Inc.(10)	October 23, 2018	Specialized Food Distributor	LIBOR Plus 8.32% (Floor 1.00%), Current Coupon 10.92%, Secured Debt (Maturity–June 29, 2023)(9)(23)	5,000	4,954	4,954
GoWireless Holdings, Inc.(11)	December 31, 2017	Provider of Wireless Telecommunications Carrier Services	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 9.00%, Secured Debt (Maturity–December 22, 2024)(9)	16,875	16,726	16,559

**Grupo Hima San
Pablo, Inc.(11)**

March 7,
2013 Tertiary Care Hospitals

LIBOR Plus 7.00% (Floor 1.50%), Current Coupon 9.75%, Secured Debt (Maturity–April 30, 2019)(9)	4,627	4,627	3,747
13.75% Secured Debt (Maturity–October 15, 2018)(17)	2,055	2,040	226
		<u>6,667</u>	<u>3,973</u>

**HDC/HW Intermediate
Holdings(10)**

December 21, Managed Services and
2018 Hosting Provider

LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 10.11%, Secured Debt (Maturity–December 21, 2023)(9)	3,201	3,134	3,134
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Hoover Group, Inc.(10)(13)

October 21, Provider of Storage Tanks
2016 and Related Products to
the Energy and
Petrochemical Markets

LIBOR Plus 6.00%, Current Coupon 8.66%, Secured Debt (Maturity–January 28, 2020)	6,050	5,706	5,679
LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 9.90%, Secured Debt (Maturity–January 28, 2021)(9)	9,346	9,042	9,066
		<u>14,748</u>	<u>14,745</u>

**Hunter Defense
Technologies, Inc.(10)**

March 29, Provider of Military and
2018 Commercial Shelters and
Systems

LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 9.60%, Secured Debt (Maturity–March 29, 2023)(9)	16,080	15,822	16,080
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Portfolio Company(1)(20)	Investment Date(26)	Business Description	Type of Investment(2)(3)(25)	Principal(4)	Cost(4)	Fair Value(18)
HW Temps LLC	July 2, 2015	Temporary Staffing Solutions	8.00% Secured Debt (Maturity–March 29, 2023)	10,958	10,744	9,631
Hydrofarm Holdings LLC(10)	May 18, 2017	Wholesaler of Horticultural Products	LIBOR Plus 10.00%, Current Coupon 3.75% / 8.74% PIK, Current Coupon Plus PIK 12.49% Secured Debt (Maturity–May 12, 2022)(19)	7,161	7,039	5,678
iEnergizer Limited(11)(13)(21)	May 8, 2013	Provider of Business Outsourcing Solutions	LIBOR Plus 6.00% (Floor 1.25%), Current Coupon 8.50%, Secured Debt (Maturity–May 1, 2019)(9)	13,118	13,105	13,134
Implus Footcare, LLC(10)	June 1, 2017	Provider of Footwear and Related Accessories	LIBOR Plus 6.75% (Floor 1.00%), Current Coupon 9.35%, Secured Debt (Maturity–April 30, 2021)(9)	18,717	18,544	18,717
Independent Pet Partners Intermediate Holdings, LLC(10)	November 20, 2018	Omnichannel Retailer of Specialty Pet Products	LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 11.80%, Secured Debt (Maturity–November 19, 2023)(9) Member Units (1,558,333 units)	14,314	14,037	14,037
					1,558	1,558
				<u>15,595</u>		<u>15,595</u>

Industrial Services Acquisition, LLC(10)	June 17, 2016	Industrial Cleaning Services	6% Current / 7% PIK Unsecured Debt (Maturity–December 17, 2022)(19)	4,970	4,889	4,970
			Preferred Member Units (Industrial Services Investments, LLC) (144 units; 10% cumulative)(8)(19)		96	96
			Member Units (Industrial Services Investments, LLC) (900 units)		900	380
					<u>5,885</u>	<u>5,446</u>
Inn of the Mountain Gods Resort and Casino(11)	October 30, 2013	Hotel & Casino Owner & Operator	9.25% Secured Debt (Maturity–November 30, 2020)	7,762	7,453	7,684
Intermedia Holdings, Inc.(11)	August 3, 2018	Unified Communications as a Service	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity–July 19, 2025)(9)	11,543	11,435	11,571
irth Solutions, LLC	December 29, 2010	Provider of Damage Prevention Information Technology Services	Member Units (27,893 units)		1,441	3,210
Isagenix International, LLC(11)	June 21, 2018	Direct Marketer of Health & Wellness Products	LIBOR Plus 5.75% (Floor 1.00%), Current Coupon 8.35%, Secured Debt (Maturity–June 14, 2025)(9)	6,187	6,130	5,553

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Portfolio Company(1)(20)	Investment Date(26)	Business Description	Type of Investment(2)(3)(25)	Principal(4)	Cost(4)	Fair Value(18)
JAB Wireless, Inc.(10)	May 2, 2018	Fixed Wireless Broadband Provider	LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 10.49%, Secured Debt (Maturity–May 2, 2023)(9)	14,850	14,723	14,850
Jacent Strategic Merchandising, LLC(10)	September 16, 2015	General Merchandise Distribution	LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 9.98%, Secured Debt (Maturity–September 16, 2020)(9)	10,299	10,269	10,299
Jackmont Hospitality, Inc.(10)	May 26, 2015	Franchisee of Casual Dining Restaurants	LIBOR Plus 6.75% (Floor 1.00%), Current Coupon 9.25%, Secured Debt (Maturity–May 26, 2021)(9)	4,138	4,131	4,138
Joerns Healthcare, LLC(11)	April 3, 2013	Manufacturer and Distributor of Health Care Equipment & Supplies	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 8.63% Secured Debt (Maturity–May 9, 2020)(9)	13,387	13,344	11,245
Kore Wireless Group Inc.(11)	December 31, 2018	Mission Critical Software Platform	LIBOR Plus 5.50%, Current Coupon 8.10%, Secured Debt (Maturity–December 20, 2024)	6,650	6,586	6,617

Larchmont Resources, LLC(11)	August 13, 2013	Oil & Gas Exploration & Production	LIBOR Plus 9.00% (Floor 1.00%) PIK, 11.61% PIK Secured Debt, (Maturity–August 7, 2020)(9)(19)	2,380	2,380	2,321
			Member Units (Larchmont Intermediate Holdco, LLC) (2,828 units)		353	707
					<u>2,733</u>	<u>3,028</u>

Laredo Energy VI, LP(10)	January 15, 2019	Oil & Gas Exploration & Production	LIBOR Plus 10.50% (Floor 2.00%), Current Coupon 13.36%, Secured Debt (Maturity–November 19, 2021)(9)	8,425	8,196	8,196
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LKCM Headwater Investments I, L.P.(12)(13)	January 25, 2013	Investment Partnership	LP Interests (Fully diluted 2.3%)(8)		1,780	3,501
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Logix Acquisition Company, LLC(10)	June 24, 2016	Competitive Local Exchange Carrier	LIBOR Plus 5.75% (Floor 1.00%), Current Coupon 8.25%, Secured Debt (Maturity–December 22, 2024)(9)	16,782	16,577	16,908
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Looking Glass Investments, LLC(12)(13)	July 1, 2015	Specialty Consumer Finance	Member Units (2.5 units)		125	45
			Member Units (LGI Predictive Analytics LLC) (190,712 units)(8)		49	21
					<u>174</u>	<u>66</u>

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Portfolio Company(1)(20)	Investment Date(26)	Business Description	Type of Investment(2)(3)(25)	Principal(4)	Cost(4)	Fair Value(18)
LSF9 Atlantis Holdings, LLC(11)	May 17, 2017	Provider of Wireless Telecommunications Carrier Services	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 8.48%, Secured Debt (Maturity–May 1, 2023)(9)	9,647	9,635	9,002
Lulu's Fashion Lounge, LLC(10)	August 31, 2017	Fast Fashion E-Commerce Retailer	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 9.50%, Secured Debt (Maturity–August 28, 2022)(9)	12,102	11,825	11,739
MHVC Acquisition Corp.(11)	May 8, 2017	Provider of differentiated information solutions, systems engineering, and analytics	LIBOR Plus 5.25% (Floor 1.00%), Current Coupon 7.75%, Secured Debt (Maturity–April 29, 2024)(9)	15,397	15,365	14,858
Mills Fleet Farm Group, LLC(10)	October 24, 2018	Omnichannel Retailer of Work, Farm and Lifestyle Merchandise	LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 8.75%, Secured Debt (Maturity–October 24, 2024)(9)	14,963	14,680	14,962
Mobileum, Inc.(10)	October 23, 2018	Provider of big data analytics to telecom service providers	LIBOR Plus 10.25% (Floor 0.75%), Current Coupon	7,500	7,433	7,433

12.86%, Secured Debt
(Maturity–May 1, 2022)(9)

NBG Acquisition Inc(11)	April 28, 2017	Wholesaler of Home Décor Products	LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 8.10%, Secured Debt (Maturity–April 26, 2024)(9)	4,264	4,210	4,200
New Era Technology, Inc.(10)	June 30, 2018	Managed Services and Hosting Provider	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 9.13%, Secured Debt (Maturity–June 22, 2023)(9)	9,540	9,334	9,416
New Media Holdings II LLC(11)(13)	June 10, 2014	Local Newspaper Operator	LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 8.75%, Secured Debt (Maturity–July 14, 2022)(9)	21,072	20,760	20,993
NNE Partners, LLC(10)	March 2, 2017	Oil & Gas Exploration & Production	LIBOR Plus 8.00%, Current Coupon 10.62%, Secured Debt (Maturity–March 2, 2022)	20,417	20,269	20,417
North American Lifting Holdings, Inc.(11)	February 26, 2015	Crane Service Provider	LIBOR Plus 4.50% (Floor 1.00%), Current Coupon 7.10%, Secured Debt (Maturity–November 27, 2020)(9)	7,664	7,163	7,204

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Portfolio Company(1)(20)	Investment Date(26)	Business Description	Type of Investment(2)(3)(25)	Principal(4)	Cost(4)	Fair Value(18)
Novetta Solutions, LLC(11)	June 21, 2017	Provider of Advanced Analytics Solutions for Defense Agencies	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity–October 17, 2022)(9)	17,847	17,424	17,524
NTM Acquisition Corp.(11)	July 12, 2016	Provider of B2B Travel Information Content	LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 8.75%, Secured Debt (Maturity–June 7, 2022)(9)	4,358	4,341	4,292
Ospemifene Royalty Sub LLC (QuatRx)(10)	July 8, 2013	Estrogen-Deficiency Drug Manufacturer and Distributor	11.5% Secured Debt (Maturity–November 15, 2026)(14)	4,943	4,943	719
Permian Holdco 2, Inc.(11)	February 12, 2013	Storage Tank Manufacturer	14% PIK Unsecured Debt (Maturity–October 15, 2021)(19)	410	410	295
			18% PIK Unsecured Debt (Maturity–June 30, 2022)(19)	278	278	278
			Preferred Stock (Permian Holdco 1, Inc.) (154,558 units)		799	330
					<u>1,487</u>	<u>903</u>
Pier 1 Imports, Inc.(11)	February 20, 2018	Decorative Home Furnishings Retailer	LIBOR Plus 3.50% (Floor 1.00%), Current Coupon	9,710	9,183	5,244

6.38%, Secured Debt
(Maturity–April 30,
2021)(9)

Point.360(10)	July 8, 2015	Fully Integrated Provider of Digital Media Services	Warrants (65,463 equivalent shares; Expiration–July 7, 2020; Strike price–\$0.75 per share)	69	–
			Common Stock (163,658 shares)	273	4
				<u>342</u>	<u>4</u>

PricewaterhouseCoopers Public Sector LLP(11)	May 24, 2018	Provider of Consulting Services to Governments	LIBOR Plus 7.50%, Current Coupon 10.00%, Secured Debt (Maturity–May 1, 2026)	8,000	7,963	7,900

Prowler Acquisition Corp.(11)	February 11, 2014	Specialty Distributor to the Energy Sector	LIBOR Plus 4.50% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity–January 28, 2020)(9)	19,974	19,267	20,074

PT Network, LLC(10)	November 1, 2013	Provider of Outpatient Physical Therapy and Sports Medicine Services	LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 8.30%, Secured Debt (Maturity–November 30, 2021)(9)	8,959	8,959	8,486

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Research Now Group, Inc. and Survey Sampling International, LLC(11)	December 31, 2017	Provider of Outsourced Online Surveying	LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 8.00%, Secured Debt (Maturity–December 20, 2024)(9)	15,321	14,738	15,264
RM Bidder, LLC(10)	November 12, 2015	Scripted and Unscripted TV and Digital Programming Provider	Warrants (327,532 equivalent units; Expiration–October 20, 2025; Strike price–\$14.28 per unit)		425	–
			Member Units (2,779 units)		46	11
					471	11
SAFETY Investment Holdings, LLC	April 29, 2016	Provider of Intelligent Driver Record Monitoring Software and Services	Member Units (2,000,000 units)		2,000	1,950
Salient Partners L.P.(11)	June 25, 2015	Provider of Asset Management Services	LIBOR Plus 5.75% (Floor 1.00%), Current Coupon 8.25%, Secured Debt (Maturity–June 9, 2021)(9)	7,313	7,283	7,283
SITV, LLC(11)	September 26, 2017	Cable Networks Operator	10.375% Secured Debt (Maturity–July 1, 2019)(14)	10,429	7,196	2,529

SMART Modular Technologies, Inc.(10)(13)	August 18, 2017	Provider of Specialty Memory Solutions	LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 8.95%, Secured Debt (Maturity–August 9, 2022)(9)	19,000	18,802	19,095
Sorenson Communications, Inc.(11)	June 7, 2016	Manufacturer of Communication Products for Hearing Impaired	LIBOR Plus 5.75% (Floor 2.25%), Current Coupon 8.25%, Secured Debt (Maturity–April 30, 2020)(9)	13,062	13,031	12,932
Staples Canada ULC(10)(13)(21)	September 14, 2017	Office Supplies Retailer	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 9.05%, Secured Debt (Maturity–September 12, 2023)(9)(22)	16,448	16,195	14,871
STL Parent Corp.(10)	December 14, 2018	Manufacturer and Servicer of Tank and Hopper Railcars	LIBOR Plus 7.00%, Current Coupon 9.50%, Secured Debt (Maturity–December 5, 2022)	14,906	14,410	14,459
Strike, LLC(11)	December 12, 2016	Pipeline Construction and Maintenance Services	LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 10.65%, Secured Debt (Maturity–November 30, 2022)(9)	8,875	8,685	8,842
TE Holdings, LLC(11)	December 5, 2013	Oil & Gas Exploration & Production	Member Units (97,048 units)	970		49

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Portfolio Company(1)(20)	Investment Date(26)	Business Description	Type of Investment(2)(3)(25)	Principal(4)	Cost(4)	Fair Value(18)
Tectonic Holdings, LLC	May 15, 2017	Financial Services Organization	Member Units (200,000 units)(8)		2,000	2,620
TeleGuam Holdings, LLC(11)	June 26, 2013	Cable and Telecom Services Provider	LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 11.00%, Secured Debt (Maturity–April 12, 2024)(9)	7,750	7,624	7,798
TGP Holdings III LLC(11)	September 30, 2017	Outdoor Cooking & Accessories	LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 11.10%, Secured Debt (Maturity–September 25, 2025)(9)	5,500	5,435	5,280
The Pasha Group(11)	February 2, 2018	Diversified Logistics and Transportation Provided	LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 10.06%, Secured Debt (Maturity–January 26, 2023)(9)	10,449	10,190	10,534
TMC Merger Sub Corp.(11)	December 22, 2016	Refractory & Maintenance Services Provider	LIBOR Plus 6.75% (Floor 1.00%), Current Coupon 9.25%, Secured Debt (Maturity–October 31, 2022)(9)(24)	16,982	16,802	16,897
TOMS Shoes, LLC(11)	November 13, 2014	Global Designer, Distributor, and Retailer of Casual Footwear				

			LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 8.00%, Secured Debt (Maturity–October 30, 2020)(9)	4,800	4,645	3,804
Turning Point Brands, Inc.(10)(13)	February 17, 2017	Marketer/Distributor of Tobacco Products	LIBOR Plus 7.00%, Current Coupon 9.48%, Secured Debt (Maturity–March 7, 2024)	8,500	8,427	8,585
TVG-I-E CMN ACQUISITION, LLC(10)	November 3, 2016	Organic Lead Generation for Online Postsecondary Schools	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity–November 3, 2021)(9)	19,377	19,090	19,377
U.S. TelePacific Corp.(11)	September 14, 2016	Provider of Communications and Managed Services	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 7.60%, Secured Debt (Maturity–May 2, 2023)(9)	18,491	18,352	17,994
VIP Cinema Holdings, Inc.(11)	March 9, 2017	Supplier of Luxury Seating to the Cinema Industry	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity–March 1, 2023)(9)	10,350	10,310	9,677

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Portfolio Company(1)(20)	Investment Date(26)	Business Description	Type of Investment(2)(3)(25)	Principal(4)	Cost(4)	Fair Value(18)
Vistar Media, Inc.(10)	February 17, 2017	Operator of Digital Out-of-Home Advertising Platform	LIBOR Plus 10.00% (Floor 1.00%), Current Coupon 12.62%, Secured Debt (Maturity–February 16, 2022)(9)	3,263	3,062	3,262
			Warrants (70,207 equivalent shares; Expiration–February 17, 2027; Strike price–\$0.01 per share)		331	640
				3,393		3,902
Wireless Vision Holdings, LLC(10)	September 29, 2017	Provider of Wireless Telecommunications Carrier Services	LIBOR Plus 9.91% (Floor 1.00%), Current Coupon 11.41% / 1% PIK, Current Coupon Plus PIK 12.41%, Secured Debt (Maturity–September 29, 2022)(9)(19)(28)	14,198	13,953	14,042
YS Garments, LLC(11)	August 22, 2018	Designer and Provider of Branded Activewear	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 8.41% Secured Debt (Maturity–August 9, 2024)(9)	14,813	14,676	14,609
Zilliant Incorporated	June 15, 2012	Price Optimization and Margin Management Solutions				

Preferred Stock (186,777 shares)	154	260
Warrants (952,500 equivalent shares; Expiration–June 15, 2022; Strike price–\$0.001 per share)	1,071	1,191
	<u>1,225</u>	<u>1,451</u>
Subtotal Non-Control/Non-Affiliate Investments (74.0% of net assets at fair value)	\$1,169,595	\$1,126,082
Total Portfolio Investments, March 31, 2019	\$2,299,818	\$2,496,591

- (1) All investments are Lower Middle Market portfolio investments, unless otherwise noted. See Note B for a description of Lower Middle Market portfolio investments. All of the Company's investments, unless otherwise noted, are encumbered either as security for the Company's Credit Facility or in support of the SBA-guaranteed debentures issued by the Funds.
- (2) Debt investments are income producing, unless otherwise noted. Equity and warrants are non-income producing, unless otherwise noted.
- (3) See Note C for a summary of geographic location of portfolio companies.
- (4) Principal is net of repayments. Cost is net of repayments and accumulated unearned income.
- (5) Control investments are defined by the Investment Company Act of 1940, as amended ("1940 Act") as investments in which more than 25% of the voting securities are owned or where the ability to nominate greater than 50% of the board representation is maintained.
- (6) Affiliate investments are defined by the 1940 Act as investments in which between 5% and 25% of the voting securities are owned and the investments are not classified as Control investments.
- (7) Non-Control/Non-Affiliate investments are defined by the 1940 Act as investments that are neither Control investments nor Affiliate investments.
- (8) Income producing through dividends or distributions.
- (9) Index based floating interest rate is subject to contractual minimum interest rate. A majority of the variable rate loans in the Company's investment portfolio bear interest at a rate that may be determined by reference to either LIBOR or an alternate Base Rate (commonly based on the Federal Funds Rate or the Prime Rate), which typically resets semi-annually, quarterly, or monthly at the borrower's option. The borrower may also elect to have multiple interest reset periods for each loan. For each such loan, the Company has provided the weighted average annual stated interest rate in effect at March 31, 2019. As noted in this schedule, 64% of the loans (based on the par amount) contain LIBOR floors which range between 0.50% and 2.25%, with a weighted-average LIBOR floor of approximately 1.05%.

- (10) Private Loan portfolio investment. See Note B for a description of Private Loan portfolio investments.

- (11) Middle Market portfolio investment. See Note B for a description of Middle Market portfolio investments.

- (12) Other Portfolio investment. See Note B for a description of Other Portfolio investments.

- (13) Investment is not a qualifying asset as defined under Section 55(a) of the 1940 Act. Qualifying assets must represent at least 70% of total assets at the time of acquisition of any additional non-qualifying assets.

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- (14) Non-accrual and non-income producing investment.
- (15) Portfolio company is in a bankruptcy process and, as such, the maturity date of our debt investments in this portfolio company will not be finally determined until such process is complete. As noted in footnote (14), our debt investments in this portfolio company are on non-accrual status.
- (16) External Investment Manager. Investment is not encumbered as security for the Company's Credit Facility or in support of the SBA-guaranteed debentures issued by the Funds.
- (17) Maturity date is under on-going negotiations with the portfolio company and other lenders, if applicable.
- (18) Investment fair value was determined using significant unobservable inputs, unless otherwise noted. See Note C for further discussion.
- (19) PIK interest income and cumulative dividend income represent income not paid currently in cash.
- (20) All portfolio company headquarters are based in the United States, unless otherwise noted.
- (21) Portfolio company headquarters are located outside of the United States.
- (22) In connection with the Company's debt investment in Staples Canada ULC to help mitigate any potential adverse change in foreign exchange rates during the term of the Company's investment, the Company has a forward foreign currency contract with Cadence Bank to lend \$19.9 million Canadian Dollars and receive \$15.3 million U.S. Dollars with a settlement date of September 12, 2019. The unrealized appreciation on the forward foreign currency contract is \$0.3 million as of March 31, 2019.
- (23) The Company has entered into an intercreditor agreement that entitles the Company to the "last out" tranche of the first lien secured loans, whereby the "first out" tranche will receive priority as to the "last out" tranche with respect to payments of principal, interest, and any other amounts due thereunder. Therefore, the Company receives a higher interest rate than the contractual stated interest rate of LIBOR plus 6.00% (Floor 1.00%) per the Credit Facility and the Consolidated Schedule of Investments above reflects such higher rate.

- (24) The Company has entered into an intercreditor agreement that entitles the Company to the "first out" tranche of the first lien secured loans, whereby the "first out" tranche will receive priority as to the "last out" tranche with respect to payments of principal, interest, and any other amounts due thereunder. Therefore, the Company receives a lower interest rate than the contractual stated interest rate of LIBOR plus 6.64% (Floor 1.00%) per the Credit Facility and the Consolidated Schedule of Investments above reflects such lower rate.
- (25) All of the Company's portfolio investments are generally subject to restrictions on resale as "restricted securities."
- (26) Investment date represents the date of initial investment in the portfolio company.
- (27) Investment has an unfunded commitment as of March 31, 2019 (see Note K). The fair value of the investment includes the impact of the fair value of any unfunded commitments
- (28) The Company has entered into an intercreditor agreement that entitles the Company to the "last out" tranche of the first lien secured loans, whereby the "first out" tranche will receive priority as to the "last out" tranche with respect to payments of principal, interest, and any other amounts due thereunder. Therefore, the Company receives a higher interest rate than the contractual stated interest rate of LIBOR plus 8.50% (Floor 1.00%) per the Credit Facility and the Consolidated Schedule of Investments above reflects such higher rate.

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Portfolio Company(1)(20)	Investment Date(26)	Business Description	Type of Investment(2)(3)(25)	Principal(4)	Cost(4)	Fair Value(18)
Control Investments(5)						
Access Media						
Holdings, LLC(10)	July 22, 2015	Private Cable Operator				
			10% PIK Secured Debt (Maturity–July 22, 2020)(14)(19)	\$ 23,828	\$23,828	\$ 8,558
			Preferred Member Units (9,481,500 units)(27)		9,375	(284)
			Member Units (45 units)		1	–
					<u>33,204</u>	<u>8,274</u>
ASC Interests, LLC						
	August 1, 2013	Recreational and Educational Shooting Facility				
			11% Secured Debt (Maturity–July 31, 2020)	1,650	1,622	1,622
			Member Units (1,500 units)		1,500	1,370
					<u>3,122</u>	<u>2,992</u>
ATS Workholding, LLC(10)						
	March 10, 2014	Manufacturer of Machine Cutting Tools and Accessories				
			5% Secured Debt (Maturity–November 16, 2021)	4,877	4,507	4,390
			Preferred Member Units (3,725,862 units)		3,726	3,726
					<u>8,233</u>	<u>8,116</u>
Bond-Coat, Inc.						
	December 28, 2012	Casing and Tubing Coating Services				
			12% Secured Debt (Maturity–December 28, 2020)	11,596	11,367	11,596
			Common Stock (57,508 shares)		6,350	9,370
					<u>17,717</u>	<u>20,966</u>

Brewer Crane Holdings, LLC	January 9, 2018	Provider of Crane Rental and Operating Services	LIBOR Plus 10.00% (Floor 1.00%), Current Coupon 12.35%, Secured Debt (Maturity–January 9, 2023)(9)	9,548	9,467	9,467
			Preferred Member Units (2,950 units)(8)		4,280	4,280
				<u>13,747</u>	<u>13,747</u>	
Café Brazil, LLC	April 20, 2004	Casual Restaurant Group	Member Units (1,233 units)(8)		1,742	4,780
California Splendor Holdings LLC	March 30, 2018	Processor of Frozen Fruits	LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 10.50%, Secured Debt (Maturity–March 30, 2023)(9)	11,091	10,928	10,928
			LIBOR Plus 10.00% (Floor 1.00%), Current Coupon 12.50%, Secured Debt (Maturity–March 30, 2023)(9)	28,000	27,755	27,755
			Preferred Member Units (6,157 units)(8)		10,775	9,745
				<u>49,458</u>	<u>48,428</u>	
CBT Nuggets, LLC	June 1, 2006	Produces and Sells IT Training Certification Videos	Member Units (416 units)(8)		1,300	61,610

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Portfolio Company(1)(20)	Investment Date(26)	Business Description	Type of Investment(2)(3)(25)	Principal(4)	Cost(4)	Fair Value(18)
Chamberlin Holding LLC	February 26, 2018	Roofing and Waterproofing Specialty Contractor	LIBOR Plus 10.00% (Floor			
			1.00%), Current Coupon			
			12.75%, Secured Debt	20,203	20,028	20,028
			(Maturity–February 26, 2023)(9)			
			Member Units			
(4,347 units)(8)		11,440	18,940			
Member Units (Chamberlin Langfield Real Estate, LLC)			732	732		
(732,160 units)						
				<u>32,200</u>	<u>39,700</u>	
Charps, LLC	February 3, 2017	Pipeline Maintenance and Construction	12% Secured Debt			
			(Maturity–February 3, 2022)	11,900	11,805	11,888
			Preferred Member Units			
			(1,600 units)(8)		400	2,270
				<u>12,205</u>	<u>14,158</u>	
Clad-Rex Steel, LLC	December 20, 2016	Specialty Manufacturer of Vinyl-Clad Metal	LIBOR Plus 9.00% (Floor			
			1.00%), Current Coupon			
			11.35%, Secured Debt	12,080	12,001	12,080
			(Maturity–December 20, 2021)(9)			
			Member Units (717 units)(8)		7,280	10,610
			10% Secured Debt (Clad-Rex Steel RE Investor, LLC)			
(Maturity–December 20, 2036)	1,161	1,150	1,161			
Member Units (Clad-Rex Steel RE Investor, LLC)						
(800 units)		210	350			

20,641 24,201

CMS Minerals Investments	January 30, 2015	Oil & Gas Exploration & Production	Member Units (CMS Minerals II, LLC) (100 units)(8)	2,707	2,580
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Copper Trail Fund Investments(12)(13)	July 17, 2017	Investment Partnership	LP Interests (CTMH, LP) (Fully diluted 38.8%)	872	872
			LP Interests (Copper Trail Energy Fund I, LP) (Fully diluted 30.1%)(8)	3,495	4,170
				<u>4,367</u>	<u>5,042</u>

Datacom, LLC	May 30, 2014	Technology and Telecommunications Provider	8% Secured Debt (Maturity–May 30, 2019)(14)	1,800	1,800	1,690
			10.50% PIK Secured Debt (Maturity–May 30, 2019)(14)(19)	12,511	12,479	9,786
			Class A Preferred Member Units		1,294	–
			Class B Preferred Member Units (6,453 units)		6,030	–
				<u>21,603</u>	<u>11,476</u>	

Digital Products Holdings LLC	April 1, 2018	Designer and Distributor of Consumer Electronics	LIBOR Plus 10.00% (Floor 1.00%), Current Coupon 12.38%, Secured Debt (Maturity–April 1, 2023)(9)	25,740	25,511	25,511
			Preferred Member Units (3,451 shares)(8)		8,466	8,466
				<u>33,977</u>	<u>33,977</u>	

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Portfolio Company(1)(20)	Investment Date(26)	Business Description	Type of Investment(2)(3)(25)	Principal(4)	Cost(4)	Fair Value(18)
Direct Marketing Solutions, Inc.	February 13, 2018	Provider of Omni-Channel Direct Marketing Services	LIBOR Plus 11.00% (Floor 1.00%), Current Coupon 13.38%, Secured Debt (Maturity–February 13, 2023)(9)	18,017	17,848	17,848
			Preferred Stock (8,400 shares)		8,400	14,900
				26,248	26,248	42,748
Gamber-Johnson Holdings, LLC	June 24, 2016	Manufacturer of Ruggedized Computer Mounting Systems	LIBOR Plus 7.50% (Floor 2.00%), Current Coupon 9.85%, Secured Debt (Maturity–June 24, 2021)(9)	21,486	21,356	21,486
			Member Units (8,619 units)(8)		14,844	45,460
				36,200	66,716	66,946
Garreco, LLC	July 15, 2013	Manufacturer and Supplier of Dental Products	LIBOR Plus 8.00% (Floor 1.00%, Ceiling 1.50%), Current Coupon 9.50%, Secured Debt (Maturity–March 31, 2020)(9)	5,121	5,099	5,099
			Member Units (1,200 units)		1,200	2,590
				6,299	6,299	7,689
GRT Rubber Technologies LLC	December 19, 2014	Manufacturer of Engineered Rubber Products				

LIBOR Plus 7.00%, Current Coupon 9.35%, Secured Debt	9,740	9,716	9,740
(Maturity–December 31, 2023)(9)			
Member Units (5,879 units)(8)		13,065	39,060
		<u>22,781</u>	<u>48,800</u>

Guerdon Modular Holdings, Inc.	August 13, 2014	Multi-Family and Commercial Modular Construction Company			
			13% Secured Debt (Maturity–March 1, 2019)	12,588	12,572 12,002
			Preferred Stock (404,998 shares)		1,140 –
			Common Stock (212,033 shares)		2,983 –
			Warrants (6,208,877 equivalent shares; Expiration–April 25, 2028; Strike price–\$0.01 per unit)		– –
					<u>16,695 12,002</u>

Gulf Manufacturing, LLC	August 31, 2007	Manufacturer of Specialty Fabricated Industrial Piping Products			
			Member Units (438 units)(8)		2,980 11,690

Gulf Publishing Holdings, LLC	April 29, 2016	Energy Industry Focused Media and Publishing			
			12.5% Secured Debt (Maturity–April 29, 2021)	12,666	12,594 12,594
			Member Units (3,681 units)		3,681 4,120
				<u>16,275</u>	<u>16,714</u>

Harborside Holdings, LLC	March 20, 2017	Real Estate Holding Company			
			Member units (100 units)		6,306 9,500

Harris Preston Fund Investments(12)(13)	October 1, 2017	Investment Partnership			
			LP Interests (2717 MH, L.P.) (Fully diluted 49.3%)		1,040 1,133

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Portfolio Company(1)(20)	Investment Date(26)	Business Description	Type of Investment(2)(3)(25)	Principal(4)	Cost(4)	Fair Value(18)
Harrison Hydra-Gen, Ltd.	June 4, 2010	Manufacturer of Hydraulic Generators	Common Stock (107,456 shares)(8)		718	8,070
HW Temps LLC	July 2, 2015	Temporary Staffing Solutions	LIBOR Plus 13.00% (Floor 1.00%), Current Coupon 15.35%, Secured Debt (Maturity July 2, 2020)(9)	9,976	9,938	9,938
			Preferred Member Units (3,200 units)(8)		3,942	3,942
					<u>13,880</u>	<u>13,880</u>
IDX Broker, LLC	November 15, 2013	Provider of Marketing and CRM Tools for the Real Estate Industry	11.5% Secured Debt (Maturity–November 15, 2020)	14,350	14,262	14,350
			Preferred Member Units (5,607 units)(8)		5,952	13,520
					<u>20,214</u>	<u>27,870</u>
Jensen Jewelers of Idaho, LLC	November 14, 2006	Retail Jewelry Store	Prime Plus 6.75% (Floor 2.00%), Current Coupon 12.00%, Secured Debt (Maturity–November 14, 2019)(9)	3,355	3,337	3,355
			Member Units (627 units)(8)		811	5,090
					<u>4,148</u>	<u>8,445</u>
KBK Industries, LLC	January 23, 2006	Manufacturer of Specialty Oilfield and Industrial Products	Member Units (325 units)(8)		783	8,610

Kickhaefer Manufacturing Company, LLC	October 31, 2018	Precision Metal Parts Manufacturing			
			11.5% Secured Debt		
			(Maturity–October 31, 2020)	1,064	1,045
					1,045
			11.5% Secured Debt		
			(Maturity–October 31, 2023)	28,000	27,730
					27,730
			Member Units (581 units)		12,240
					12,240
			9.0% Secured Debt		
			(Maturity–October 31, 2048)	4,006	3,970
					3,970
			Member Units (KMC RE Investor, LLC) (800 units)		992
					992
					<u>45,977</u>
				<u>45,977</u>	<u>45,977</u>

Lamb Ventures, LLC	May 30, 2008	Aftermarket Automotive Services Chain			
			11% Secured Debt		
			(Maturity–July 1, 2022)	8,339	8,306
					8,339
			Preferred Stock (non-voting)		400
					400
			Member Units (742 units)		5,273
					7,440
			9.5% Secured Debt (Lamb's Real Estate Investment I, LLC)		
			(Maturity–March 31, 2027)	432	428
					432
			Member Units (Lamb's Real Estate Investment I, LLC) (1,000 units)(8)		625
					630
					<u>15,032</u>
				<u>15,032</u>	<u>17,241</u>

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Portfolio Company(1)(20)	Investment Date(26)	Business Description	Type of Investment(2)(3)(25)	Principal(4)	Cost(4)	Fair Value(18)
Market Force Information, LLC	July 28, 2017	Provider of Customer Experience Management Services	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 9.74%, Secured Debt (Maturity–July 28, 2022)(9)	200	200	200
			LIBOR Plus 11.00% (Floor 1.00%), Current Coupon 13.74%, Secured Debt (Maturity–July 28, 2022)(9)	22,800	22,624	22,624
			Member Units (657,113 units)		14,700	13,100
					<u>37,524</u>	<u>35,924</u>
MH Corbin Holding LLC	August 31, 2015	Manufacturer and Distributor of Traffic Safety Products	10% Current / 3% PIK Secured Debt (Maturity–August 31, 2020)(14)(19)	12,263	12,121	11,733
			Preferred Member Units (4,000 shares)		6,000	1,000
					<u>18,121</u>	<u>12,733</u>
Mid-Columbia Lumber Products, LLC	December 18, 2006	Manufacturer of Finger- Jointed Lumber Products	10% Secured Debt (Maturity–January 15, 2020)	1,750	1,746	1,746
			12% Secured Debt (Maturity–January 15, 2020)	3,900	3,880	3,880
			Member Units (7,874 units)		3,001	3,860
			9.5% Secured Debt (Mid- Columbia Real Estate, LLC) (Maturity–May 13, 2025)	746	746	746

			Member Units (Mid-Columbia Real Estate, LLC) (500 units)(8)	790	1,470	
				<u>10,163</u>	<u>11,702</u>	

MSC Adviser I, LLC(16)	November 22, 2013	Third Party Investment Advisory Services	Member Units (Fully diluted 100.0%)(8)	-	65,748	
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Mystic Logistics Holdings, LLC	August 18, 2014	Logistics and Distribution Services Provider for Large Volume Mailers	12% Secured Debt (Maturity–August 15, 2019)	7,536	7,506	7,506
			Common Stock (5,873 shares)		2,720	210
				<u>10,226</u>	<u>7,716</u>	

NAPCO Precast, LLC	January 31, 2008	Precast Concrete Manufacturing	LIBOR Plus 8.50%, Current Coupon 11.24%, Secured Debt (Maturity–May 31, 2019)	11,475	11,464	11,475
			Member Units (2,955 units)(8)		2,975	13,990
				<u>14,439</u>	<u>25,465</u>	

NexRev LLC	February 28, 2018	Provider of Energy Efficiency Products & Services	11% Secured Debt (Maturity–February 28, 2023)	17,440	17,288	17,288
			Preferred Member Units (86,400,000 units)(8)		6,880	7,890
				<u>24,168</u>	<u>25,178</u>	

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Portfolio Company(1)(20)	Investment Date(26)	Business Description	Type of Investment(2)(3)(25)	Principal(4)	Cost(4)	Fair Value(18)
NRI Clinical Research, LLC	September 8, 2011	Clinical Research Service Provider	14% Secured Debt (Maturity–June 8, 2022)	6,685	6,545	6,685
			Warrants (251,723 equivalent units; Expiration–June 8, 2027; Strike price–\$0.01 per unit)		252	660
			Member Units (1,454,167 units)		765	2,478
				<u>7,562</u>	<u>9,823</u>	
NRP Jones, LLC	December 22, 2011	Manufacturer of Hoses, Fittings and Assemblies	12% Secured Debt (Maturity–March 20, 2023)	6,376	6,376	6,376
			Member Units (65,962 units)		3,717	5,960
				<u>10,093</u>	<u>12,336</u>	
NuStep, LLC	January 31, 2017	Designer, Manufacturer and Distributor of Fitness Equipment	12% Secured Debt (Maturity–January 31, 2022)	20,600	20,458	20,458
			Preferred Member Units (406 units)		10,200	10,200
				<u>30,658</u>	<u>30,658</u>	
OMi Holdings, Inc.	April 1, 2008	Manufacturer of Overhead Cranes	Common Stock (1,500 shares)(8)		1,080	16,020
Pegasus Research Group, LLC	January 6, 2011	Provider of Telemarketing and Data Services	Member Units (460 units)		1,290	7,680

PPL RVs, Inc.	June 10, 2010	Recreational Vehicle Dealer			
			LIBOR Plus 7.00% (Floor 0.50%), Current Coupon 9.40%, Secured Debt (Maturity–November 15, 2021)(9)	15,100	15,006 15,100
			Common Stock (1,962 shares)(8)		2,150 10,380
					<u>17,156 25,480</u>

Principle

Environmental, LLC(d/ b/a TruHorizon Environmental Solutions) February 1, 2011 Noise Abatement Service Provider

		13% Secured Debt (Maturity–April 30, 2020)	7,477	7,398	7,477
		Preferred Member Units (19,631 units)(8)		4,600	13,090
		Warrants (1,018 equivalent units; Expiration–January 31, 2021; Strike price–\$0.01 per unit)		1,200	780
				<u>13,198</u>	<u>21,347</u>

Quality Lease Service, LLC	June 8, 2015	Provider of Rigsite Accommodation Unit Rentals and Related Services			
			Zero Coupon Secured Debt (Maturity–June 8, 2021)	7,341	7,341 6,450
			Member Units (1,000 units)		4,043 3,809
				<u>11,384</u>	<u>10,259</u>

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River Aggregates, LLC	March 30, 2011	Processor of Construction Aggregates	Zero Coupon Secured Debt				
			(Maturity–June 30, 2018)(17)	750	750	722	
			Member Units (1,150 units)			1,150	4,610
			Member Units (RA Properties, LLC) (1,500 units)			369	2,930
				2,269	8,262		
Tedder Industries, LLC	August 31, 2018	Manufacturer of Firearm Holsters and Accessories	12% Secured Debt				
			(Maturity–August 31, 2020)	480	480	480	
			12% Secured Debt				
			(Maturity–August 31, 2023)	16,400	16,246	16,246	
					7,476	7,476	
				24,202	24,202		
The MPI Group, LLC	October 2, 2007	Manufacturer of Custom Hollow Metal Doors, Frames and Accessories	9% Secured Debt				
			(Maturity–October 2, 2019)	2,924	2,924	2,582	
			Series A Preferred Units			2,500	440
			(2,500 units)				
			Warrants (1,424 equivalent units; Expiration–July 1, 2024; Strike price–\$0.01 per unit)			1,096	–
					2,300	2,479	
				8,820	5,501		
Vision Interests, Inc.	June 5, 2007	Manufacturer / Installer of Commercial Signage					

	13% Secured Debt			
	(Maturity–December 23, 2018)(17)	2,153	2,153	2,153
	Series A Preferred Stock		3,000	3,740
	(3,000,000 shares)			
	Common Stock (1,126,242 shares)		3,706	280
			<u>8,859</u>	<u>6,173</u>

Ziegler's NYPD, LLC October 1, 2008 Casual Restaurant Group

	6.5% Secured Debt			
	(Maturity–October 1, 2019)	1,000	998	1,000
	12% Secured Debt			
	(Maturity–October 1, 2019)	425	425	425
	14% Secured Debt			
	(Maturity–October 1, 2019)	2,750	2,750	2,750
	Warrants (587 equivalent units;			
	Expiration–October 1, 2019; Strike price–\$0.01 per unit)		600	–
	Preferred Member Units			
	(10,072 units)		2,834	1,249
			<u>7,607</u>	<u>5,424</u>
	Subtotal Control Investments (68.1% of net assets at fair value)		<u>\$750,618</u>	<u>\$1,004,993</u>

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<u>Affiliate Investments(6)</u>						
AFG Capital Group, LLC	November 7, 2014	Provider of Rent-to-Own Financing Solutions and Services	Warrants (42 equivalent units; Expiration–November 7, 2024; Strike price–\$0.01 per unit)	\$ 259	\$	950
			Preferred Member Units (186 units)(8)		1,200	3,980
					<u>1,459</u>	<u>4,930</u>
Barfly Ventures, LLC(10)	August 31, 2015	Casual Restaurant Group	12% Secured Debt (Maturity–August 31, 2020)	10,185	10,039	10,018
			Options (3 equivalent units)		607	940
			Warrant (1 equivalent unit; Expiration–August 31, 2025; Strike price–\$1.00 per unit)		473	410
					<u>11,119</u>	<u>11,368</u>
BBB Tank Services, LLC	April 8, 2016	Maintenance, Repair and Construction Services to the Above-Ground Storage Tank Market	LIBOR Plus 11.00% (Floor 1.00%), Current Coupon 13.35%, (Maturity–April 8, 2021)(9)	4,000	3,833	3,833
			Preferred Stock (non-voting) Member Units (800,000 units)		113	113
					800	230
					<u>4,746</u>	<u>4,176</u>
Boccella Precast Products LLC	June 30, 2017	Manufacturer of Precast Hollow Core Concrete				

		LIBOR Plus 10.00% (Floor 1.00%), Current Coupon 12.40%, Secured Debt (Maturity–June 30, 2022)(9)	15,724	15,512	15,724
		Member Units (2,160,000 units)(8)		2,160	5,080
				<u>17,672</u>	<u>20,804</u>

Boss Industries, LLC	July 1, 2014	Manufacturer and Distributor of Air, Power and Other Industrial Equipment	Preferred Member Units (2,242 units)(8)	2,246	6,176
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Bridge Capital Solutions Corporation	April 18, 2012	Financial Services and Cash Flow Solutions Provider	13% Secured Debt (Maturity–July 25, 2021)	7,500	6,221	6,221
			Warrants (82 equivalent shares; Expiration–July 25, 2026; Strike price–\$0.01 per share)		2,132	4,020
			13% Secured Debt (Mercury Service Group, LLC) (Maturity–July 25, 2021)	1,000	994	1,000
			Preferred Member Units (Mercury Service Group, LLC) (17,742 units)(8)		1,000	1,000
				<u>10,347</u>	<u>12,241</u>	

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Buca C, LLC	June 30, 2015	Casual Restaurant Group	LIBOR Plus 9.25% (Floor 1.00%), Current Coupon 11.63%, Secured Debt (Maturity–June 30, 2020)(9)	19,104	19,038	19,038
			Preferred Member Units (6 units; 6% cumulative)(8)(19)		4,431	4,431
				23,469	23,469	23,469
CAI Software LLC	October 10, 2014	Provider of Specialized Enterprise Resource Planning Software	12% Secured Debt (Maturity–December 7, 2023)	10,880	10,763	10,880
			Member Units (66,968 units)(8)		751	2,717
Chandler Signs Holdings, LLC(10)	January 4, 2016	Sign Manufacturer	12% Current / 1% PIK Secured Deb (Maturity–July 4, 2021)(19)	4,546	4,522	4,546
			Class A Units (1,500,000 units)(8)		1,500	2,120
				6,022	6,666	6,666
Charlotte Russe, Inc(11)	May 28, 2013	Fast-Fashion Retailer to Young Women	8.50% Secured Debt (Maturity–February 2, 2023)	7,932	7,932	3,930
			Common Stock (19,041 shares)		3,141	–
				11,073	3,930	3,930

Condit Exhibits, LLC	July 1, 2008	Tradeshow Exhibits / Custom Displays Provider	Member Units (3,936 units)(8)	100	1,950
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Congruent Credit Opportunities Funds(12)(13)	January 24, 2012	Investment Partnership	LP Interests (Congruent Credit Opportunities Fund II, LP) (Fully diluted 19.8%)	5,210	855
			LP Interests (Congruent Credit Opportunities Fund III, LP) (Fully diluted 17.4%)(8)	16,959	17,468
				<u>22,169</u>	<u>18,323</u>

Dos Rios Partners(12)(13)	April 25, 2013	Investment Partnership	LP Interests (Dos Rios Partners, LP) (Fully diluted 20.2%)	5,846	7,153
			LP Interests (Dos Rios Partners-A, LP) (Fully diluted 6.4%)	1,856	2,271
				<u>7,702</u>	<u>9,424</u>

East Teak Fine Hardwoods, Inc.	April 13, 2006	Distributor of Hardwood Products	Common Stock (6,250 shares)(8)	480	560
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EIG Fund Investments(12)(13)	November 6, 2015	Investment Partnership	LP Interests (EIG Global Private Debt Fund-A, L.P.) (Fully diluted 11.1%)(8)	553	505
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Freeport Financial Funds(12)(13)	June 13, 2013	Investment Partnership	LP Interests (Freeport Financial SBIC Fund LP) (Fully diluted 9.3%)(8)	5,974	5,399
			LP Interests (Freeport First Lien Loan Fund III LP) (Fully diluted 6.0%)(8)	11,155	10,980
				<u>17,129</u>	<u>16,379</u>

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Harris Preston Fund Investments(12)(13)	August 9, 2017	Investment Partnership	LP Interests (HPEP 3, L.P.) (Fully diluted 8.2%)		1,733	1,733
Hawk Ridge Systems, LLC(13)	December 2, 2016	Value-Added Reseller of Engineering Design and Manufacturing Solutions	10.5% Secured Debt (Maturity–December 2, 2021)	14,300	14,201	14,300
			Preferred Member Units (226 units)(8)		2,850	7,260
			Preferred Member Units (HRS Services, ULC) (226 units)		150	380
					<u>17,201</u>	<u>21,940</u>
Houston Plating and Coatings, LLC	January 8, 2003	Provider of Plating and Industrial Coating Services	8% Unsecured Convertible Debt (Maturity–May 1, 2022)	3,000	3,000	3,720
			Member Units (318,462 units)(8)		2,236	8,330
					<u>5,236</u>	<u>12,050</u>
I-45 SLF LLC(12)(13)	October 20, 2015	Investment Partnership	Member Units (Fully diluted 20.0%; 24.4% profits interest)(8)		16,200	15,627
L.F. Manufacturing Holdings, LLC(10)	December 23, 2013	Manufacturer of Fiberglass Products	Member Units (2,179,001 units)		2,019	2,060

Meisler Operating LLC	June 7, 2017	Provider of Short-term Trailer and Container Rental	LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 10.90%, Secured Debt (Maturity–June 7, 2022)(9)	20,480	20,312	20,312
			Member Units (Milton Meisler Holdings LLC) (48,555 units)		4,855	5,780
				<u>25,167</u>	<u>26,092</u>	

OnAsset Intelligence, Inc.	April 18, 2011	Provider of Transportation Monitoring / Tracking Products and Services	12% PIK Secured Debt (Maturity–June 30, 2021)(19)	5,743	5,743	5,743
			10% PIK Unsecured Debt (Maturity–June 30, 2021)(19)	53	53	53
			Preferred Stock (912 shares) Warrants (5,333 equivalent shares; Expiration–April 18, 2021; Strike price–\$0.01 per share)	1,981		–
				1,919		–
				<u>9,696</u>	<u>5,796</u>	

PCI Holding Company, Inc.	December 18, 2012	Manufacturer of Industrial Gas Generating Systems	12% Current / 3% PIK Secured Debt (Maturity–March 31, 2019)(19)	11,919	11,908	11,908
			Preferred Stock (1,740,000 shares) (non-voting)		1,740	3,480
			Preferred Stock (1,500,000 shares)	3,927		340
				<u>17,575</u>	<u>15,728</u>	

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Rocaccia, LLC (Quality Lease and Rental Holdings, LLC)	January 8, 2013	Provider of Rigsite Accommodation Unit Rentals and Related Services	12% Secured Debt			
			(Maturity–January 8, 2018)(14)(15)	30,785	30,281	250
			Preferred Member Units (250 units)		2,500	–
				32,781	250	
Salado Stone Holdings, LLC(10)	June 27, 2016	Limestone and Sandstone Dimension Cut Stone Mining Quarries	Class A Preferred Units (Salado Acquisition, LLC) (2,000,000 units)(8)		2,000	1,040
SI East, LLC	August 31, 2018	Rigid Industrial Packaging Manufacturing	10.25% Current, Secured Debt (Maturity–August 31, 2023)	35,250	34,885	34,885
			Preferred Member Units (157 units)		6,000	6,000
				40,885	40,885	
Slick Innovations, LLC	September 13, 2018	Text Message Marketing Platform	14% Current, Secured Debt (Maturity–September 13, 2023)	7,200	6,959	6,959
			Member Units (70,000 units)		700	700
			Warrants (18,084 equivalent units; Expiration–September 13, 2028; Strike price–\$0.01 per unit)		181	181
				7,840	7,840	

UniTek Global Services, Inc.(11)	April 15, 2011	Provider of Outsourced Infrastructure Services	LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 8.01%, Secured Debt (Maturity–August 20, 2024)(9)	2,993	2,969	2,969
			Preferred Stock (1,521,122 shares; 19% cumulative)(8)(19)		1,637	1,637
			Preferred Stock (2,281,682 shares; 19% cumulative)(8)(19)		3,038	3,038
			Preferred Stock (4,336,866 shares; 13.5% cumulative)(8)(19)		7,413	7,413
			Common Stock (945,507 shares)		–	1,420
				<u>15,057</u>	<u>16,477</u>	
Universal Wellhead Services Holdings, LLC(10)	October 30, 2014	Provider of Wellhead Equipment, Designs, and Personnel to the Oil & Gas Industry	Preferred Member Units (UWS Investments, LLC) (716,949 units; 14% cumulative)(8)(19)		837	950
			Member Units (UWS Investments, LLC) (4,000,000 units)		4,000	2,330
				<u>4,837</u>	<u>3,280</u>	

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Volusion, LLC	January 26, 2015	Provider of Online Software-as-a-Service eCommerce Solutions	11.5% Secured Debt				
			(Maturity–January 26, 2020)	19,272	18,407	18,407	
			8% Unsecured Convertible Debt				
			(Maturity–November 16, 2023)	297	297	297	
			Preferred Member Units (4,876,670 units)			14,000	14,000
			Warrants (1,831,355 equivalent units; Expiration–January 26, 2025; Strike price–\$0.01 per unit)				2,576
				<u>35,280</u>	<u>34,594</u>		
Subtotal Affiliate Investments (24.4% of net assets at fair value)				<u>\$381,307</u>		<u>\$ 359,890</u>	

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<u>Non-Control/Non-Affiliate Investments(7)</u>						
		Substance Abuse				
AAC Holdings, Inc.(11)	June 30, 2017	Treatment Service Provider	LIBOR Plus 6.75% (Floor 1.00%), Current Coupon 9.28%, Secured Debt (Maturity–June 30, 2023)(9)	\$ 14,500	\$14,245	\$ 14,246
Adams Publishing Group, LLC(10)	November 19, 2015	Local Newspaper Operator	Prime Plus 4.00% (Floor 1.00%), Current Coupon 9.50%, Secured Debt (Maturity–July 3, 2023)(9)	4,250	4,160	4,160
			LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 9.93%, Secured Debt (Maturity–July 3, 2023)(9)	8,108	7,956	7,956
				12,116	12,116	12,116
		Value-Added Logistics				
ADS Tactical, Inc.(10)	March 7, 2017	and Supply Chain Provider to the Defense Industry	LIBOR Plus 6.25% (Floor 0.75%), Current Coupon 8.77%, Secured Debt (Maturity–July 26, 2023)(9)	16,416	16,263	15,306
Aethon United BR LP(10)	September 8, 2017	Oil & Gas Exploration & Production	LIBOR Plus 6.75% (Floor 1.00%), Current Coupon 9.14%, Secured Debt (Maturity–September 8, 2023)(9)	4,063	4,011	3,817

Allen Media, LLC.(11)	September 18, 2018	Operator of Cable Television Networks	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 9.21%, Secured Debt (Maturity–August 30, 2023)(9)	17,143	16,670	16,800
Allflex Holdings III Inc.(11)	July 18, 2013	Manufacturer of Livestock Identification Products	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 9.48%, Secured Debt (Maturity–July 19, 2021)(9)	13,120	13,077	13,013
American Nuts, LLC(10)	April 10, 2018	Roaster, Mixer and Packager of Bulk Nuts and Seeds	LIBOR Plus 8.50% (Floor 1.00%) PIK, 9.50% PIK Secured Debt, (Maturity–April 10, 2023)(9)(19)	1,127	1,115	1,115
			LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 10.90%, Secured Debt (Maturity–April 10, 2023)(9)	11,194	11,000	10,475
					<u>12,115</u>	<u>11,590</u>
American Scaffold Holdings, Inc.(10)	June 14, 2016	Marine Scaffolding Service Provider	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 9.30%, Secured Debt (Maturity–March 31, 2022)(9)	6,656	6,592	6,623

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American Teleconferencing Services, Ltd.(11)	May 19, 2016	Provider of Audio Conferencing and Video Collaboration Solutions	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 9.09%, Secured Debt (Maturity–December 8, 2021)(9)	15,940	15,186	13,310
Apex Linen Service, Inc.	October 30, 2015	Industrial Launderers	LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 11.35%, Secured Debt (Maturity–October 30, 2022)(9)	2,400	2,400	2,400
			16% Secured Debt (Maturity–October 30, 2022)	14,416	14,357	14,357
				<u>16,757</u>	<u>16,757</u>	<u>16,757</u>
APTIM Corp.(11)	August 17, 2018	Engineering, Construction & Procurement	7.75% Secured Debt (Maturity–June 15, 2025)	12,452	10,633	9,464
Arcus Hunting LLC(10)	January 6, 2015	Manufacturer of Bowhunting and Archery Products and Accessories	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 9.40%, Secured Debt (Maturity–November 13, 2019)(9)	15,394	15,351	15,394
Arise Holdings, Inc.(10)	March 12, 2018	Tech-Enabled Business Process Outsourcing	Preferred Stock (1,000,000 shares)		1,000	1,704

ASC Ortho Management Company, LLC(10)	August 31, 2018	Provider of Orthopedic Services				
			LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 9.90%, Secured Debt (Maturity–August 31, 2023)(9)	4,660	4,559	4,559
			13.25% PIK Secured Debt (Maturity–December 1, 2023)(19)	1,624	1,587	1,587
					<u>6,146</u>	<u>6,146</u>

ATI Investment Sub, Inc.(11)	July 11, 2016	Manufacturer of Solar Tracking Systems				
			LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 9.76%, Secured Debt (Maturity–June 22, 2021)(9)	4,385	4,346	3,943

ATX Networks Corp.(11)(13)(21)	June 30, 2015	Provider of Radio Frequency Management Equipment				
			LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 8.39% / 1.00% PIK, Current Coupon Plus PIK 9.39%, Secured Debt (Maturity–June 11, 2021)(9)(19)	14,121	13,844	13,415

Berry Aviation, Inc.(10)	July 6, 2018	Charter Airline Services				
			10.50% Current / 1.5% PIK, Secured Debt (Maturity–January 6, 2024)(19)	4,485	4,443	4,443
			Preferred Member Units (Berry Acquisition, LLC) (1,548,387 units; 8% cumulative)(8)(19)		1,609	1,609
					<u>6,052</u>	<u>6,052</u>

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BigName Commerce, LLC(10)	May 11, 2017	Provider of Envelopes and Complimentary Stationery Products	LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 9.65%, Secured Debt (Maturity–May 11, 2022)(9)	2,462	2,440	2,369
Binswanger Enterprises, LLC(10)	March 10, 2017	Glass Repair and Installation Service Provider	LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 10.74%, Secured Debt (Maturity–March 9, 2022)(9)	14,368	14,169	13,743
			Member Units (1,050,000 units)		1,050	1,330
				15,219	15,073	
Bluestem Brands, Inc.(11)	December 19, 2013	Multi-Channel Retailer of General Merchandise	LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 10.02%, Secured Debt (Maturity–November 6, 2020)(9)	11,375	11,262	7,356
Brainworks Software, LLC(10)	August 12, 2014	Advertising Sales and Newspaper Circulation Software	Prime Plus 9.25% (Floor 3.25%), Current Coupon 14.70%, Secured Debt (Maturity–July 22, 2019)(9)	6,733	6,723	6,590
Brightwood Capital Fund Investments(12)(13)	July 21, 2014	Investment Partnership				

			LP Interests (Brightwood Capital Fund III, LP) (Fully diluted 1.6%)(8)	12,000	10,264	
			LP Interests (Brightwood Capital Fund IV, LP) (Fully diluted 0.6%)(8)	2,000	2,063	
				14,000	12,327	

Cadence Aerospace LLC(10) November 14, Aerostructure
2017 Manufacturing

LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 9.06%, Secured Debt (Maturity–November 14, 2023)(9)

19,470 19,301 18,244

California Pizza Kitchen, Inc.(11) August 29, 2016 Casual Restaurant Group

LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 8.53%, Secured Debt (Maturity–August 23, 2022)(9)

12,739 12,707 12,389

Central Security Group, Inc.(11) December 4, 2017 Security Alarm Monitoring Service Provider

LIBOR Plus 5.63% (Floor 1.00%), Current Coupon 8.15%, Secured Debt (Maturity–October 6, 2021)(9)

13,884 13,821 13,867

Cenveo Corporation(11) September 4, 2015 Provider of Digital Marketing Agency Services

Libor Plus 9.00% (Floor 1.00%), Current Coupon 11.54%, Secured Debt (Maturity–June 7, 2023)(9)

6,370 6,128 6,048

Common Stock (177,130 shares)

5,309 2,746

11,437 8,794

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(unaudited)

Portfolio Company(1)(20)	Investment Date(26)	Business Description	Type of Investment(2)(3)(25)	Principal(4)	Cost(4)	Fair Value(18)
Clarius BIGS, LLC(10)	September 23, 2014	Prints & Advertising Film Financing	15% PIK Secured Debt (Maturity–January 5, 2015)(14)(17)	2,908	2,908	44
Clickbooth.com, LLC(10)	December 5, 2017	Provider of Digital Advertising Performance Marketing Solutions	LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 10.90%, Secured Debt (Maturity–December 5, 2022)(9)	2,925	2,876	2,750
Construction Supply Investments, LLC(10)	December 29, 2016	Distribution Platform of Specialty Construction Materials to Professional Concrete and Masonry Contractors	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 8.62%, Secured Debt (Maturity–June 30, 2023)(9) Member Units (42,207 units)	15,423	15,355	15,384
					4,221	4,290
					19,576	19,674
CTVSH, PLLC(10)	August 3, 2017	Emergency Care and Specialty Service Animal Hospital	LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 10.74%, Secured Debt (Maturity–August 3, 2022)(9)	11,250	11,163	10,939
Darr Equipment LP(10)	April 15, 2014	Heavy Equipment Dealer				

11.5% Current / 1% PIK

Secured Debt 5,839 5,839 5,723
(Maturity–June 22, 2023)(19)

Warrants (915,734 equivalent units;

Expiration–December 23, 2023; Strike price–\$1.50 per unit) 474 60

6,313 5,783

Digital River, Inc.(11)	February 24, 2015	Provider of Outsourced e-Commerce Solutions and Services	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 8.78%, Secured Debt (Maturity–February 12, 2021)(9)	10,146	10,074	10,044
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DTE Enterprises, LLC(10)	April 13, 2018	Industrial Powertrain Repair and Services	LIBOR Plus 7.50% (Floor 1.50%), Current Coupon 10.12%, Secured Debt (Maturity–April 13, 2023)(9)	12,492	12,260	11,580
			Class AA Preferred Member Units (non-voting; 10% cumulative)(8)(19)		778	778
			Class A Preferred Member Units (776,316 units)(8)		776	1,300
				13,814		13,658

Dynamic Communities, LLC(10)	July 17, 2018	Developer of Business Events and Online Community Groups	LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 10.80%, Secured Debt (Maturity–July 17, 2023)(9)	5,600	5,495	5,495
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Portfolio Company(1)(20)	Investment Date(26)	Business Description	Type of Investment(2)(3)(25)	Principal(4)	Cost(4)	Fair Value(18)
Elite SEM INC.(10)	August 31, 2018	Provider of Digital Marketing Agency Services	LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 11.27%, Secured Debt (Maturity–February 1, 2022)(9)(23)	6,875	6,750	6,750
EnCap Energy Fund Investments(12)(13)	December 28, 2010	Investment Partnership	LP Interests (EnCap Energy Capital Fund VIII, L.P.) (Fully diluted 0.1%)(8)	3,661		2,003
			LP Interests (EnCap Energy Capital Fund VIII Co- Investors, L.P.) (Fully diluted 0.4%)(8)	2,103		1,153
			LP Interests (EnCap Energy Capital Fund IX, L.P.) (Fully diluted 0.1%)(8)	4,430		3,784
			LP Interests (EnCap Energy Capital Fund X, L.P.) (Fully diluted 0.1%)(8)	7,629		7,692
			LP Interests (EnCap Flatrock Midstream Fund II, L.P.) (Fully diluted 0.8%)(8)	5,881		4,538
			LP Interests (EnCap Flatrock Midstream Fund III, L.P.) (Fully diluted 0.2%)(8)	5,423		5,051
				29,127		24,221
Encino Acquisition Partners Holdings, Inc.(11)	November 16, 2018	Oil & Gas Exploration & Production	LIBOR Plus 6.75% (Floor 1.00%), Current Coupon 9.27%, Secured Debt (Maturity–October 29, 2025)(9)	9,000	8,911	8,595

EPIC Y-Grade Services, LP(11)	June 22, 2018	NGL Transportation & Storage	LIBOR Plus 5.50%, Current Coupon 8.02%, Secured Debt (Maturity–June 13, 2024)	17,500	17,175	16,625
Evergreen Skills Lux S.á r.l. (d/b/a Skillsoft)(11)(13)	May 5, 2014	Technology-based Performance Support Solutions	LIBOR Plus 8.25% (Floor 1.00%), Current Coupon 10.77%, Secured Debt (Maturity–April 28, 2022)(9)	6,999	6,901	3,931
Extreme Reach, Inc.(11)	March 31, 2015	Integrated TV and Video Advertising Platform	LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 8.78%, Secured Debt (Maturity–February 7, 2020)(9)	16,460	16,451	16,371
Felix Investments Holdings II(10)	August 9, 2017	Oil & Gas Exploration & Production	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 9.10%, Secured Debt (Maturity–August 9, 2022)(9)	3,333	3,279	3,141
Flavors Holdings Inc.(11)	October 15, 2014	Global Provider of Flavoring and Sweetening Products	LIBOR Plus 5.75% (Floor 1.00%), Current Coupon 8.55%, Secured Debt (Maturity–April 3, 2020)(9)	12,295	12,044	11,434

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Portfolio Company(1)(20)	Investment Date(26)	Business Description	Type of Investment(2)(3)(25)	Principal(4)	Cost(4)	Fair Value(18)
GeoStabilization International (GSI)(11)	December 31, 2018	Geohazard Engineering Services & Maintenance	LIBOR Plus 5.50%, Current Coupon 8.09%, Secured Debt (Maturity–December 19, 2025)	16,500	16,335	16,418
GI KBS Merger Sub LLC(11)	November 10, 2014	Outsourced Janitorial Service Provider	LIBOR Plus 4.75% (Floor 1.00%), Current Coupon 7.43%, Secured Debt (Maturity–October 29, 2021)(9)	9,195	9,139	9,207
			LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 11.02%, Secured Debt (Maturity–April 29, 2022)(9)	3,915	3,797	3,949
				<u>12,936</u>	<u>13,156</u>	
Good Source Solutions, Inc.(10)	October 23, 2018	Specialized Food Distributor	LIBOR Plus 8.34% (Floor 1.00%), Current Coupon 11.14%, Secured Debt (Maturity–June 29, 2023)(9)(23)	5,000	4,952	4,952
GoWireless Holdings, Inc.(11)	December 31, 2017	Provider of Wireless Telecommunications Carrier Services	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 9.02%, Secured Debt (Maturity–December 22, 2024)(9)	17,325	17,170	16,856

**Grupo Hima San
Pablo, Inc.(11)**

March 7,
2013 Tertiary Care Hospitals

LIBOR Plus 7.00% (Floor 1.50%), Current Coupon 9.52%, Secured Debt (Maturity–January 31, 2019)(9)	4,688	4,688	3,629
13.75% Secured Debt (Maturity–October 15, 2018)(17)	2,055	2,040	226
		<u>6,728</u>	<u>3,855</u>

**HDC/HW Intermediate
Holdings(10)**

December 21, Managed Services and
2018 Hosting Provider

LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 10.29%, Secured Debt (Maturity–December 21, 2023)(9)	3,201	3,132	3,132
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Hoover Group, Inc.(10)(13)

October 21, Provider of Storage Tanks
2016 and Related Products to
the Energy and
Petrochemical Markets

LIBOR Plus 6.00%, Current Coupon 8.71%, Secured Debt (Maturity–January 28, 2020)	5,250	4,803	4,771
LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 9.90%, Secured Debt (Maturity–January 28, 2021)(9)	9,395	9,053	8,831
		<u>13,856</u>	<u>13,602</u>

**Hunter Defense
Technologies, Inc.(10)**

March 29, Provider of Military and
2018 Commercial Shelters and
Systems

LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 9.80%, Secured Debt (Maturity–March 29, 2023)(9)	16,080	15,757	15,077
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Portfolio Company(1)(20)	Investment Date(26)	Business Description	Type of Investment(2)(3)(25)	Principal(4)	Cost(4)	Fair Value(18)
Hydrofarm Holdings LLC(10)	May 18, 2017	Wholesaler of Horticultural Products	LIBOR Plus 10.00%, Current Coupon 3.69% / 8.61% PIK, Current Coupon Plus PIK 12.30% Secured Debt (Maturity–May 12, 2022)(19)	7,235	7,139	5,660
iEnergizer Limited(11)(13)(21)	May 8, 2013	Provider of Business Outsourcing Solutions	LIBOR Plus 6.00% (Floor 1.25%), Current Coupon 8.53%, Secured Debt (Maturity–May 1, 2019)(9)	14,100	14,052	14,117
Implus Footcare, LLC(10)	June 1, 2017	Provider of Footwear and Related Accessories	LIBOR Plus 6.75% (Floor 1.00%), Current Coupon 9.55%, Secured Debt (Maturity–April 30, 2021)(9)	18,819	18,629	18,390
Independent Pet Partners Intermediate Holdings, LLC(10)	November 20, 2018	Omnichannel Retailer of Specialty Pet Products	LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 11.90%, Secured Debt (Maturity–November 19, 2023)(9) Member Units (1,558,333 units)	2,078	2,037	2,037
					1,558	1,558
					<u>3,595</u>	<u>3,595</u>
Industrial Services Acquisition, LLC(10)	June 17, 2016	Industrial Cleaning Services	6% Current / 7% PIK Unsecured Debt	4,885	4,822	4,470

(Maturity–December 17,
2022)(19)

Preferred Member Units

(Industrial Services

Investments, LLC) (144

94

94

units; 10%

cumulative)(8)(19)

Member Units (Industrial

Services Investments, LLC)

900

210

(900 units)

5,816

4,774

**Inn of the Mountain Gods
Resort and Casino(11)**

October 30,
2013

Hotel & Casino Owner &
Operator

9.25% Secured Debt

(Maturity–November 30,
2020)

7,832

7,479

7,480

**Intermedia
Holdings, Inc.(11)**

August 3,
2018

Unified Communications
as a Service

LIBOR Plus 6.00% (Floor

1.00%), Current Coupon

8.52%, Secured Debt

(Maturity–July 19, 2025)(9)

11,571

11,461

11,557

irth Solutions, LLC

December 29,
2010

Provider of Damage
Prevention Information
Technology Services

Member Units (27,893 units)

1,441

2,830

**Isagenix
International, LLC(11)**

June 21, 2018

Direct Marketer of
Health & Wellness
Products

LIBOR Plus 5.75% (Floor

1.00%), Current Coupon

8.55%, Secured Debt

(Maturity–June 14,
2025)(9)

6,268

6,208

6,095

JAB Wireless, Inc.(10)

May 2, 2018

Fixed Wireless Broadband
Provider

LIBOR Plus 8.00% (Floor

1.00%), Current Coupon

10.39%, Secured Debt

(Maturity–May 2, 2023)(9)

14,888

14,754

13,987

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Portfolio Company(1)(20)	Investment Date(26)	Business Description	Type of Investment(2)(3)(25)	Principal(4)	Cost(4)	Fair Value(18)
Jacent Strategic Merchandising, LLC(10)	September 16, 2015	General Merchandise Distribution	LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 10.27%, Secured Debt (Maturity–September 16, 2020)(9)	10,740	10,705	10,740
Jackmont Hospitality, Inc.(10)	May 26, 2015	Franchisee of Casual Dining Restaurants	LIBOR Plus 6.75% (Floor 1.00%), Current Coupon 9.26%, Secured Debt (Maturity–May 26, 2021)(9)	4,165	4,157	4,165
Jacuzzi Brands LLC(11)	June 30, 2017	Manufacturer of Bath and Spa Products	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 9.52%, Secured Debt (Maturity–June 28, 2023)(9)	3,850	3,788	3,831
Joerns Healthcare, LLC(11)	April 3, 2013	Manufacturer and Distributor of Health Care Equipment & Supplies	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 8.71% Secured Debt (Maturity–May 9, 2020)(9)	13,387	13,335	11,998
Kore Wireless Group Inc.(11)	December 31, 2018	Mission Critical Software Platform	LIBOR Plus 5.50%, Current Coupon 8.29%, Secured Debt (Maturity–December 20, 2024)	6,667	6,600	6,631

Larchmont Resources, LLC(11)	August 13, 2013	Oil & Gas Exploration & Production	LIBOR Plus 9.00% (Floor 1.00%) PIK, 11.77% PIK Secured Debt, (Maturity–August 7, 2020)(9)(19)	2,312	2,312	2,266
			Member Units (Larchmont Intermediate Holdco, LLC) (2,828 units)		353	707
					<u>2,665</u>	<u>2,973</u>
LKCM Headwater Investments I, L.P.(12)(13)	January 25, 2013	Investment Partnership	LP Interests (Fully diluted 2.3%)(8)		1,780	3,501
Logix Acquisition Company, LLC(10)	June 24, 2016	Competitive Local Exchange Carrier	LIBOR Plus 5.75% (Floor 1.00%), Current Coupon 8.27%, Secured Debt (Maturity–December 22, 2024)(9)	12,927	12,725	12,797
Looking Glass Investments, LLC(12)(13)	July 1, 2015	Specialty Consumer Finance	Member Units (2.5 units)		125	57
			Member Units (LGI Predictive Analytics LLC) (190,712 units)(8)		49	33
					<u>174</u>	<u>90</u>
LSF9 Atlantis Holdings, LLC(11)	May 17, 2017	Provider of Wireless Telecommunications Carrier Services	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 8.38%, Secured Debt (Maturity–May 1, 2023)(9)	9,710	9,694	9,269

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Portfolio Company(1)(20)	Investment Date(26)	Business Description	Type of Investment(2)(3)(25)	Principal(4)	Cost(4)	Fair Value(18)
Lulu's Fashion Lounge, LLC(10)	August 31, 2017	Fast Fashion E-Commerce Retailer	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 9.52%, Secured Debt (Maturity–August 28, 2022)(9)	12,358	12,060	11,987
MHVC Acquisition Corp.(11)	May 8, 2017	Provider of differentiated information solutions, systems engineering, and analytics	LIBOR Plus 5.25% (Floor 1.00%), Current Coupon 8.06%, Secured Debt (Maturity–April 29, 2024)(9)	15,475	15,442	15,088
Mills Fleet Farm Group, LLC(10)	October 24, 2018	Omnichannel Retailer of Work, Farm and Lifestyle Merchandise	LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 8.77%, Secured Debt (Maturity–October 24, 2024)(9)	15,000	14,707	15,000
Mobileum(10)	October 23, 2018	Provider of big data analytics to telecom service providers	LIBOR Plus 10.25% (Floor 0.75%), Current Coupon 13.06%, Secured Debt (Maturity–May 1, 2022)(9)	7,500	7,429	7,429
NBG Acquisition Inc(11)	April 28, 2017	Wholesaler of Home Décor Products	LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 8.09%, Secured Debt	4,292	4,235	4,184

(Maturity–April 26,
2024)(9)

New Era Technology, Inc.(10)	June 30, 2018	Managed Services and Hosting Provider	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 8.99%, Secured Debt (Maturity–June 22, 2023)(9)	7,654	7,526	7,616
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New Media Holdings II LLC(11)(13)	June 10, 2014	Local Newspaper Operator	LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 8.77%, Secured Debt (Maturity–July 14, 2022)(9)	21,125	20,797	20,967
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NNE Partners, LLC(10)	March 2, 2017	Oil & Gas Exploration & Production	LIBOR Plus 8.00%, Current Coupon 10.74%, Secured Debt (Maturity–March 2, 2022)	20,417	20,260	19,572
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North American Lifting Holdings, Inc.(11)	February 26, 2015	Crane Service Provider	LIBOR Plus 4.50% (Floor 1.00%), Current Coupon 7.30%, Secured Debt (Maturity–November 27, 2020)(9)	7,664	7,093	6,997
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Novetta Solutions, LLC(11)	June 21, 2017	Provider of Advanced Analytics Solutions for Defense Agencies	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 7.53%, Secured Debt (Maturity–October 17, 2022)(9)	15,478	15,091	15,091
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Portfolio Company(1)(20)	Investment Date(26)	Business Description	Type of Investment(2)(3)(25)	Principal(4)	Cost(4)	Fair Value(18)	
NTM Acquisition Corp.(11)	July 12, 2016	Provider of B2B Travel Information Content	LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 8.96%, Secured Debt (Maturity–June 7, 2022)(9)	4,419	4,396	4,375	
Ospemifene Royalty Sub LLC (QuatRx)(10)	July 8, 2013	Estrogen-Deficiency Drug Manufacturer and Distributor	11.5% Secured Debt (Maturity–November 15, 2026)(14)	4,975	4,975	937	
Permian Holdco 2, Inc.(11)	February 12, 2013	Storage Tank Manufacturer	14% PIK Unsecured Debt (Maturity–October 15, 2021)(19)	396	396	396	
				Preferred Stock (Permian Holdco 1, Inc.) (154,558 units)		799	920
					1,195	1,316	
Pernix Therapeutics Holdings, Inc.(10)	August 18, 2014	Pharmaceutical Royalty	12% Secured Debt (Maturity–August 1, 2020)	3,031	3,031	2,037	
Pier 1 Imports, Inc.(11)	February 20, 2018	Decorative Home Furnishings Retailer	LIBOR Plus 3.50% (Floor 1.00%), Current Coupon 6.38%, Secured Debt (Maturity–April 30, 2021)(9)	9,736	9,152	6,998	
Point.360(10)	July 8, 2015	Fully Integrated Provider of Digital Media Services					

			Warrants (65,463 equivalent shares; Expiration–July 7, 2020; Strike price–\$0.75 per share)		69	–
			Common Stock (163,658 shares)		273	5
					342	5

PricewaterhouseCoopers Public Sector LLP(11) May 24, 2018 Provider of Consulting Services to Governments

LIBOR Plus 7.50%, Current Coupon 9.74%, Secured Debt (Maturity–May 1, 2026)

8,000	7,962	8,040
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Prowler Acquisition Corp.(11) February 11, 2014 Specialty Distributor to the Energy Sector

LIBOR Plus 4.50% (Floor 1.00%), Current Coupon 7.30%, Secured Debt (Maturity–January 28, 2020)(9)

20,028	19,122	19,727
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PT Network, LLC(10) November 1, 2013 Provider of Outpatient Physical Therapy and Sports Medicine Services

LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 7.99%, Secured Debt (Maturity–November 30, 2021)(9)

8,732	8,732	8,619
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Portfolio Company(1)(20)	Investment Date(26)	Business Description	Type of Investment(2)(3)(25)	Principal(4)	Cost(4)	Fair Value(18)
Research Now Group, Inc. and Survey Sampling International, LLC(11)	December 31, 2017	Provider of Outsourced Online Surveying	LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 8.02%, Secured Debt (Maturity–December 20, 2024)(9)	15,360	14,757	15,110
Resolute Industrial, LLC(10)	July 26, 2017	HVAC Equipment Rental and Remanufacturing	Member Units (601 units)		750	920
RM Bidder, LLC(10)	November 12, 2015	Scripted and Unscripted TV and Digital Programming Provider	Warrants (327,532 equivalent units; Expiration–October 20, 2025; Strike price–\$14.28 per unit) Member Units (2,779 units)		425	–
					46	11
					471	11
SAFETY Investment Holdings, LLC	April 29, 2016	Provider of Intelligent Driver Record Monitoring Software and Services	Member Units (2,000,000 units)		2,000	1,820
Salient Partners L.P.(11)	June 25, 2015	Provider of Asset Management Services	LIBOR Plus 5.75% (Floor 1.00%), Current Coupon 8.27%, Secured Debt (Maturity–June 9, 2021)(9)	7,313	7,280	7,280
SITV, LLC(11)	September 26, 2017	Cable Networks Operator				

10.375% Secured Debt
(Maturity–July 1, 2019) 10,429 7,196 3,911

SMART Modular Technologies, Inc.(10)(13) August 18, 2017 Provider of Specialty Memory Solutions
LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 8.86%, Secured Debt (Maturity–August 9, 2022)(9) 19,000 18,793 19,095

Sorenson Communications, Inc.(11) June 7, 2016 Manufacturer of Communication Products for Hearing Impaired
LIBOR Plus 5.75% (Floor 2.25%), Current Coupon 8.56%, Secured Debt (Maturity–April 30, 2020)(9) 13,097 13,059 13,048

Staples Canada ULC(10)(13)(21) September 14, 2017 Office Supplies Retailer
LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 9.26%, Secured Debt (Maturity–September 12, 2023) (9)(22) 16,867 16,589 14,026

STL Parent Corp.(10) December 14, 2018 Manufacturer and Servicer of Tank and Hopper Railcars
LIBOR Plus 7.00%, Current Coupon 9.52%, Secured Debt (Maturity–December 5, 2022) 15,000 14,475 14,475

Strike, LLC(11) December 12, 2016 Pipeline Construction and Maintenance Services
LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 10.59%, Secured Debt (Maturity–November 30, 2022)(9) 9,000 8,797 9,011

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Portfolio Company(1)(20)	Investment Date(26)	Business Description	Type of Investment(2)(3)(25)	Principal(4)	Cost(4)	Fair Value(18)
TE Holdings, LLC(11)	December 5, 2013	Oil & Gas Exploration & Production	Member Units (97,048 units)	970	970	66
Tectonic Holdings, LLC	May 15, 2017	Financial Services Organization	Member Units (200,000 units)(8)	2,000	2,000	2,420
TeleGuam Holdings, LLC(11)	June 26, 2013	Cable and Telecom Services Provider	LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 11.02%, Secured Debt (Maturity–April 12, 2024)(9)	7,750	7,620	7,798
TGP Holdings III LLC(11)	September 30, 2017	Outdoor Cooking & Accessories	LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 11.30%, Secured Debt (Maturity–September 25, 2025)(9)	5,500	5,433	5,335
The Pasha Group(11)	February 2, 2018	Diversified Logistics and Transportation Provided	LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 10.06%, Secured Debt (Maturity–January 26, 2023)(9)	10,938	10,655	11,006
TMC Merger Sub Corp.(11)	December 22, 2016	Refractory & Maintenance Services Provider	LIBOR Plus 6.75% (Floor 1.00%), Current Coupon 9.31%, Secured Debt (Maturity–October 31, 2022)(9)(24)	17,207	17,014	17,121

TOMS Shoes, LLC(11)	November 13, 2014	Global Designer, Distributor, and Retailer of Casual Footwear	LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 8.30%, Secured Debt (Maturity–October 30, 2020)(9)	4,813	4,635	3,798
Turning Point Brands, Inc.(10)(13)	February 17, 2017	Marketer/Distributor of Tobacco Products	LIBOR Plus 7.00%, Current Coupon 9.46%, Secured Debt (Maturity–March 7, 2024)	8,500	8,424	8,585
TVG-I-E CMN ACQUISITION, LLC(10)	November 3, 2016	Organic Lead Generation for Online Postsecondary Schools	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 8.52%, Secured Debt (Maturity–November 3, 2021)(9)	19,503	19,191	19,454
U.S. TelePacific Corp.(11)	September 14, 2016	Provider of Communications and Managed Services	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 7.80%, Secured Debt (Maturity–May 2, 2023)(9)	18,491	18,344	17,363
VIP Cinema Holdings, Inc.(11)	March 9, 2017	Supplier of Luxury Seating to the Cinema Industry	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 8.53%, Secured Debt (Maturity–March 1, 2023)(9)	10,494	10,451	10,304

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Portfolio Company(1)(20)	Investment Date(26)	Business Description	Type of Investment(2)(3)(25)	Principal(4)	Cost(4)	Fair Value(18)
Vistar Media, Inc.(10)	February 17, 2017	Operator of Digital Out-of-Home Advertising Platform	LIBOR Plus 10.00% (Floor 1.00%), Current Coupon 12.74%, Secured Debt (Maturity–February 16, 2022)(9)	3,263	3,048	2,987
			Warrants (70,207 equivalent shares; Expiration–February 17, 2027; Strike price–\$0.01 per share)		331	790
				3,379		3,777
Wireless Vision Holdings, LLC(10)	September 29, 2017	Provider of Wireless Telecommunications Carrier Services	LIBOR Plus 8.91% (Floor 1.00%), Current Coupon 11.41%, Secured Debt (Maturity–September 29, 2022)(9)(28)	14,279	14,055	13,414
YS Garments, LLC(11)	August 22, 2018	Designer and Provider of Branded Activewear	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 8.42% Secured Debt (Maturity–August 9, 2024)(9)	14,906	14,764	14,756
Zilliant Incorporated	June 15, 2012	Price Optimization and Margin Management Solutions	Preferred Stock (186,777 shares)		154	260

Warrants (952,500 equivalent shares; Expiration–June 15, 2022; Strike price–\$0.001 per share)	1,071	1,189
	<u>1,225</u>	<u>1,449</u>
Subtotal Non-Control/Non-Affiliate Investments (73.8% of net assets at fair value)	<u>\$1,137,108</u>	<u>\$1,089,026</u>
Total Portfolio Investments, December 31, 2018	<u>\$2,269,033</u>	<u>\$2,453,909</u>

- (1) All investments are Lower Middle Market portfolio investments, unless otherwise noted. See Note B for a description of Lower Middle Market portfolio investments. All of the Company's investments, unless otherwise noted, are encumbered either as security for the Company's Credit Agreement or in support of the SBA-guaranteed debentures issued by the Funds.
- (2) Debt investments are income producing, unless otherwise noted. Equity and warrants are non-income producing, unless otherwise noted.
- (3) See Note C for a summary of geographic location of portfolio companies.
- (4) Principal is net of repayments. Cost is net of repayments and accumulated unearned income.
- (5) Control investments are defined by the Investment Company Act of 1940, as amended ("1940 Act") as investments in which more than 25% of the voting securities are owned or where the ability to nominate greater than 50% of the board representation is maintained.
- (6) Affiliate investments are defined by the 1940 Act as investments in which between 5% and 25% of the voting securities are owned and the investments are not classified as Control investments.
- (7) Non-Control/Non-Affiliate investments are defined by the 1940 Act as investments that are neither Control investments nor Affiliate investments.
- (8) Income producing through dividends or distributions.
- (9) Index based floating interest rate is subject to contractual minimum interest rate. A majority of the variable rate loans in the Company's investment portfolio bear interest at a rate that may be determined by reference to either LIBOR or an alternate Base Rate (commonly based on the Federal Funds Rate or the Prime Rate), which typically resets semi-annually, quarterly, or monthly at the borrower's option. The borrower may also elect to have multiple interest reset periods for each loan. For each such loan, the Company has provided the weighted average annual stated interest rate in effect at December 31, 2018. As noted in this schedule, 64% of the loans (based on the par amount) contain LIBOR floors which range between 0.50% and 2.00%, with a weighted-average LIBOR floor of approximately 1.03%.
- (10) Private Loan portfolio investment. See Note B for a description of Private Loan portfolio investments.

- (11) Middle Market portfolio investment. See Note B for a description of Middle Market portfolio investments.

- (12) Other Portfolio investment. See Note B for a description of Other Portfolio investments.

- (13) Investment is not a qualifying asset as defined under Section 55(a) of the 1940 Act. Qualifying assets must represent at least 70% of total assets at the time of acquisition of any additional non-qualifying assets.

MAIN STREET CAPITAL CORPORATION
Consolidated Schedule of Investments (Continued)
December 31, 2018
(dollars in thousands)
(unaudited)

- (14) Non-accrual and non-income producing investment.
- (15) Portfolio company is in a bankruptcy process and, as such, the maturity date of our debt investments in this portfolio company will not be finally determined until such process is complete. As noted in footnote (14), our debt investments in this portfolio company are on non-accrual status.
- (16) External Investment Manager. Investment is not encumbered as security for the Company's Credit Agreement or in support of the SBA-guaranteed debentures issued by the Funds.
- (17) Maturity date is under on-going negotiations with the portfolio company and other lenders, if applicable.
- (18) Investment fair value was determined using significant unobservable inputs, unless otherwise noted. See Note C for further discussion.
- (19) PIK interest income and cumulative dividend income represent income not paid currently in cash.
- (20) All portfolio company headquarters are based in the United States, unless otherwise noted.
- (21) Portfolio company headquarters are located outside of the United States.
- (22) In connection with the Company's debt investment in Staples Canada ULC to help mitigate any potential adverse change in foreign exchange rates during the term of the Company's investment, the Company has a forward foreign currency contract with Cadence Bank to lend \$20.4 million Canadian Dollars and receive \$15.7 million U.S. Dollars with a settlement date of September 12, 2019. The unrealized appreciation on the forward foreign currency contract is \$0.6 million as of December 31, 2018.
- (23) The Company has entered into an intercreditor agreement that entitles the Company to the "last out" tranche of the first lien secured loans, whereby the "first out" tranche will receive priority as to the "last out" tranche with respect to payments of principal, interest, and any other amounts due thereunder. Therefore, the Company receives a higher interest rate than the contractual stated interest rate of LIBOR plus 6.00% (Floor 1.00%) per the Credit Agreement and the Consolidated Schedule of Investments above reflects such higher rate.

- (24) The Company has entered into an intercreditor agreement that entitles the Company to the "first out" tranche of the first lien secured loans, whereby the "first out" tranche will receive priority as to the "last out" tranche with respect to payments of principal, interest, and any other amounts due thereunder. Therefore, the Company receives a lower interest rate than the contractual stated interest rate of LIBOR plus 6.64% (Floor 1.00%) per the Credit Agreement and the Consolidated Schedule of Investments above reflects such lower rate.
- (25) All of the Company's portfolio investments are generally subject to restrictions on resale as "restricted securities."
- (26) Investment date represents the date of initial investment in the portfolio company.
- (27) Investment has an unfunded commitment as of December 31, 2018 (see Note K). The fair value of the investment includes the impact of the fair value of any unfunded commitments
- (28) The Company has entered into an intercreditor agreement that entitles the Company to the "last out" tranche of the first lien secured loans, whereby the "first out" tranche will receive priority as to the "last out" tranche with respect to payments of principal, interest, and any other amounts due thereunder. Therefore, the Company receives a higher interest rate than the contractual stated interest rate of LIBOR plus 8.50% (Floor 1.00%) per the Credit Agreement and the Consolidated Schedule of Investments above reflects such higher rate.

MAIN STREET CAPITAL CORPORATION
Notes to Consolidated Financial Statements
(Unaudited)

NOTE A—ORGANIZATION AND BASIS OF PRESENTATION

1. Organization

Main Street Capital Corporation ("MSCC") is a principal investment firm primarily focused on providing customized debt and equity financing to lower middle market ("LMM") companies and debt capital to middle market ("Middle Market") companies. The portfolio investments of MSCC and its consolidated subsidiaries are typically made to support management buyouts, recapitalizations, growth financings, refinancings and acquisitions of companies that operate in a variety of industry sectors. MSCC seeks to partner with entrepreneurs, business owners and management teams and generally provides "one stop" financing alternatives within its LMM portfolio. MSCC and its consolidated subsidiaries invest primarily in secured debt investments, equity investments, warrants and other securities of LMM companies based in the United States and in secured debt investments of Middle Market companies generally headquartered in the United States.

MSCC was formed in March 2007 to operate as an internally managed business development company ("BDC") under the Investment Company Act of 1940, as amended (the "1940 Act"). MSCC wholly owns several investment funds, including Main Street Mezzanine Fund, LP ("MSMF"), Main Street Capital II, LP ("MSC II") and Main Street Capital III, LP ("MSC III" and, collectively with MSMF and MSC II, the "Funds"), and each of their general partners. The Funds are each licensed as a Small Business Investment Company ("SBIC") by the United States Small Business Administration ("SBA"). Because MSCC is internally managed, all of the executive officers and other employees are employed by MSCC. Therefore, MSCC does not pay any external investment advisory fees, but instead directly incurs the operating costs associated with employing investment and portfolio management professionals.

MSC Adviser I, LLC (the "External Investment Manager") was formed in November 2013 as a wholly owned subsidiary of MSCC to provide investment management and other services to parties other than MSCC and its subsidiaries or their portfolio companies ("External Parties") and receives fee income for such services. MSCC has been granted no-action relief by the Securities and Exchange Commission ("SEC") to allow the External Investment Manager to register as a registered investment adviser under the Investment Advisers Act of 1940, as amended. Since the External Investment Manager conducts all of its investment management activities for External Parties, it is accounted for as a portfolio investment of MSCC and is not included as a consolidated subsidiary of MSCC in MSCC's consolidated financial statements.

MSCC has elected to be treated for U.S. federal income tax purposes as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). As a result, MSCC generally will not pay corporate-level U.S. federal income taxes on any net ordinary taxable income or capital gains that it distributes to its stockholders.

MSCC has certain direct and indirect wholly owned subsidiaries that have elected to be taxable entities (the "Taxable Subsidiaries"). The primary purpose of the Taxable Subsidiaries is to permit MSCC to hold equity investments in portfolio companies which are "pass-through" entities for tax purposes.

Unless otherwise noted or the context otherwise indicates, the terms "we," "us," "our," the "Company" and "Main Street" refer to MSCC and its consolidated subsidiaries, which include the Funds and the Taxable Subsidiaries.

MAIN STREET CAPITAL CORPORATION
Notes to Consolidated Financial Statements (Continued)
(Unaudited)

2. Basis of Presentation

Main Street's consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). The Company is an investment company following accounting and reporting guidance in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 946, *Financial Services–Investment Companies* ("ASC 946"). For each of the periods presented herein, Main Street's consolidated financial statements include the accounts of MSCC and its consolidated subsidiaries. The Investment Portfolio, as used herein, refers to all of Main Street's investments in LMM portfolio companies, investments in Middle Market portfolio companies, Private Loan portfolio investments, Other Portfolio investments and the investment in the External Investment Manager (see Note C–Fair Value Hierarchy for Investments and Debentures–Portfolio Composition–Investment Portfolio Composition for additional discussion of Main Street's Investment Portfolio and definitions for the terms Private Loan and Other Portfolio). Main Street's results of operations and cash flows for the three months ended March 31, 2019 and 2018, and financial position as of March 31, 2019 and December 31, 2018, are presented on a consolidated basis. The effects of all intercompany transactions between Main Street and its consolidated subsidiaries have been eliminated in consolidation.

The accompanying unaudited consolidated financial statements of Main Street are presented in conformity with U.S. GAAP for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Article 10 of Regulation S-X. Accordingly, certain disclosures accompanying annual financial statements prepared in accordance with U.S. GAAP are omitted. In the opinion of management, the unaudited consolidated financial results included herein contain all adjustments, consisting solely of normal recurring accruals, considered necessary for the fair presentation of financial statements for the interim periods included herein. The results of operations for the three months ended March 31, 2019 and 2018 are not necessarily indicative of the operating results to be expected for the full year. Also, the unaudited financial statements and notes should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2018. Financial statements prepared on a U.S. GAAP basis require management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

Under ASC 946, Main Street is precluded from consolidating other entities in which Main Street has equity investments, including those in which it has a controlling interest, unless the other entity is another investment company. An exception to this general principle in ASC 946 occurs if Main Street holds a controlling interest in an operating company that provides all or substantially all of its services directly to Main Street or to its portfolio companies. Accordingly, as noted above, MSCC's consolidated financial statements include the financial position and operating results for the Funds and the Taxable Subsidiaries. Main Street has determined that all of its portfolio investments do not qualify for this exception, including the investment in the External Investment Manager. Therefore, Main Street's Investment Portfolio is carried on the consolidated balance sheet at fair value, as discussed further in Note B.1., with any adjustments to fair value recognized as "Net Unrealized Appreciation (Depreciation)" on the consolidated statements of operations until the investment is realized, usually upon exit, resulting in any gain or loss being recognized as a "Net Realized Gain (Loss)."

MAIN STREET CAPITAL CORPORATION
Notes to Consolidated Financial Statements (Continued)
(Unaudited)

Portfolio Investment Classification

Main Street classifies its Investment Portfolio in accordance with the requirements of the 1940 Act. Under the 1940 Act, (a) "Control Investments" are defined as investments in which Main Street owns more than 25% of the voting securities or has rights to maintain greater than 50% of the board representation, (b) "Affiliate Investments" are defined as investments in which Main Street owns between 5% and 25% of the voting securities and does not have rights to maintain greater than 50% of the board representation, and (c) "Non-Control/Non-Affiliate Investments" are defined as investments that are neither Control Investments nor Affiliate Investments.

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Valuation of the Investment Portfolio

Main Street accounts for its Investment Portfolio at fair value. As a result, Main Street follows the provisions of ASC 820, *Fair Value Measurements and Disclosures* ("ASC 820"). ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value and enhances disclosure requirements for fair value measurements. ASC 820 requires Main Street to assume that the portfolio investment is to be sold in the principal market to independent market participants, which may be a hypothetical market. Market participants are defined as buyers and sellers in the principal market that are independent, knowledgeable and willing and able to transact.

Main Street's portfolio strategy calls for it to invest primarily in illiquid debt and equity securities issued by privately held, LMM companies and more liquid debt securities issued by Middle Market companies that are generally larger in size than the LMM companies. Main Street categorizes some of its investments in LMM companies and Middle Market companies as Private Loan portfolio investments, which are primarily debt securities in privately held companies which have been originated through strategic relationships with other investment funds on a collaborative basis, and are often referred to in the debt markets as "club deals." Private Loan investments are typically similar in size, structure, terms and conditions to investments Main Street holds in its LMM portfolio and Middle Market portfolio. Main Street's portfolio also includes Other Portfolio investments which primarily consist of investments that are not consistent with the typical profiles for its LMM portfolio investments, Middle Market portfolio investments or Private Loan portfolio investments, including investments which may be managed by third parties. Main Street's portfolio investments may be subject to restrictions on resale.

LMM investments and Other Portfolio investments generally have no established trading market while Middle Market securities generally have established markets that are not active. Private Loan investments may include investments which have no established trading market or have established markets that are not active. Main Street determines in good faith the fair value of its Investment Portfolio pursuant to a valuation policy in accordance with ASC 820 and a valuation process approved by its Board of Directors and in accordance with the 1940 Act. Main Street's valuation policies and processes are intended to provide a consistent basis for determining the fair value of Main Street's Investment Portfolio.

For LMM portfolio investments, Main Street generally reviews external events, including private mergers, sales and acquisitions involving comparable companies, and includes these events in the valuation process by using an enterprise value waterfall methodology ("Waterfall") for its LMM equity

MAIN STREET CAPITAL CORPORATION
Notes to Consolidated Financial Statements (Continued)
(Unaudited)

investments and an income approach using a yield-to-maturity model ("Yield-to-Maturity") for its LMM debt investments. For Middle Market portfolio investments, Main Street primarily uses quoted prices in the valuation process. Main Street determines the appropriateness of the use of third-party broker quotes, if any, in determining fair value based on its understanding of the level of actual transactions used by the broker to develop the quote and whether the quote was an indicative price or binding offer, the depth and consistency of broker quotes and the correlation of changes in broker quotes with underlying performance of the portfolio company and other market indices. For Middle Market and Private Loan portfolio investments in debt securities for which it has determined that third-party quotes or other independent pricing are not available or appropriate, Main Street generally estimates the fair value based on the assumptions that it believes hypothetical market participants would use to value the investment in a current hypothetical sale using the Yield-to-Maturity valuation method. For its Other Portfolio equity investments, Main Street generally calculates the fair value of the investment primarily based on the net asset value ("NAV") of the fund and adjusts the fair value for other factors that would affect the fair value of the investment. All of the valuation approaches for Main Street's portfolio investments estimate the value of the investment as if Main Street were to sell, or exit, the investment as of the measurement date.

These valuation approaches consider the value associated with Main Street's ability to control the capital structure of the portfolio company, as well as the timing of a potential exit. For valuation purposes, "control" portfolio investments are composed of debt and equity securities in companies for which Main Street has a controlling interest in the equity ownership of the portfolio company or the ability to nominate a majority of the portfolio company's board of directors. For valuation purposes, "non-control" portfolio investments are generally composed of debt and equity securities in companies for which Main Street does not have a controlling interest in the equity ownership of the portfolio company or the ability to nominate a majority of the portfolio company's board of directors.

Under the Waterfall valuation method, Main Street estimates the enterprise value of a portfolio company using a combination of market and income approaches or other appropriate valuation methods, such as considering recent transactions in the equity securities of the portfolio company or third-party valuations of the portfolio company, and then performs a waterfall calculation by allocating the enterprise value over the portfolio company's securities in order of their preference relative to one another. The enterprise value is the fair value at which an enterprise could be sold in a transaction between two willing parties, other than through a forced or liquidation sale. Typically, privately held companies are bought and sold based on multiples of earnings before interest, taxes, depreciation and amortization ("EBITDA"), cash flows, net income, revenues, or in limited cases, book value. There is no single methodology for estimating enterprise value. For any one portfolio company, enterprise value is generally described as a range of values from which a single estimate of enterprise value is derived. In estimating the enterprise value of a portfolio company, Main Street analyzes various factors including the portfolio company's historical and projected financial results. Due to SEC deadlines for Main Street's quarterly and annual financial reporting, the operating results of a portfolio company used in the current period valuation are generally the results from the period ended three months prior to such valuation date and may include unaudited, projected, budgeted or pro forma financial information and may require adjustments for non-recurring items or to normalize the operating results that may require significant judgment in its determination. In addition, projecting future financial results requires significant judgment regarding future growth assumptions. In evaluating the operating results, Main Street also analyzes the impact of exposure to litigation, loss of customers or other contingencies. After determining the appropriate enterprise value, Main Street allocates the enterprise

MAIN STREET CAPITAL CORPORATION
Notes to Consolidated Financial Statements (Continued)
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value to investments in order of the legal priority of the various components of the portfolio company's capital structure. In applying the Waterfall valuation method, Main Street assumes the loans are paid off at the principal amount in a change in control transaction and are not assumed by the buyer, which Main Street believes is consistent with its past transaction history and standard industry practices.

Under the Yield-to-Maturity valuation method, Main Street also uses the income approach to determine the fair value of debt securities based on projections of the discounted future free cash flows that the debt security will likely generate, including analyzing the discounted cash flows of interest and principal amounts for the debt security, as set forth in the associated loan agreements, as well as the financial position and credit risk of the portfolio company. Main Street's estimate of the expected repayment date of its debt securities is generally the maturity date of the instrument, as Main Street generally intends to hold its loans and debt securities to maturity. The Yield-to-Maturity analysis also considers changes in leverage levels, credit quality, portfolio company performance and other factors. Main Street will generally use the value determined by the Yield-to-Maturity analysis as the fair value for that security; however, because of Main Street's general intent to hold its loans to maturity, the fair value will not exceed the principal amount of the debt security valued using the Yield-to-Maturity valuation method. A change in the assumptions that Main Street uses to estimate the fair value of its debt securities using the Yield-to-Maturity valuation method could have a material impact on the determination of fair value. If there is deterioration in credit quality or if a debt security is in workout status, Main Street may consider other factors in determining the fair value of the debt security, including the value attributable to the debt security from the enterprise value of the portfolio company or the proceeds that would most likely be received in a liquidation analysis.

Under the NAV valuation method, for an investment in an investment fund that does not have a readily determinable fair value, Main Street measures the fair value of the investment predominately based on the NAV of the investment fund as of the measurement date and adjusts the investment's fair value for factors known to Main Street that would affect that fund's NAV, including, but not limited to, fair values for individual investments held by the fund if Main Street holds the same investment or for a publicly traded investment. In addition, in determining the fair value of the investment, Main Street considers whether adjustments to the NAV are necessary in certain circumstances, based on the analysis of any restrictions on redemption of Main Street's investment as of the measurement date, recent actual sales or redemptions of interests in the investment fund, and expected future cash flows available to equity holders, including the rate of return on those cash flows compared to an implied market return on equity required by market participants, or other uncertainties surrounding Main Street's ability to realize the full NAV of its interests in the investment fund.

Pursuant to its internal valuation process and the requirements under the 1940 Act, Main Street performs valuation procedures on each of its portfolio investments quarterly. In addition to its internal valuation process, in arriving at estimates of fair value for its investments in its LMM portfolio companies, Main Street, among other things, consults with a nationally recognized independent financial advisory services firm. The nationally recognized independent financial advisory services firm analyzes and provides observations, recommendations and an assurance certification regarding the Company's determinations of the fair value of its LMM portfolio company investments. The nationally recognized independent financial advisory services firm is generally consulted relative to Main Street's investments in each LMM portfolio company at least once every calendar year, and for Main Street's investments in new LMM portfolio companies, at least once in the twelve-month period subsequent to the initial investment. In certain instances, Main Street may determine that it is not cost-effective, and as a result is not in its stockholders' best interest, to consult with the nationally recognized independent

MAIN STREET CAPITAL CORPORATION
Notes to Consolidated Financial Statements (Continued)
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financial advisory services firm on its investments in one or more LMM portfolio companies. Such instances include, but are not limited to, situations where the fair value of Main Street's investment in a LMM portfolio company is determined to be insignificant relative to the total Investment Portfolio. Main Street consulted with and received an assurance certification from its independent financial advisory services firm in arriving at Main Street's determination of fair value on its investments in a total of 15 LMM portfolio companies for the three months ended March 31, 2019, representing approximately 24% of the total LMM portfolio at fair value as of March 31, 2019, and on a total of 13 LMM portfolio companies for the three months ended March 31, 2018, representing approximately 17% of the total LMM portfolio at fair value as of March 31, 2018. Excluding its investments in LMM portfolio companies which have not been in the Investment Portfolio for at least twelve months subsequent to the initial investment as of March 31, 2019 and 2018, as applicable, or whose primary purpose is to own real estate for which a third-party appraisal is obtained on at least an annual basis, the percentage of the LMM portfolio reviewed and certified by its independent financial advisory services firm for the three months ended March 31, 2019 and 2018 was 26% and 20% of the total LMM portfolio at fair value as of March 31, 2019 and 2018, respectively.

For valuation purposes, all of Main Street's Middle Market portfolio investments are non-control investments. To the extent sufficient observable inputs are available to determine fair value, Main Street uses observable inputs to determine the fair value of these investments through obtaining third-party quotes or other independent pricing. For Middle Market portfolio investments for which it has determined that third-party quotes or other independent pricing are not available or appropriate, Main Street generally estimates the fair value based on the assumptions that it believes hypothetical market participants would use to value such Middle Market debt investments in a current hypothetical sale using the Yield-to-Maturity valuation method and such Middle Market equity investments in a current hypothetical sale using the Waterfall valuation method. Because the vast majority of the Middle Market portfolio investments are typically valued using third-party quotes or other independent pricing services (including 94% of the Middle Market portfolio investments as of both March 31, 2019 and December 31, 2018). Main Street generally does not consult with any financial advisory services firms in connection with determining the fair value of its Middle Market investments.

For valuation purposes, all of Main Street's Private Loan portfolio investments are non-control investments. For Private Loan portfolio investments for which it has determined that third-party quotes or other independent pricing are not available or appropriate, Main Street generally estimates the fair value based on the assumptions that it believes hypothetical market participants would use to value such Private Loan debt investments in a current hypothetical sale using the Yield-to-Maturity valuation method and such Private Loan equity investments in a current hypothetical sale using the Waterfall valuation method.

In addition to its internal valuation process, in arriving at estimates of fair value for its investments in its Private Loan portfolio companies, Main Street, among other things, consults with a nationally recognized independent financial advisory services firm. The nationally recognized independent financial advisory services firm analyzes and provides observations and recommendations and an assurance certification regarding the Company's determinations of the fair value of its Private Loan portfolio company investments. The nationally recognized independent financial advisory services firm is generally consulted relative to Main Street's investments in each Private Loan portfolio company at least once every calendar year, and for Main Street's investments in new Private Loan portfolio companies, at least once in the twelve-month period subsequent to the initial investment. In certain instances, Main Street may determine that it is not cost-effective, and as a result is not in its

MAIN STREET CAPITAL CORPORATION
Notes to Consolidated Financial Statements (Continued)
(Unaudited)

stockholders' best interest, to consult with the nationally recognized independent financial advisory services firm on its investments in one or more Private Loan portfolio companies. Such instances include, but are not limited to, situations where the fair value of Main Street's investment in a Private Loan portfolio company is determined to be insignificant relative to the total Investment Portfolio. Main Street consulted with and received an assurance certification from its independent financial advisory services firm in arriving at its determination of fair value on its investments in a total of seven Private Loan portfolio companies for the three months ended March 31, 2019, representing approximately 13% of the total Private Loan portfolio at fair value as of March 31, 2019, and on a total of six Private Loan portfolio companies for the three months ended March 31, 2018, representing approximately 16% of the total Private Loan portfolio at fair value as of March 31, 2018. Excluding its investments in Private Loan portfolio companies which have not been in the Investment Portfolio for at least twelve months subsequent to the initial investment as of March 31, 2019 and 2018, as applicable, and its investments in its Private Loan portfolio companies that were not reviewed because the investment is valued based upon third-party quotes or other independent pricing, the percentage of the Private Loan portfolio reviewed and certified by its independent financial advisory services firm for the three months ended March 31, 2019 and 2018 was 20% and 27% of the total Private Loan portfolio at fair value as of March 31, 2019 and 2018, respectively.

For valuation purposes, all of Main Street's Other Portfolio investments are non-control investments. Main Street's Other Portfolio investments comprised 4.4% of Main Street's Investment Portfolio at fair value as of both March 31, 2019 and December 31, 2018. Similar to the LMM investment portfolio, market quotations for Other Portfolio equity investments are generally not readily available. For its Other Portfolio equity investments, Main Street generally determines the fair value of these investments using the NAV valuation method.

For valuation purposes, Main Street's investment in the External Investment Manager is a control investment. Market quotations are not readily available for this investment, and as a result, Main Street determines the fair value of the External Investment Manager using the Waterfall valuation method under the market approach. In estimating the enterprise value, Main Street analyzes various factors, including the entity's historical and projected financial results, as well as its size, marketability and performance relative to the population of market comparables. This valuation approach estimates the value of the investment as if Main Street were to sell, or exit, the investment. In addition, Main Street considers its ability to control the capital structure of the company, as well as the timing of a potential exit, in connection with determining the fair value of the External Investment Manager.

Due to the inherent uncertainty in the valuation process, Main Street's determination of fair value for its Investment Portfolio may differ materially from the values that would have been determined had a ready market for the securities existed. In addition, changes in the market environment, portfolio company performance and other events that may occur over the lives of the investments may cause the gains or losses ultimately realized on these investments to be materially different than the valuations currently assigned. Main Street determines the fair value of each individual investment and records changes in fair value as unrealized appreciation or depreciation.

Main Street uses an internally developed portfolio investment rating system in connection with its investment oversight, portfolio management and analysis and investment valuation procedures for its LMM portfolio companies. This system takes into account both quantitative and qualitative factors of the LMM portfolio company and the investments held therein.

MAIN STREET CAPITAL CORPORATION
Notes to Consolidated Financial Statements (Continued)
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The Board of Directors of Main Street has the final responsibility for overseeing, reviewing and approving, in good faith, Main Street's determination of the fair value for its Investment Portfolio, as well as its valuation procedures, consistent with 1940 Act requirements. Main Street believes its Investment Portfolio as of March 31, 2019 and December 31, 2018 approximates fair value as of those dates based on the markets in which Main Street operates and other conditions in existence on those reporting dates.

2. Use of Estimates

The preparation of financial statements in conformity with U.S. 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 revenue and expenses during the period. Actual results may differ from these estimates under different conditions or assumptions. Additionally, as explained in Note B.1., the consolidated financial statements include investments in the Investment Portfolio whose values have been estimated by Main Street with the oversight, review and approval by Main Street's Board of Directors in the absence of readily ascertainable market values. Because of the inherent uncertainty of the Investment Portfolio valuations, those estimated values may differ materially from the values that would have been determined had a ready market for the securities existed.

3. Cash and Cash Equivalents

Cash and cash equivalents consist of cash and highly liquid investments with an original maturity of three months or less at the date of purchase. Cash and cash equivalents are carried at cost, which approximates fair value.

At March 31, 2019, cash balances totaling \$43.6 million exceeded Federal Deposit Insurance Corporation insurance protection levels, subjecting the Company to risk related to the uninsured balance. All of the Company's cash deposits are held at large established high credit quality financial institutions and management believes that the risk of loss associated with any uninsured balances is remote.

4. Interest, Dividend and Fee Income

Main Street records interest and dividend income on the accrual basis to the extent amounts are expected to be collected. Dividend income is recorded as dividends are declared by the portfolio company or at the point an obligation exists for the portfolio company to make a distribution. In accordance with Main Street's valuation policies, Main Street evaluates accrued interest and dividend income periodically for collectability. When a loan or debt security becomes 90 days or more past due, and if Main Street otherwise does not expect the debtor to be able to service all of its debt or other obligations, Main Street will generally place the loan or debt security on non-accrual status and cease recognizing interest income on that loan or debt security until the borrower has demonstrated the ability and intent to pay contractual amounts due. If a loan or debt security's status significantly improves regarding the debtor's ability to service the debt or other obligations, or if a loan or debt security is sold or written off, Main Street removes it from non-accrual status.

As of March 31, 2019, Main Street's total Investment Portfolio had six investments on non-accrual status, which comprised approximately 0.9% of its fair value and 3.6% of its cost. As of December 31,

MAIN STREET CAPITAL CORPORATION
Notes to Consolidated Financial Statements (Continued)
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2018, Main Street's total Investment Portfolio had six investments on non-accrual status, which comprised approximately 1.3% of its fair value and 3.9% of its cost.

Main Street holds certain debt and preferred equity instruments in its Investment Portfolio that contain payment-in-kind ("PIK") interest and cumulative dividend provisions. The PIK interest, computed at the contractual rate specified in each debt agreement, is periodically added to the principal balance of the debt and is recorded as interest income. Thus, the actual collection of this interest may be deferred until the time of debt principal repayment. Cumulative dividends are recorded as dividend income, and any dividends in arrears are added to the balance of the preferred equity investment. The actual collection of these dividends in arrears may be deferred until such time as the preferred equity is redeemed or sold. To maintain RIC tax treatment (as discussed in Note B.9. below), these non-cash sources of income may need to be paid out to stockholders in the form of distributions, even though Main Street may not have collected the PIK interest and cumulative dividends in cash. Main Street stops accruing PIK interest and cumulative dividends and writes off any accrued and uncollected interest and dividends in arrears when it determines that such PIK interest and dividends in arrears are no longer collectible. For the three months ended March 31, 2019 and 2018, (i) approximately 1.9% and 1.0%, respectively, of Main Street's total investment income was attributable to PIK interest income not paid currently in cash and (ii) approximately 1.1% and 1.0%, respectively, of Main Street's total investment income was attributable to cumulative dividend income not paid currently in cash.

Main Street may periodically provide services, including structuring and advisory services, to its portfolio companies or other third parties. For services that are separately identifiable and evidence exists to substantiate fair value, fee income is recognized as earned, which is generally when the investment or other applicable transaction closes. Fees received in connection with debt financing transactions for services that do not meet these criteria are treated as debt origination fees and are deferred and accreted into income over the life of the financing.

A presentation of the investment income Main Street received from its Investment Portfolio in each of the periods presented is as follows:

	Three Months Ended	
	March 31,	
	2019	2018
	(dollars in thousands)	
Interest, fee and dividend income:		
Interest income	\$ 47,320	\$ 39,612
Dividend income	12,496	13,831
Fee income	1,549	2,499
Total interest, fee and dividend income	\$ 61,365	\$ 55,942

5. Deferred Financing Costs

Deferred financing costs include commitment fees and other costs related to Main Street's multi-year revolving credit facility (the "Credit Facility") and its unsecured notes, as well as the commitment fees and leverage fees (approximately 3.4% of the total commitment and draw amounts, as applicable) on the SBIC debentures which are not accounted for under the fair value option under ASC 825 (as discussed further in Note B.11.). See further discussion of Main Street's debt in Note E.

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Deferred financing costs in connection with the Credit Facility are capitalized as an asset. Deferred financing costs in connection with all other debt arrangements not using the fair value option are a direct deduction from the related debt liability.

6. Equity Offering Costs

The Company's offering costs are charged against the proceeds from equity offerings when the proceeds are received.

7. Unearned Income—Debt Origination Fees and Original Issue Discount and Discounts / Premiums to Par Value

Main Street capitalizes debt origination fees received in connection with financings and reflects such fees as unearned income netted against the applicable debt investments. The unearned income from the fees is accreted into income based on the effective interest method over the life of the financing.

In connection with its portfolio debt investments, Main Street sometimes receives nominal cost warrants or warrants with an exercise price below the fair value of the underlying equity (together, "nominal cost equity") that are valued as part of the negotiation process with the particular portfolio company. When Main Street receives nominal cost equity, Main Street allocates its cost basis in its investment between its debt security and its nominal cost equity at the time of origination based on amounts negotiated with the particular portfolio company. The allocated amounts are based upon the fair value of the nominal cost equity, which is then used to determine the allocation of cost to the debt security. Any discount recorded on a debt investment resulting from this allocation is reflected as unearned income, which is netted against the applicable debt investment, and accreted into interest income based on the effective interest method over the life of the debt investment. The actual collection of this interest is deferred until the time of debt principal repayment.

Main Street may also purchase debt securities at a discount or at a premium to the par value of the debt security. In the case of a purchase at a discount, Main Street records the investment at the par value of the debt security net of the discount, and the discount is accreted into interest income based on the effective interest method over the life of the debt investment. In the case of a purchase at a premium, Main Street records the investment at the par value of the debt security plus the premium, and the premium is amortized as a reduction to interest income based on the effective interest method over the life of the debt investment.

To maintain RIC tax treatment (as discussed in Note B.9. below), these non-cash sources of income may need to be paid out to stockholders in the form of distributions, even though Main Street may not have collected the interest income. For the three months ended March 31, 2019 and 2018, approximately 2.8% and 2.9%, respectively, of Main Street's total investment income was attributable to interest income from the accretion of discounts associated with debt investments, net of any premium reduction.

8. Share-Based Compensation

Main Street accounts for its share-based compensation plans using the fair value method, as prescribed by ASC 718, *Compensation—Stock Compensation*. Accordingly, for restricted stock awards, Main Street measures the grant date fair value based upon the market price of its common stock on

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the date of the grant and amortizes the fair value of the awards as share-based compensation expense over the requisite service period, which is generally the vesting term.

Main Street has also adopted Accounting Standards Update ("ASU") 2016-09, *Compensation-Stock Compensation: Improvements to Employee Share-Based Payment Accounting*, which requires that all excess tax benefits and tax deficiencies (including tax benefits of dividends on share-based payment awards) be recognized as income tax expense or benefit in the income statement and not delay recognition of a tax benefit until the tax benefit is realized through a reduction to taxes payable. Accordingly, the tax effects of exercised or vested awards are treated as discrete items in the reporting period in which they occur. Additionally, Main Street has elected to account for forfeitures as they occur.

9. Income Taxes

MSCC has elected to be treated for U.S. federal income tax purposes as a RIC. MSCC's taxable income includes the taxable income generated by MSCC and certain of its subsidiaries, including the Funds, which are treated as disregarded entities for tax purposes. As a RIC, MSCC generally will not pay corporate-level U.S. federal income taxes on any net ordinary taxable income or capital gains that MSCC distributes to its stockholders. MSCC must generally distribute at least 90% of its "investment company taxable income" (which is generally its net ordinary taxable income and realized net short-term capital gains in excess of realized net long-term capital losses) and 90% of its tax-exempt income to maintain its RIC status (pass-through tax treatment for amounts distributed). As part of maintaining RIC status, undistributed taxable income (subject to a 4% non-deductible U.S. federal excise tax) pertaining to a given fiscal year may be distributed up to 12 months subsequent to the end of that fiscal year, provided such dividends are declared on or prior to the later of (i) the filing of the U.S. federal income tax return for the applicable fiscal year or (ii) the fifteenth day of the ninth month following the close of the year in which such taxable income was generated.

The Taxable Subsidiaries primarily hold certain portfolio investments for Main Street. The Taxable Subsidiaries permit Main Street to hold equity investments in portfolio companies which are "pass-through" entities for tax purposes and to continue to comply with the "source-of-income" requirements contained in the RIC tax provisions of the Code. The Taxable Subsidiaries are consolidated with Main Street for U.S. GAAP financial reporting purposes, and the portfolio investments held by the Taxable Subsidiaries are included in Main Street's consolidated financial statements as portfolio investments and recorded at fair value. The Taxable Subsidiaries are not consolidated with MSCC for income tax purposes and may generate income tax expense, or benefit, and tax assets and liabilities, as a result of their ownership of certain portfolio investments. The taxable income, or loss, of the Taxable Subsidiaries may differ from their book income, or loss, due to temporary book and tax timing differences and permanent differences. The Taxable Subsidiaries are each taxed at their normal corporate tax rates based on their taxable income. The income tax expense, or benefit, if any, and the related tax assets and liabilities, of the Taxable Subsidiaries are reflected in Main Street's consolidated financial statements.

The External Investment Manager is an indirect wholly owned subsidiary of MSCC owned through a Taxable Subsidiary and is a disregarded entity for tax purposes. The External Investment Manager has entered into a tax sharing agreement with its Taxable Subsidiary owner. Since the External Investment Manager is accounted for as a portfolio investment of MSCC and is not included as a consolidated subsidiary of MSCC in MSCC's consolidated financial statements, and as a result of the tax sharing

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agreement with its Taxable Subsidiary owner, for its stand-alone financial reporting purposes the External Investment Manager is treated as if it is taxed at normal corporate tax rates based on its taxable income and, as a result of its activities, may generate income tax expense or benefit. The income tax expense, or benefit, if any, and the related tax assets and liabilities, of the External Investment Manager are reflected in the External Investment Manager's separate financial statements.

In December 2017, the "Tax Cuts and Jobs Act" legislation was enacted. The Tax Cuts and Jobs Act includes significant changes to the U.S. corporate tax system, including a U.S. federal corporate income tax rate reduction from 35% to 21% and other changes. ASC 740, *Income Taxes*, requires the effects of changes in tax rates and laws on deferred tax balances to be recognized in the period in which the legislation was enacted. As such, Main Street has accounted for the tax effects as a result of the enactment of the Tax Cuts and Jobs Act beginning with the period ended December 31, 2017.

The Taxable Subsidiaries and the External Investment Manager use the liability method in accounting for income taxes. Deferred tax assets and liabilities are recorded for temporary differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements, using statutory tax rates in effect for the year in which the temporary differences are expected to reverse. A valuation allowance is provided, if necessary, against deferred tax assets when it is more likely than not that some portion or all of the deferred tax asset will not be realized.

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

10. Net Realized Gains or Losses and Net Unrealized Appreciation or Depreciation

Realized gains or losses are measured by the difference between the net proceeds from the sale or redemption of an investment or a financial instrument and the cost basis of the investment or financial instrument, without regard to unrealized appreciation or depreciation previously recognized, and includes investments written-off during the period net of recoveries and realized gains or losses from in-kind redemptions. Net unrealized appreciation or depreciation reflects the net change in the fair value of the Investment Portfolio and financial instruments and the reclassification of any prior period unrealized appreciation or depreciation on exited investments and financial instruments to realized gains or losses.

11. Fair Value of Financial Instruments

Fair value estimates are made at discrete points in time based on relevant information. These estimates may be subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Main Street believes that the carrying amounts of its financial instruments, consisting of cash and cash equivalents, receivables, payables and other liabilities approximate the fair values of such items due to the short-term nature of these instruments.

As part of Main Street's acquisition of the majority of the equity interests of MSC II in January 2010 (the "MSC II Acquisition"), Main Street elected the fair value option under ASC 825, *Financial Instruments* ("ASC 825"), relating to accounting for debt obligations at their fair value, for the MSC II SBIC debentures acquired as part of the acquisition accounting related to the MSC II Acquisition and values those obligations as discussed further in Note C. In order to provide for a more consistent basis

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of presentation, Main Street has continued to elect the fair value option for SBIC debentures issued by MSC II subsequent to the MSC II Acquisition. When the fair value option is elected for a given SBIC debenture, the deferred loan costs associated with the debenture are fully expensed in the current period to "Net Unrealized Appreciation (Depreciation)–SBIC debentures" as part of the fair value adjustment. Interest incurred in connection with SBIC debentures which are valued at fair value is included in interest expense.

12. Earnings per Share

Basic and diluted per share calculations are computed utilizing the weighted-average number of shares of common stock outstanding for the period. In accordance with ASC 260, *Earnings Per Share*, the unvested shares of restricted stock awarded pursuant to Main Street's equity compensation plans are participating securities and, therefore, are included in the basic earnings per share calculation. As a result, for all periods presented, there is no difference between diluted earnings per share and basic earnings per share amounts.

13. Recently Issued or Adopted Accounting Standards

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 supersedes the revenue recognition requirements under ASC 605, *Revenue Recognition*, and most industry-specific guidance throughout the Industry Topics of the ASC. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. Under the guidance, an entity is required to perform the following five steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation. The guidance will significantly enhance comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets. Additionally, the guidance requires improved disclosures as to the nature, amount, timing and uncertainty of revenue that is recognized. In March 2016, the FASB issued ASU 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*, which clarified the implementation guidance on principal versus agent considerations. In April 2016, the FASB issued ASU 2016-10, *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing*, which clarified the implementation guidance regarding performance obligations and licensing arrangements. In May 2016, the FASB issued ASU No. 2016-12, *Revenue from Contracts with Customers (Topic 606)–Narrow-Scope Improvements and Practical Expedients*, which clarified guidance on assessing collectability, presenting sales tax, measuring noncash consideration, and certain transition matters. In December 2016, the FASB issued ASU No. 2016-20, *Revenue from Contracts with Customers (Topic 606)–Technical Corrections and Improvements*, which provided disclosure relief, and clarified the scope and application of the new revenue standard and related cost guidance. The guidance is effective for the annual reporting period beginning after December 15, 2017, including interim periods within that reporting period. Substantially all of Main Street's income is not within the scope of ASU 2014-09. For those income items that are within the scope (primarily fee income), Main Street has similar performance obligations as compared with deliverables and separate units of account previously identified. As a result, Main Street's timing of its income recognition remains the same and the adoption of the standard was not material.

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In February 2016, the FASB issued ASU 2016-02, *Leases*, which requires lessees to recognize on the balance sheet a right-of-use asset, representing its right to use the underlying asset for the lease term, and a lease liability for all leases with terms greater than 12 months. The guidance also requires qualitative and quantitative disclosures designed to assess the amount, timing, and uncertainty of cash flows arising from leases. The standard requires the use of a modified retrospective transition approach, which includes a number of optional practical expedients that entities may elect to apply. The guidance is effective for annual periods beginning after December 15, 2018, and interim periods therein. Main Street adopted ASU 2016-02 effective January 1, 2019. Under ASC 842, Main Street evaluates leases to determine if the leases are considered financing or operating leases. Main Street currently has one operating lease for office space for which Main Street has recorded a right-of-use asset and lease liability for the operating lease obligation. Non-lease components (maintenance, property tax, insurance and parking) are not included in the lease cost. The lease expense is presented as a single lease cost that is amortized on a straight-line basis over the life of the lease. See further discussion in Note K regarding the lease obligation.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230)*, which is intended to reduce the existing diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The guidance is effective for annual periods beginning after December 15, 2017, and interim periods therein. Main Street adopted ASU 2016-15 during the three months ended March 31, 2019 and the impact of the adoption of this accounting standard on Main Street's consolidated financial statements was not material.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820)*, which is intended to improve fair value and defined benefit disclosure requirements by removing disclosures that are not cost-beneficial, clarifying disclosures' specific requirements, and adding relevant disclosure requirements. The amendments take effect for all organizations for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted. Main Street elected to early adopt ASU 2018-13 during the year ended December 31, 2018. No significant changes to the fair value disclosures were necessary in the notes to the consolidated financial statements in order to comply with ASU 2018-13.

In August 2018, the SEC adopted rules (the "SEC Release") amending certain disclosure requirements intended to eliminate redundant, duplicative, overlapping, outdated or superseded, in light of other SEC disclosure requirements, U.S. GAAP requirements or changes in the information environment. In part, the SEC Release requires an investment company to present distributable earnings in total on the consolidated balance sheet and consolidated statement of changes in net assets, rather than showing the three components of distributable earnings as previously shown. Main Street adopted this part of the SEC Release during the year ended December 31, 2018. The impact of the adoption of these rules on Main Street's consolidated financial statements was not material. Additionally, the SEC Release requires disclosure of changes in net assets within a registrant's Form 10-Q filing on a quarter-to-date and year-to-date basis for both the current year and prior year comparative periods. Main Street adopted the new requirement to present changes in net assets in interim financial statements within Form 10-Q filings during the three months ended March 31, 2019. The adoption of these rules did not have a material impact on the consolidated financial statements.

From time to time, new accounting pronouncements are issued by the FASB or other standards setting bodies that are adopted by Main Street as of the specified effective date. Main Street believes that the impact of recently issued standards and any that are not yet effective will not have a material impact on its consolidated financial statements upon adoption.

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NOTE C—FAIR VALUE HIERARCHY FOR INVESTMENTS AND DEBENTURES—PORTFOLIO COMPOSITION

ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and enhances disclosure requirements for fair value measurements. Main Street accounts for its investments at fair value.

Fair Value Hierarchy

In accordance with ASC 820, Main Street has categorized its investments based on the priority of the inputs to the valuation technique into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical investments (Level 1) and the lowest priority to unobservable inputs (Level 3).

Investments recorded on Main Street's balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1—Investments whose values are based on unadjusted quoted prices for identical assets in an active market that Main Street has the ability to access (examples include investments in active exchange-traded equity securities and investments in most U.S. government and agency securities).

Level 2—Investments whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the investment. Level 2 inputs include the following:

Quoted prices for similar assets in active markets (for example, investments in restricted stock);

Quoted prices for identical or similar assets in non-active markets (for example, investments in thinly traded public companies);

Pricing models whose inputs are observable for substantially the full term of the investment (for example, market interest rate indices); and

Pricing models whose inputs are derived principally from, or corroborated by, observable market data through correlation or other means for substantially the full term of the investment.

Level 3—Investments whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement (for example, investments in illiquid securities issued by privately held companies). These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the investment.

As required by ASC 820, when the inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement in its entirety. For example, a Level 3 fair value measurement may include inputs that are observable (Levels 1 and 2) and unobservable (Level 3). Therefore, unrealized appreciation and depreciation related to such investments categorized within the Level 3 tables below may include changes in fair value that are attributable to both observable inputs (Levels 1 and 2) and unobservable inputs (Level 3).

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As of March 31, 2019 and December 31, 2018, all of Main Street's LMM portfolio investments consisted of illiquid securities issued by privately held companies. As a result, the fair value determination for all of Main Street's LMM portfolio investments primarily consisted of unobservable inputs. As a result, all of Main Street's LMM portfolio investments were categorized as Level 3 as of March 31, 2019 and December 31, 2018.

As of March 31, 2019 and December 31, 2018, Main Street's Middle Market portfolio investments consisted primarily of investments in secured and unsecured debt investments and independently rated debt investments. The fair value determination for these investments consisted of a combination of observable inputs in non-active markets for which sufficient observable inputs were not available to determine the fair value of these investments and unobservable inputs. As a result, all of Main Street's Middle Market portfolio investments were categorized as Level 3 as of March 31, 2019 and December 31, 2018.

As of March 31, 2019 and December 31, 2018, Main Street's Private Loan portfolio investments primarily consisted of investments in interest-bearing secured debt investments. The fair value determination for these investments consisted of a combination of observable inputs in non-active markets for which sufficient observable inputs were not available to determine the fair value of these investments and unobservable inputs. As a result, all of Main Street's Private Loan portfolio investments were categorized as Level 3 as of March 31, 2019 and December 31, 2018.

As of March 31, 2019 and December 31, 2018, Main Street's Other Portfolio investments consisted of illiquid securities issued by privately held companies. The fair value determination for these investments primarily consisted of unobservable inputs. As a result, all of Main Street's Other Portfolio investments were categorized as Level 3 as of March 31, 2019 and December 31, 2018.

The fair value determination of each portfolio investment categorized as Level 3 required one or more of the following unobservable inputs:

Financial information obtained from each portfolio company, including unaudited statements of operations and balance sheets for the most recent period available as compared to budgeted numbers;

Current and projected financial condition of the portfolio company;

Current and projected ability of the portfolio company to service its debt obligations;

Type and amount of collateral, if any, underlying the investment;

Current financial ratios (e.g., fixed charge coverage ratio, interest coverage ratio and net debt/EBITDA ratio) applicable to the investment;

Current liquidity of the investment and related financial ratios (e.g., current ratio and quick ratio);

Pending debt or capital restructuring of the portfolio company;

Projected operating results of the portfolio company;

Current information regarding any offers to purchase the investment;

Current ability of the portfolio company to raise any additional financing as needed;

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Changes in the economic environment which may have a material impact on the operating results of the portfolio company;

Internal occurrences that may have an impact (both positive and negative) on the operating performance of the portfolio company;

Qualitative assessment of key management;

Contractual rights, obligations or restrictions associated with the investment; and

Other factors deemed relevant.

The use of significant unobservable inputs creates uncertainty in the measurement of fair value as of the reporting date. The significant unobservable inputs used in the fair value measurement of Main Street's LMM equity securities, which are generally valued through an average of the discounted cash flow technique and the market comparable/enterprise value technique (unless one of these approaches is determined to not be appropriate), are (i) EBITDA multiples and (ii) the weighted-average cost of capital ("WACC"). Significant increases (decreases) in EBITDA multiple inputs in isolation would result in a significantly higher (lower) fair value measurement. On the contrary, significant increases (decreases) in WACC inputs in isolation would result in a significantly lower (higher) fair value measurement. The significant unobservable inputs used in the fair value measurement of Main Street's LMM, Middle Market and Private Loan securities are (i) risk adjusted discount rates used in the Yield-to-Maturity valuation technique (see "Note B.1.–Valuation of the Investment Portfolio") and (ii) the percentage of expected principal recovery. Significant increases (decreases) in any of these discount rates in isolation would result in a significantly lower (higher) fair value measurement. Significant increases (decreases) in any of these expected principal recovery percentages in isolation would result in a significantly higher (lower) fair value measurement. However, due to the nature of certain investments, fair value measurements may be based on other criteria, such as third-party appraisals of collateral and fair values as determined by independent third parties, which are not presented in the tables below.

The following tables provide a summary of the significant unobservable inputs used to fair value Main Street's Level 3 portfolio investments as of March 31, 2019 and December 31, 2018:

<u>Type of Investment</u>	Fair Value as of		Valuation Technique	Significant Unobservable Inputs	Range(3)	Weighted Average(3)	Median(3)
	March 31, 2019	(in thousands)					
Equity investments	\$ 780,121	Discounted cash flow	WACC		10.0% - 21.1%	13.8%	14.4%
		Market comparable / EBITDA multiple(1) Enterprise Value					
Debt investments	\$ 1,057,051	Discounted cash flow		Risk adjusted discount factor	7.1% - 16.5%(2)	11.6%	11.9%

		Expected principal recovery percentage	1.5% - 100.0%	99.3%	100.0%
Debt investments	\$ 659,419	Market approach	Third-party quote	24.3 - 101.0	95.8 98.5
Total Level 3 investments	\$ 2,496,591				

- (1) EBITDA may include proforma adjustments and/or other addbacks based on specific circumstances related to each investment.
- (2) Range excludes outliers that are greater than one standard deviation from the mean. Including these outliers, the range for EBITDA multiple is 4.5x - 15.0x and the range for risk adjusted discount factor is 4.3% - 34.5%.
- (3) Does not include investments for which the valuation technique does not include the use of the applicable fair value input.

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<u>Type of Investment</u>	Fair Value as of December 31, 2018 (in thousands)	Valuation Technique	Significant Unobservable Inputs	Range(3)	Weighted Average(3)	Median(3)
Equity investments	\$ 767,156	Discounted cash flow	WACC	9.9% - 20.7%	13.7%	14.3%
		Market comparable / Enterprise Value	EBITDA multiple(1)	4.7x - 8.0x(2)	7.0x	6.0x
Debt investments	\$ 1,039,453	Discounted cash flow	Risk adjusted discount factor	8.5% - 17.0%(2)	12.2%	12.0%
			Expected principal recovery percentage	1.5% - 100.0%	99.3%	100.0%
Debt investments	\$ 647,300	Market approach	Third-party quote	37.5 - 101.0	96.0	98.3
Total Level 3 investments	\$ 2,453,909					

- (1) EBITDA may include proforma adjustments and/or other addbacks based on specific circumstances related to each investment.
- (2) Range excludes outliers that are greater than one standard deviation from the mean. Including these outliers, the range for EBITDA multiple is 3.9x - 15.0x and the range for risk adjusted discount factor is 5.3% - 30.3%.
- (3) Does not include investments for which the valuation technique does not include the use of the applicable fair value input.

The following tables provide a summary of changes in fair value of Main Street's Level 3 portfolio investments for the three month periods ended March 31, 2019 and 2018 (amounts in thousands):

<u>Type of Investment</u>	Fair Value as of December 31, 2018	Transfers Into Level 3 Hierarchy	Redemptions/ Repayments	New Investments	Net Changes from Unrealized to Realized	Net Unrealized Appreciation (Depreciation)	Other(1)	Fair Value as of March 31, 2019
Debt	\$ 1,686,753	\$ -	\$ (68,769)	\$ 91,529	\$ 7,387	\$ 2,614	\$ (3,044)	\$ 1,716,470
Equity	755,710	-	(7,441)	13,094	(4,100)	8,478	3,044	768,785
Equity Warrant	11,446	-	-	-	-	(110)	-	11,336
	\$ 2,453,909	\$ -	\$ (76,210)	\$ 104,623	\$ 3,287	\$ 10,982	\$ -	\$ 2,496,591

- (1) Includes the impact of non-cash conversions. These transactions represent non-cash investing activities. See additional cash flow information at the consolidated statements of cash flows.

<u>Type of Investment</u>	Fair Value as of December 31, 2017	Transfers Into Level 3 Hierarchy	Redemptions/ Repayments	New Investments	Net Changes from Unrealized to Realized	Net Unrealized Appreciation (Depreciation)	Other(1)	Fair Value as of March 31, 2018
Debt	\$ 1,518,297	\$ -	\$ (154,935)	\$ 270,617	\$ 11,615	\$ (3,648)	\$ (3,141)	\$ 1,638,805
Equity	641,493	-	(17,191)	51,027	(19,069)	4,153	3,141	663,554
Equity Warrant	11,515	-	-	-	-	160	-	11,675
	\$ 2,171,305	\$ -	\$ (172,126)	\$ 321,644	\$ (7,454)	\$ 665	\$ -	\$ 2,314,034

- (1) Includes the impact of non-cash conversions. These transactions represent non-cash investing activities. See additional cash flow information at the consolidated statements of cash flows.

As of March 31, 2019 and December 31, 2018, the fair value determination for the SBIC debentures recorded at fair value primarily consisted of unobservable inputs. As a result, the SBIC debentures which are recorded at fair value were categorized as Level 3. Main Street determines the fair value of these instruments primarily using a Yield-to-Maturity approach that analyzes the discounted cash flows of interest and principal for each SBIC debenture recorded at fair value based on estimated market interest rates for debt instruments of similar structure, terms, and maturity. Main Street's estimate of the expected repayment date of principal for each SBIC debenture recorded at fair value is the legal maturity date of the instrument. The significant unobservable inputs used in the fair value measurement of Main Street's SBIC debentures recorded at fair value are the estimated market

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interest rates used to fair value each debenture using the yield valuation technique described above. Significant increases (decreases) in the estimated market interest rates in isolation would result in a significantly lower (higher) fair value measurement.

The following tables provide a summary of the significant unobservable inputs used to fair value Main Street's Level 3 SBIC debentures as of March 31, 2019 and December 31, 2018 (amounts in thousands):

<u>Type of Instrument</u>	<u>Fair Value as of March 31, 2019</u>	<u>Valuation Technique</u>	<u>Significant Unobservable Inputs</u>	<u>Range</u>	<u>Weighted Average</u>
SBIC debentures	\$ 21,200	Discounted cash flow	Estimated market interest rates	5.2% - 5.4%	5.3%

<u>Type of Instrument</u>	<u>Fair Value as of December 31, 2018</u>	<u>Valuation Technique</u>	<u>Significant Unobservable Inputs</u>	<u>Range</u>	<u>Weighted Average</u>
SBIC debentures	\$ 44,688	Discounted cash flow	Estimated market interest rates	5.5% - 5.8%	5.6%

The following tables provide a summary of changes for the Level 3 SBIC debentures recorded at fair value for the three month periods ended March 31, 2019 and 2018 (amounts in thousands):

<u>Type of Instrument</u>	<u>Fair Value as of December 31, 2018</u>	<u>Repayments</u>	<u>Net Realized Loss</u>	<u>New SBIC Debentures</u>	<u>Net Unrealized (Appreciation) Depreciation</u>	<u>Fair Value as of March 31, 2019</u>
SBIC debentures at fair value	\$ 44,688	\$ (24,000)	\$ 5,689	\$ -	\$ (5,177)	\$ 21,200

<u>Type of Instrument</u>	<u>Fair Value as of December 31, 2017</u>	<u>Repayments</u>	<u>Net Realized Loss</u>	<u>New SBIC Debentures</u>	<u>Net Unrealized (Appreciation) Depreciation</u>	<u>Fair Value as of March 31, 2018</u>
SBIC debentures at fair value	\$ 48,608	\$ (4,000)	\$ 1,374	\$ -	\$ (1,359)	\$ 44,623

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At March 31, 2019 and December 31, 2018, Main Street's investments and SBIC debentures at fair value were categorized as follows in the fair value hierarchy for ASC 820 purposes:

<u>At March 31, 2019</u>	Fair Value	Fair Value Measurements		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(in thousands)		
LMM portfolio investments	\$ 1,214,179	\$ –	\$ –	\$ 1,214,179
Middle Market portfolio investments	566,700	–	–	566,700
Private Loan portfolio investments	539,990	–	–	539,990
Other Portfolio investments	109,902	–	–	109,902
External Investment Manager	65,820	–	–	65,820
Total investments	\$ 2,496,591	\$ –	\$ –	\$ 2,496,591
SBIC debentures at fair value	\$ 21,200	\$ –	\$ –	\$ 21,200

<u>At December 31, 2018</u>	Fair Value	Fair Value Measurements		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(in thousands)		
LMM portfolio investments	\$ 1,195,035	\$ –	\$ –	\$ 1,195,035
Middle Market portfolio investments	576,929	–	–	576,929
Private Loan portfolio investments	507,892	–	–	507,892
Other Portfolio investments	108,305	–	–	108,305
External Investment Manager	65,748	–	–	65,748
Total investments	\$ 2,453,909	\$ –	\$ –	\$ 2,453,909
SBIC debentures at fair value	\$ 44,688	\$ –	\$ –	\$ 44,688

Investment Portfolio Composition

Main Street's LMM portfolio investments primarily consist of secured debt, equity warrants and direct equity investments in privately held, LMM companies based in the United States. Main Street's LMM portfolio companies generally have annual revenues between \$10 million and \$150 million, and its LMM investments generally range in size from \$5 million to \$50 million. The LMM debt investments are typically secured by either a first or second priority lien on the assets of the portfolio company, can include either fixed or floating rate terms and generally have a term of between five and seven years from the original investment date. In most LMM portfolio investments, Main Street receives nominally priced equity warrants and/or makes direct equity investments in connection with a debt investment.

Main Street's Middle Market portfolio investments primarily consist of direct investments in or secondary purchases of interest-bearing debt securities in privately held companies based in the United

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States that are generally larger in size than the companies included in Main Street's LMM portfolio. Main Street's Middle Market portfolio companies generally have annual revenues between \$150 million and \$1.5 billion, and its Middle Market investments generally range in size from \$3 million to \$20 million. Main Street's Middle Market portfolio debt investments are generally secured by either a first or second priority lien on the assets of the portfolio company and typically have a term of between three and seven years from the original investment date.

Main Street's private loan ("Private Loan") portfolio investments are primarily debt securities in privately held companies which have been originated through strategic relationships with other investment funds on a collaborative basis, and are often referred to in the debt markets as "club deals." Private Loan investments are typically similar in size, structure, terms and conditions to investments Main Street holds in its LMM portfolio and Middle Market portfolio. Main Street's Private Loan portfolio debt investments are generally secured by either a first or second priority lien on the assets of the portfolio company and typically have a term of between three and seven years from the original investment date.

Main Street's other portfolio ("Other Portfolio") investments primarily consist of investments which are not consistent with the typical profiles for LMM, Middle Market and Private Loan portfolio investments, including investments which may be managed by third parties. In the Other Portfolio, Main Street may incur indirect fees and expenses in connection with investments managed by third parties, such as investments in other investment companies or private funds. For Other Portfolio investments, Main Street generally receives distributions related to the assets held by the portfolio company. Those assets are typically expected to be liquidated over a five to ten year period.

Main Street's external asset management business is conducted through its External Investment Manager. The External Investment Manager earns management fees based on the assets of the funds under management and may earn incentive fees, or a carried interest, based on the performance of the funds managed. Main Street entered into an agreement with the External Investment Manager to share employees in connection with its asset management business generally, and specifically for its relationship with HMS Income Fund, Inc. ("HMS Income"). Through this agreement, Main Street shares employees with the External Investment Manager, including their related infrastructure, business relationships, management expertise and capital raising capabilities. Main Street allocates the related expenses to the External Investment Manager pursuant to the sharing agreement. Main Street's total expenses for the three months ended March 31, 2019 and 2018 are net of expenses allocated to the External Investment Manager of \$1.6 million and \$2.1 million, respectively.

Investment income, consisting of interest, dividends and fees, can fluctuate dramatically due to various factors, including the level of new investment activity, repayments of debt investments or sales of equity interests. Investment income in any given year could also be highly concentrated among several portfolio companies. For the three months ended March 31, 2019, Main Street did not record investment income from any single portfolio company in excess of 10% of total investment income. For the three months ended March 31, 2018, Main Street recorded investment income from one portfolio company in excess of 10% of total investment income.

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The following tables provide a summary of Main Street's investments in the LMM, Middle Market and Private Loan portfolios as of March 31, 2019 and December 31, 2018 (this information excludes the Other Portfolio investments and the External Investment Manager which are discussed further below):

	As of March 31, 2019		
	LMM(a)	Middle Market	Private Loan
	(dollars in millions)		
Number of portfolio companies	70	55	58
Fair value	\$ 1,214.2	\$ 566.7	\$ 540.0
Cost	\$ 1,006.5	\$ 601.4	\$ 573.8
% of portfolio at cost–debt	68.5%	96.2%	93.3%
% of portfolio at cost–equity	31.5%	3.8%	6.7%
% of debt investments at cost secured by first priority lien	98.5%	86.9%	92.3%
Weighted-average annual effective yield(b)	12.2%	9.5%	10.5%
Average EBITDA(c)	\$ 4.6	\$ 98.0	\$ 50.2

- (a) At March 31, 2019, Main Street had equity ownership in approximately 97% of its LMM portfolio companies, and the average fully diluted equity ownership in those portfolio companies was approximately 40%.
- (b) The weighted-average annual effective yields were computed using the effective interest rates for all debt investments at cost as of March 31, 2019, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments and any debt investments on non-accrual status. The weighted-average annual effective yield is higher than what an investor in shares of Main Street's common stock will realize on its investment because it does not reflect Main Street's expenses or any sales load paid by an investor.
- (c) The average EBITDA is calculated using a simple average for the LMM portfolio and a weighted-average for the Middle Market and Private Loan portfolios. These calculations exclude certain portfolio companies, including two LMM portfolio companies, two Middle Market portfolio companies and three Private Loan portfolio companies, as EBITDA is not a meaningful valuation metric for Main Street's investments in these portfolio companies, and those portfolio companies whose primary purpose is to own real estate.

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	As of December 31, 2018		
	LMM(a)	Middle Market	Private Loan
	(dollars in millions)		
Number of portfolio companies	69	56	59
Fair value	\$ 1,195.0	\$ 576.9	\$ 507.9
Cost	\$ 990.9	\$ 608.8	\$ 553.3
% of portfolio at cost–debt	68.7%	96.3%	93.0%
% of portfolio at cost–equity	31.3%	3.7%	7.0%
% of debt investments at cost secured by first priority lien	98.5%	87.9%	92.0%
Weighted-average annual effective yield(b)	12.3%	9.6%	10.4%
Average EBITDA(c)	\$ 4.7	\$ 99.1	\$ 46.1

- (a) At December 31, 2018, Main Street had equity ownership in approximately 99% of its LMM portfolio companies, and the average fully diluted equity ownership in those portfolio companies was approximately 40%.
- (b) The weighted-average annual effective yields were computed using the effective interest rates for all debt investments at cost as of December 31, 2018, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments and any debt investments on non-accrual status. The weighted-average annual effective yield is higher than what an investor in shares of Main Street's common stock will realize on its investment because it does not reflect Main Street's expenses or any sales load paid by an investor.
- (c) The average EBITDA is calculated using a simple average for the LMM portfolio and a weighted-average for the Middle Market and Private Loan portfolios. These calculations exclude certain portfolio companies, including two LMM portfolio companies, one Middle Market portfolio company and four Private Loan portfolio companies, as EBITDA is not a meaningful valuation metric for Main Street's investments in these portfolio companies, and those portfolio companies whose primary purpose is to own real estate.

As of March 31, 2019, Main Street had Other Portfolio investments in eleven companies, collectively totaling approximately \$109.9 million in fair value and approximately \$118.1 million in cost basis and which comprised approximately 4.4% of Main Street's Investment Portfolio at fair value. As of December 31, 2018, Main Street had Other Portfolio investments in eleven companies, collectively totaling approximately \$108.3 million in fair value and approximately \$116.0 million in cost basis and which comprised approximately 4.4% of Main Street's Investment Portfolio at fair value.

As discussed further in Note A.1., Main Street holds an investment in the External Investment Manager, a wholly owned subsidiary that is treated as a portfolio investment. As of March 31, 2019, there was no cost basis in this investment and the investment had a fair value of approximately \$65.8 million, which comprised approximately 2.6% of Main Street's Investment Portfolio at fair value. As of December 31, 2018, there was no cost basis in this investment and the investment had a fair value of approximately \$65.7 million, which comprised approximately 2.7% of Main Street's Investment Portfolio at fair value.

The following tables summarize the composition of Main Street's total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments at cost and fair value by type of investment as a percentage of the total combined LMM portfolio investments,



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Middle Market portfolio investments and Private Loan portfolio investments, as of March 31, 2019 and December 31, 2018 (this information excludes the Other Portfolio investments and the External Investment Manager).

Cost:	March 31, 2019	December 31, 2018
First lien debt	76.9%	77.1%
Equity	16.7%	16.6%
Second lien debt	5.4%	5.3%
Equity warrants	0.6%	0.6%
Other	0.4%	0.4%
	100.0%	100.0%

Fair Value:	March 31, 2019	December 31, 2018
First lien debt	68.9%	69.0%
Equity	25.5%	25.5%
Second lien debt	4.7%	4.6%
Equity warrants	0.5%	0.5%
Other	0.4%	0.4%
	100.0%	100.0%

The following tables summarize the composition of Main Street's total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments by geographic region of the United States and other countries at cost and fair value as a percentage of the total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments, as of March 31, 2019 and December 31, 2018 (this information excludes the Other Portfolio investments and the External Investment Manager). The geographic composition is determined by the location of the corporate headquarters of the portfolio company.

Cost:	March 31, 2019	December 31, 2018
Southwest	27.1%	26.7%
West	26.4%	27.2%
Midwest	19.4%	19.4%
Northeast	13.8%	14.3%
Southeast	10.9%	10.0%
Canada	1.4%	1.4%
Other Non-United States	1.0%	1.0%
	100.0%	100.0%

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Fair Value:	March 31, 2019	December 31, 2018
Southwest	28.9%	28.4%
West	27.5%	28.2%
Midwest	18.9%	18.9%
Northeast	12.9%	13.4%
Southeast	9.7%	8.9%
Canada	1.2%	1.2%
Other Non-United States	0.9%	1.0%
	100.0%	100.0%

Main Street's LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments are in companies conducting business in a variety of industries. The following tables summarize the composition of Main Street's total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments by industry at cost and fair value as of March 31, 2019 and December 31, 2018 (this information excludes the Other Portfolio investments and the External Investment Manager).

Cost:	March 31, 2019	December 31, 2018
Construction & Engineering	6.9%	7.5%
Media	6.9%	6.5%
Machinery	6.3%	6.5%
Energy Equipment & Services	6.4%	6.4%
Commercial Services & Supplies	4.8%	4.9%
Diversified Telecommunication Services	4.7%	4.8%
Specialty Retail	4.5%	4.2%
Internet Software & Services	4.3%	4.1%
Hotels, Restaurants & Leisure	3.9%	3.3%
Aerospace & Defense	3.9%	3.8%
IT Services	3.8%	3.8%
Leisure Equipment & Products	3.6%	3.9%
Food Products	3.6%	3.8%
Electronic Equipment, Instruments & Components	3.5%	3.5%
Oil, Gas & Consumable Fuels	3.4%	3.0%
Health Care Providers & Services	2.8%	2.8%
Communications Equipment	2.7%	2.5%
Computers & Peripherals	2.5%	2.6%
Software	2.5%	2.6%
Professional Services	2.4%	2.6%
Road & Rail	2.0%	1.8%
Containers & Packaging	1.9%	1.9%
Construction Materials	1.8%	1.8%
Distributors	1.6%	1.7%
Building Products	1.6%	1.6%
Internet & Catalog Retail	1.1%	1.1%
Other(1)	6.6%	7.0%

100.0%

100.0%

- (1) Includes various industries with each industry individually less than 1.0% of the total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments at each date.

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Fair Value:	March 31, 2019	December 31, 2018
Machinery	8.6%	8.8%
Construction & Engineering	7.4%	7.9%
Energy Equipment & Services	5.7%	5.7%
Media	5.7%	5.4%
Specialty Retail	4.7%	4.2%
Commercial Services & Supplies	4.3%	4.4%
Diversified Telecommunication Services	4.0%	4.0%
IT Services	4.0%	3.9%
Internet Software & Services	4.0%	3.8%
Computers & Peripherals	3.7%	3.8%
Hotels, Restaurants & Leisure	3.7%	3.2%
Aerospace & Defense	3.6%	3.5%
Leisure Equipment & Products	3.4%	3.7%
Oil, Gas & Consumable Fuels	3.2%	2.7%
Food Products	3.1%	3.5%
Software	2.8%	2.9%
Diversified Consumer Services	2.7%	2.9%
Electronic Equipment, Instruments & Components	2.7%	2.8%
Health Care Providers & Services	2.7%	2.7%
Communications Equipment	2.3%	2.2%
Professional Services	2.1%	2.4%
Construction Materials	2.1%	2.1%
Road & Rail	1.9%	1.8%
Containers & Packaging	1.8%	1.8%
Building Products	1.6%	1.6%
Distributors	1.5%	1.5%
Other(1)	6.7%	6.8%
	100.0%	100.0%

- (1) Includes various industries with each industry individually less than 1.0% of the total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments at each date.

At March 31, 2019 and December 31, 2018, Main Street had no portfolio investment that was greater than 10% of the Investment Portfolio at fair value.

Unconsolidated Significant Subsidiaries

In accordance with Rules 3-09 and 4-08(g) of Regulation S-X, Main Street must determine which of its unconsolidated controlled portfolio companies, if any, are considered "significant subsidiaries." In evaluating these unconsolidated controlled portfolio companies, there are three tests utilized to determine if any of Main Street's Control Investments (as defined in Note A, including those unconsolidated portfolio companies defined as Control Investments in which Main Street does not own greater than 50% of the voting securities) are considered significant subsidiaries: the investment test, the asset test and the income test. The income test is measured by dividing the absolute value of the

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combined total of total investment income, net realized gain (loss) and net unrealized appreciation (depreciation) from each Control Investment for the period being tested by the absolute value of Main Street's pre-tax income for the same period. Rule 3-09 of Regulation S-X, as interpreted by the SEC, requires Main Street to include separate audited financial statements of an unconsolidated majority-owned subsidiary (Control Investments in which Main Street owns greater than 50% of the voting securities) in an annual report if any of the three tests exceed 20% of Main Street's total investments at fair value, total assets or total income, respectively. Rule 4-08(g) of Regulation S-X requires summarized financial information of a Control Investment in an annual report if any of the three tests exceeds 10% of Main Street's annual total amounts and Rule 10-01(b)(1) of Regulation S-X requires summarized financial information in a quarterly report if any of the three tests exceeds 20% of Main Street's year-to-date total amounts.

As of March 31, 2019 and December 31, 2018, Main Street had no single investment that represented greater than 20% of its total Investment Portfolio at fair value and no single investment whose total assets represented greater than 20% of its total assets. After performing the income test for the three months ended March 31, 2019, Main Street determined that no single Control Investment had income that represented greater than 20% of Main Street's total income. After performing the income test for the three months ended March 31, 2018, Main Street determined that the absolute value of its income from two of its Control Investments individually generated more than 20% of its total income, primarily due to unrealized appreciation (depreciation) that was recognized on the two investments. As such, the External Investment Manager was considered a significant subsidiary. The summarized financial information for the External Investment Manager is included in Note D. CBT Nuggets, LLC ("CBT"), an unconsolidated portfolio company that was a Control Investment, but for which Main Street was not the majority owner and did not have rights to maintain greater than 50% of the board representation, was also considered a significant subsidiary at the 20% income level as of March 31, 2018.

The following table shows the summarized financial information for CBT:

	As of March 31, 2019	As of December 31, 2018
(dollars in thousands)		
Balance Sheet Data		
Current Assets	\$ 3,705	\$ 4,025
Noncurrent Assets	11,274	11,372
Current Liabilities	14,591	15,103
Noncurrent Liabilities	-	-
	Three Months Ended March 31,	
	2019	2018
(dollars in thousands)		
Summary of Operations		
Total Revenue	\$ 8,803	\$ 9,903
Gross Profit	7,742	8,951
Income from Operations	200	1,820
Net Income	93	2,741

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NOTE D—EXTERNAL INVESTMENT MANAGER

As discussed further in Note A.1., the External Investment Manager provides investment management and other services to External Parties. The External Investment Manager is accounted for as a portfolio investment of MSCC since the External Investment Manager conducts all of its investment management activities for External Parties.

During May 2012, Main Street entered into an investment sub-advisory agreement with HMS Adviser, LP ("HMS Adviser"), which is the investment advisor to HMS Income, a non-listed BDC, to provide certain investment advisory services to HMS Adviser. In December 2013, after obtaining required no-action relief from the SEC to allow it to own a registered investment adviser, Main Street assigned the sub-advisory agreement to the External Investment Manager since the fees received from such arrangement could otherwise have negative consequences on MSCC's ability to meet the source-of-income requirement necessary for it to maintain its RIC tax treatment. Under the investment sub-advisory agreement, the External Investment Manager is entitled to 50% of the base management fee and the incentive fees earned by HMS Adviser under its advisory agreement with HMS Income. The External Investment Manager agreed to waive the historical incentive fees otherwise earned through December 31, 2018. During the three months ended March 31, 2019 and 2018, the External Investment Manager earned \$3.0 million and \$2.8 million, respectively, of management and incentive fees (net of fees waived, if any) under the sub-advisory agreement with HMS Adviser.

The investment in the External Investment Manager is accounted for using fair value accounting, with the fair value determined by Main Street and approved, in good faith, by Main Street's Board of Directors. Main Street determines the fair value of the External Investment Manager using the Waterfall valuation method under the market approach (see further discussion in Note B.1.). Any change in fair value of the investment in the External Investment Manager is recognized on Main Street's consolidated statements of operations in "Net Unrealized Appreciation (Depreciation)—Control investments."

The External Investment Manager is an indirect wholly owned subsidiary of MSCC owned through a Taxable Subsidiary and is a disregarded entity for tax purposes. The External Investment Manager has entered into a tax sharing agreement with its Taxable Subsidiary owner. Since the External Investment Manager is accounted for as a portfolio investment of MSCC and is not included as a consolidated subsidiary of MSCC in MSCC's consolidated financial statements, and as a result of the tax sharing agreement with its Taxable Subsidiary owner, for financial reporting purposes the External Investment Manager is treated as if it is taxed at normal corporate tax rates based on its taxable income and, as a result of its activities, may generate income tax expense or benefit. Main Street owns the External Investment Manager through the Taxable Subsidiary to allow MSCC to continue to comply with the "source-of-income" requirements contained in the RIC tax provisions of the Code. The taxable income, or loss, of the External Investment Manager may differ from its book income, or loss, due to temporary book and tax timing differences and permanent differences. As a result of the above described financial reporting and tax treatment, the External Investment Manager provides for any income tax expense, or benefit, and any tax assets or liabilities in its separate financial statements.

Main Street shares employees with the External Investment Manager and allocates costs related to such shared employees to the External Investment Manager generally based on a combination of the direct time spent, new investment origination activity and assets under management, depending on the nature of the expense. For the three months ended March 31, 2019 and 2018, Main Street allocated \$1.6 million and \$2.1 million of total expenses, respectively, to the External Investment Manager. The

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total contribution of the External Investment Manager to Main Street's net investment income consists of the combination of the expenses allocated to the External Investment Manager and the dividend income received from the External Investment Manager. For the three months ended March 31, 2019 and 2018, the total contribution to Main Street's net investment income was \$2.7 million and \$2.6 million, respectively.

Summarized financial information from the separate financial statements of the External Investment Manager as of March 31, 2019 and December 31, 2018 and for the three months ended March 31, 2019 and 2018 is as follows:

	Three Months	
	Ended March 31,	
	2019	2018
	(dollars in thousands)	
Management fee income	\$ 2,877	\$ 2,816
Incentive fees	80	–
Total revenues	2,957	2,816
Expenses allocated from MSCC or its subsidiaries:		
Salaries, share-based compensation and other personnel costs	(1,055)	(1,353)
Other G&A expenses	(588)	(713)
Total allocated expenses	(1,643)	(2,066)
Pre-tax income	1,314	750
Tax expense	(294)	(177)
Net income	\$ 1,020	\$ 573

	As of	As of
	March 31,	December 31,
	2019	2018
	(dollars in thousands)	
Cash	\$ –	\$ –
Accounts receivable–HMS Income	2,977	2,947
Total assets	\$ 2,977	\$ 2,947
Accounts payable to MSCC and its subsidiaries	\$ 1,957	\$ 1,786
Dividend payable to MSCC and its subsidiaries	1,020	1,161
Equity	–	–
Total liabilities and equity	\$ 2,977	\$ 2,947

NOTE E–DEBT
SBIC Debentures

Under existing SBA regulations, SBA approved SBICs under common control have the ability to issue debentures guaranteed by the SBA up to a regulatory maximum amount of \$350.0 million. Main Street, through the funds, has an effective maximum amount of \$347.0 million as a result of certain voluntary prepayments of SBIC debentures under historical commitments from the SBA. SBIC

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debentures payable were \$321.8 million and \$345.8 million at March 31, 2019 and December 31, 2018, respectively. SBIC debentures provide for interest to be paid semiannually, with principal due at the applicable 10-year maturity date of each debenture. During the three months ended March 31, 2019, Main Street received a \$25.0 million commitment from the SBA in order to issue new SBIC debentures in the future and opportunistically prepaid \$24.0 million of existing SBIC debentures that were scheduled to mature over the next year as part of an effort to manage the maturity dates of the oldest SBIC debentures. As a result of this prepayment, Main Street recognized a realized loss of \$5.7 million due primarily to the previously recognized gain recorded as a result of recording the MSC II debentures at fair value on the date of the acquisition of the majority interests of MSC II. The effect of the realized loss is substantially offset by the reversal of all previously recognized unrealized depreciation due to fair value adjustments since the date of the acquisition. Main Street expects to issue new SBIC debentures under the SBIC program in the future in an amount up to the regulatory maximum amount for affiliated SBIC funds. The weighted-average annual interest rate on the SBIC debentures was 3.6% and 3.7% as of March 31, 2019 and December 31, 2018, respectively. The first principal maturity due under the existing SBIC debentures is in 2020, and the weighted-average remaining duration as of March 31, 2019 was approximately 5.7 years. For the three months ended March 31, 2019 and 2018, Main Street recognized interest expense, including the amortization of upfront leverage and other miscellaneous fees, attributable to the SBIC debentures of \$3.3 million and \$2.9 million, respectively. In accordance with SBA regulations, the Funds are precluded from incurring additional non-SBIC debt without the prior approval of the SBA.

As of March 31, 2019, the recorded value of the SBIC debentures was \$314.7 million which consisted of (i) \$21.2 million recorded at fair value, or \$0.8 million less than the \$22.0 million par value of the SBIC debentures issued by MSC II, (ii) \$149.8 million par value of SBIC debentures outstanding issued by MSMF, with a recorded value of \$148.1 million that was net of unamortized debt issuance costs of \$1.7 million and (iii) \$150.0 million par value of SBIC debentures issued by MSC III with a recorded value of \$145.4 million that was net of unamortized debt issuance costs of \$4.6 million. As of March 31, 2019, if Main Street had adopted the fair value option under ASC 825 for all of its SBIC debentures, Main Street estimates the fair value of its SBIC debentures would be approximately \$289.5 million, or \$32.3 million less than the \$321.8 million face value of the SBIC debentures.

Credit Facility

Main Street maintains the Credit Facility to provide additional liquidity to support its investment and operational activities. The Credit Facility includes total commitments of \$705.0 million from a diversified group of eighteen lenders. The Credit Facility matures in September 2023 and contains an accordion feature which allows Main Street to increase the total commitments under the facility to up to \$800.0 million from new and existing lenders on the same terms and conditions as the existing commitments.

Borrowings under the Credit Facility bear interest, subject to Main Street's election, on a per annum basis at a rate equal to the applicable LIBOR rate (2.5% as of March 31, 2019) plus (i) 1.875% (or the applicable base rate (Prime Rate of 5.5% as of March 31, 2019) plus 0.875%) as long as Main Street meets certain agreed upon excess collateral and maximum leverage requirements or (ii) 2.0% (or the applicable base rate plus 1.0%) otherwise. Main Street pays unused commitment fees of 0.25% per annum on the unused lender commitments under the Credit Facility. The Credit Facility is secured by a first lien on the assets of MSCC and its subsidiaries, excluding the equity ownership or assets of the Funds and the External Investment Manager. The Credit Facility contains certain affirmative and

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negative covenants, including but not limited to: (i) maintaining a minimum availability of at least 10% of the borrowing base, (ii) maintaining an interest coverage ratio of at least 2.0 to 1.0, (iii) maintaining an asset coverage ratio (tangible net worth to Credit Facility borrowings) of at least 1.5 to 1.0 and (iv) maintaining a minimum tangible net worth. The Credit Facility is provided on a revolving basis through its final maturity date in September 2023, and contains two, one-year extension options which could extend the final maturity by up to two years, subject to certain conditions, including lender approval.

At March 31, 2019, Main Street had \$340.0 million in borrowings outstanding under the Credit Facility. As of March 31, 2019, if Main Street had adopted the fair value option under ASC 825 for its Credit Facility, Main Street estimates its fair value would approximate its recorded value. Main Street recognized interest expense related to the Credit Facility, including unused commitment fees and amortization of deferred issuance costs, of \$4.2 million and \$1.5 million for the three months ended March 31, 2019 and 2018, respectively. As of March 31, 2019, the interest rate on the Credit Facility was 4.4%. The average interest rate was 4.4% for the three months ended March 31, 2019. As of March 31, 2019, Main Street was in compliance with all financial covenants of the Credit Facility.

6.125% Notes

In April 2013, Main Street issued \$92.0 million, including the underwriters full exercise of their option to purchase additional principal amounts to cover over-allotments, in aggregate principal amount of 6.125% Notes due 2023 (the "6.125% Notes"). The 6.125% Notes bore interest at a rate of 6.125% per year payable quarterly on January 1, April 1, July 1 and October 1 of each year. The total net proceeds to Main Street from the 6.125% Notes, after underwriting discounts and estimated offering expenses payable, were approximately \$89.0 million. On April 2, 2018, Main Street redeemed the entire principal amount of the issued and outstanding 6.125% Notes effective April 1, 2018 (the "Redemption Date"). The 6.125% Notes were redeemed at par value, plus the accrued and unpaid interest thereon from January 1, 2018, through, but excluding, the Redemption Date. As part of the redemption, Main Street recognized a realized loss on extinguishment of debt of \$1.5 million in the second quarter of 2018 related to the write-off of the related unamortized deferred financing costs. Main Street recognized no interest expense related to the 6.125% Notes, including amortization of unamortized deferred issuance costs, for the three months ended March 31, 2019 and \$1.5 million for the three months ended March 31, 2018.

4.50% Notes due 2019

In November 2014, Main Street issued \$175.0 million in aggregate principal amount of 4.50% unsecured notes due 2019 (the "4.50% Notes due 2019") at an issue price of 99.53%. The 4.50% Notes due 2019 are unsecured obligations and rank pari passu with Main Street's current and future unsecured indebtedness; senior to any of its future indebtedness that expressly provides it is subordinated to the 4.50% Notes due 2019; effectively subordinated to all of its existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness, including borrowings under its Credit Facility; and structurally subordinated to all existing and future indebtedness and other obligations of any of its subsidiaries, including without limitation, the indebtedness of the Funds. The 4.50% Notes due 2019 mature on December 1, 2019, and may be redeemed in whole or in part at any time at Main Street's option subject to certain make-whole provisions. The 4.50% Notes due 2019 bear interest at a rate of 4.50% per year payable semiannually on June 1 and December 1 of each year. The total net proceeds from the 4.50% Notes due 2019,

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resulting from the issue price and after underwriting discounts and estimated offering expenses payable, were approximately \$171.2 million. Main Street may from time to time repurchase the 4.50% Notes due 2019 in accordance with the 1940 Act and the rules promulgated thereunder. As of March 31, 2019, the outstanding balance of the 4.50% Notes due 2019 was \$175.0 million and the recorded value of \$174.5 million was net of unamortized debt issuance costs of \$0.5 million. As of March 31, 2019, if Main Street had adopted the fair value option under ASC 825 for the 4.50% Notes due 2019, Main Street estimates its fair value would be approximately \$175.3 million. Main Street recognized interest expense related to the 4.50% Notes due 2019, including amortization of unamortized deferred issuance costs, of \$2.1 million for each of the three months ended March 31, 2019 and 2018.

The indenture governing the 4.50% Notes due 2019 (the "4.50% Notes due 2019 Indenture") contains certain covenants, including covenants requiring Main Street's compliance with (regardless of whether Main Street is subject to) the asset coverage requirements set forth in Section 18(a)(1)(A) as modified by Section 61(a)(1) of the 1940 Act, as well as covenants requiring Main Street to provide financial information to the holders of the 4.50% Notes due 2019 and the Trustee if Main Street ceases to be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These covenants are subject to limitations and exceptions that are described in the 4.50% Notes due 2019 Indenture. As of March 31, 2019, Main Street was in compliance with these covenants.

4.50% Notes due 2022

In November 2017, Main Street issued \$185.0 million in aggregate principal amount of 4.50% unsecured notes due 2022 (the "4.50% Notes due 2022") at an issue price of 99.16%. The 4.50% Notes due 2022 are unsecured obligations and rank pari passu with Main Street's current and future unsecured indebtedness; senior to any of its future indebtedness that expressly provides it is subordinated to the 4.50% Notes due 2022; effectively subordinated to all of its existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness, including borrowings under its Credit Facility; and structurally subordinated to all existing and future indebtedness and other obligations of any of its subsidiaries, including without limitation, the indebtedness of the Funds. The 4.50% Notes due 2022 mature on December 1, 2022, and may be redeemed in whole or in part at any time at Main Street's option subject to certain make-whole provisions. The 4.50% Notes due 2022 bear interest at a rate of 4.50% per year payable semiannually on June 1 and December 1 of each year. The total net proceeds from the 4.50% Notes due 2022, resulting from the issue price and after underwriting discounts and estimated offering expenses payable, were approximately \$182.2 million. Main Street may from time to time repurchase the 4.50% Notes due 2022 in accordance with the 1940 Act and the rules promulgated thereunder. As of March 31, 2019, the outstanding balance of the 4.50% Notes due 2022 was \$185.0 million and the recorded value of \$182.8 million was net of unamortized debt issuance costs of \$2.2 million. As of March 31, 2019, if Main Street had adopted the fair value option under ASC 825 for the 4.50% Notes due 2022, Main Street estimates its fair value would be approximately \$188.4 million. Main Street recognized interest expense related to the 4.50% Notes due 2022, including amortization of unamortized deferred issuance costs, of \$2.2 million for each of the three months ended March 31, 2019 and 2018.

The indenture governing the 4.50% Notes due 2022 (the "4.50% Notes due 2022 Indenture") contains certain covenants, including covenants requiring Main Street's compliance with (regardless of whether Main Street is subject to) the asset coverage requirements set forth in Section 18(a)(1)(A) as modified by Section 61(a)(1) of the 1940 Act, as well as covenants requiring Main Street to provide

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financial information to the holders of the 4.50% Notes due 2022 and the Trustee if Main Street ceases to be subject to the reporting requirements of the Exchange Act. These covenants are subject to limitations and exceptions that are described in the 4.50% Notes due 2022 Indenture. As of March 31, 2019, Main Street was in compliance with these covenants.

NOTE F—FINANCIAL HIGHLIGHTS

	Three Months Ended	
	March 31,	
	2019	2018
Per Share Data:		
NAV at the beginning of the period	\$ 24.09	\$ 23.53
Net investment income(1)	0.64	0.63
Net realized gain (loss)(1)(2)	(0.18)	0.10
Net unrealized appreciation (depreciation)(1)(2)	0.27	(0.16)
Income tax benefit (provision)(1)(2)	(0.06)	0.02
Net increase in net assets resulting from operations(1)	0.67	0.59
Dividends paid from net investment income	(0.59)	(0.57)
Distributions from capital gains	—	—
Total dividends paid	(0.59)	(0.57)
Accretive effect of stock offerings (issuing shares above NAV per share)	0.20	0.07
Accretive effect of DRIP issuance (issuing shares above NAV per share)	0.02	0.01
Other(3)	0.02	0.04
NAV at the end of the period	\$ 24.41	\$ 23.67
Market value at the end of the period	\$ 37.20	\$ 36.90
Shares outstanding at the end of the period	62,373,777	59,007,730

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

(2) Net realized gains or losses, net unrealized appreciation or depreciation, and income taxes can fluctuate significantly from period to period.

(3) Includes the impact of the different share amounts as a result of calculating certain per share data based on the weighted-average basic shares outstanding during the period and

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certain per share data based on the shares outstanding as of a period end or transaction date.

	Three Months Ended	
	March 31,	
	2019	2018
	(dollars in thousands)	
NAV at end of period	\$1,522,497	\$1,396,600
Average NAV	\$1,499,273	\$1,388,484
Average outstanding debt	\$1,026,050	\$ 871,205
Ratio of total expenses, including income tax expense, to average NAV(1)(2)	1.66%	1.30%
Ratio of operating expenses to average NAV(2)(3)	1.46%	1.37%
Ratio of operating expenses, excluding interest expense, to average NAV(2)(3)	0.66%	0.63%
Ratio of net investment income to average NAV(2)	2.63%	2.66%
Portfolio turnover ratio(2)	2.78%	7.11%
Total investment return(2)(4)	11.76%	-5.70%
Total return based on change in NAV(2)(5)	2.80%	2.50%

- (1) Total expenses are the sum of operating expenses and net income tax provision/benefit. Net income tax provision/benefit includes the accrual of net deferred tax provision/benefit relating to the net unrealized appreciation/depreciation on portfolio investments held in Taxable Subsidiaries and due to the change in the loss carryforwards, which are non-cash in nature and may vary significantly from period to period. Main Street is required to include net deferred tax provision/benefit in calculating its total expenses even though these net deferred taxes are not currently payable/receivable.
- (2) Not annualized.
- (3) Unless otherwise noted, operating expenses include interest, compensation, general and administrative and share-based compensation expenses, net of expenses allocated to the External Investment Manager.
- (4) Total investment return is based on the purchase of stock at the current market price on the first day and a sale at the current market price on the last day of each period reported on the table and assumes reinvestment of dividends at prices obtained by Main Street's dividend reinvestment plan during the period. The return does not reflect any sales load that may be paid by an investor.
- (5) Total return is based on change in net asset value was calculated using the sum of ending net asset value plus dividends to stockholders and other non-operating changes during the period, as divided by the beginning net asset value. Non-operating changes include any items that affect net asset value other than the net increase in net assets resulting from operations, such as the effects of stock offerings, shares issued under the DRIP and equity incentive plans and other miscellaneous items.

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NOTE G—DIVIDENDS, DISTRIBUTIONS AND TAXABLE INCOME

Main Street paid regular monthly dividends of \$0.195 per share for each month of January through March 2019, totaling \$36.0 million, or \$0.585 per share, for the three months ended March 31, 2019. The first quarter 2019 regular monthly dividends represent a 2.6% increase from the regular monthly dividends paid for the first quarter of 2018. The regular monthly dividends equaled a total of approximately \$33.5 million, or \$0.57 per share, for the three months ended March 31, 2018.

MSCC has elected to be treated for U.S. federal income tax purposes as a RIC. MSCC's taxable income includes the taxable income generated by MSCC and certain of its subsidiaries, including the Funds, which are treated as disregarded entities for tax purposes. As a RIC, MSCC generally will not pay corporate-level U.S. federal income taxes on any net ordinary taxable income or capital gains that MSCC distributes to its stockholders. MSCC must generally distribute at least 90% of its "investment company taxable income" (which is generally its net ordinary taxable income and realized net short-term capital gains in excess of realized net long-term capital losses) and 90% of its tax-exempt income to maintain its RIC status (pass-through tax treatment for amounts distributed). As part of maintaining RIC status, undistributed taxable income (subject to a 4% non-deductible U.S. federal excise tax) pertaining to a given fiscal year may be distributed up to 12 months subsequent to the end of that fiscal year, provided such dividends are declared on or prior to the later of (i) filing of the U.S. federal income tax return for the applicable fiscal year or (ii) the fifteenth day of the ninth month following the close of the year in which such taxable income was generated.

The determination of the tax attributes for Main Street's distributions is made annually, based upon its taxable income for the full year and distributions paid for the full year. Therefore, a determination made on an interim basis may not be representative of the actual tax attributes of distributions for a full year. Ordinary dividend distributions from a RIC do not qualify for the 20% maximum tax rate (plus a 3.8% Medicare surtax, if applicable) on dividend income from domestic corporations and qualified foreign corporations, except to the extent that the RIC received the income in the form of qualifying dividends from domestic corporations and qualified foreign corporations. The tax attributes for distributions will generally include both ordinary income and capital gains, but may also include qualified dividends or return of capital.

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Listed below is a reconciliation of "Net increase in net assets resulting from operations" to taxable income and to total distributions declared to common stockholders for the three months ended March 31, 2019 and 2018.

	Three months ended	
	March 31,	
	2019	2018
	(estimated, dollars	
	in thousands)	
Net increase in net assets resulting from operations	\$ 41,401	\$ 34,517
Book-tax difference from share-based compensation expense	2,329	1,819
Net unrealized (appreciation) depreciation	(16,401)	9,523
Income tax provision (benefit)	3,069	(979)
Pre-tax book income not consolidated for tax purposes	(7,698)	(13,350)
Book income and tax income differences, including debt origination, structuring fees, dividends, realized gains and changes in estimates	20,132	12,367
Estimated taxable income ⁽¹⁾	42,832	43,897
Taxable income earned in prior year and carried forward for distribution in current year	41,489	42,357
Taxable income earned prior to period end and carried forward for distribution next period	(60,217)	(63,938)
Dividend payable as of period end and paid in the following period	12,445	11,191
Total distributions accrued or paid to common stockholders	<u>\$ 36,549</u>	<u>\$ 33,507</u>

- (1) Main Street's taxable income for each period is an estimate and will not be finally determined until the company files its tax return for each year. Therefore, the final taxable income, and the taxable income earned in each period and carried forward for distribution in the following period, may be different than this estimate.

The Taxable Subsidiaries primarily hold certain portfolio investments for Main Street. The Taxable Subsidiaries permit Main Street to hold equity investments in portfolio companies which are "pass-through" entities for tax purposes and to continue to comply with the "source-of-income" requirements contained in the RIC tax provisions of the Code. The Taxable Subsidiaries are consolidated with Main Street for U.S. GAAP financial reporting purposes, and the portfolio investments held by the Taxable Subsidiaries are included in Main Street's consolidated financial statements as portfolio investments and recorded at fair value. The Taxable Subsidiaries are not consolidated with MSCC for income tax purposes and may generate income tax expense, or benefit, and tax assets and liabilities, as a result of their ownership of certain portfolio investments. The taxable income, or loss, of the Taxable Subsidiaries may differ from their book income, or loss, due to temporary book and tax timing differences and permanent differences. The Taxable Subsidiaries are each taxed at their normal corporate tax rates based on their taxable income. The income tax expense, or benefit, if any, and the related tax assets and liabilities, of the Taxable Subsidiaries are reflected in Main Street's consolidated financial statements.

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For the three months ended March 31, 2019, Main Street recognized a net income tax provision of \$3.1 million, principally consisting of a deferred tax provision of \$2.4 million, which is primarily the result of the net activity relating to the portfolio investments held in the Taxable Subsidiaries, including changes in the loss carryforwards, changes in net unrealized appreciation or depreciation and other temporary book-tax differences, and a \$0.7 million current tax expense, which is primarily related to a \$0.4 million provision for current U.S. federal income and state taxes and \$0.3 million accrual for excise tax on Main Street's estimated undistributed taxable income. For the three months ended March 31, 2018, Main Street recognized a net income tax benefit of \$1.0 million, principally consisting of a deferred tax benefit of \$1.9 million, which is primarily the result of the net activity relating to the portfolio investments held in the Taxable Subsidiaries, including changes in the loss carryforwards, changes in net unrealized appreciation or depreciation and other temporary book-tax differences, and a \$0.9 million current tax expense, which is primarily related to a \$0.4 million accrual for excise tax on Main Street's estimated undistributed taxable income and \$0.5 million provision for current U.S. federal income and state taxes.

The net deferred tax liability at March 31, 2019 was \$19.7 million compared to \$17.0 million at December 31, 2018, primarily related to loss carryforwards, timing differences in net unrealized appreciation or depreciation and other temporary book-tax differences relating to portfolio investments held by the Taxable Subsidiaries. At March 31, 2019, for U.S. federal income tax purposes, the Taxable Subsidiaries had a net operating loss carryforward from prior years which, if unused, will expire in various taxable years from 2028 through 2037. Under the Tax Cuts and Jobs Act, any net operating losses generated in 2018 and future periods will have an indefinite carryforward. The timing and manner in which Main Street will utilize any loss carryforwards generated before December 31, 2018 may be limited in the future under the provisions of the Code. Additionally, as a result of the Tax Cuts and Jobs Act, our Taxable Subsidiaries have interest expense limitation carryforwards which have an indefinite carryforward.

NOTE H—COMMON STOCK

Main Street maintains a program with certain selling agents through which it can sell shares of its common stock by means of at-the-market offerings from time to time (the "ATM Program"). During the three months ended March 31, 2019, Main Street sold 957,999 shares of its common stock at a weighted-average price of \$37.36 per share and raised \$35.8 million of gross proceeds under the ATM Program. Net proceeds were \$35.3 million after commissions to the selling agents on shares sold and offering costs. As of March 31, 2019, sales transactions representing 28,882 shares had not settled and are not included in shares issued and outstanding on the face of the consolidated balance sheet but are included in the weighted-average shares outstanding in the consolidated statement of operations and in the shares used to calculate net asset value per share. As of March 31, 2019, 2,036,470 shares remained available for sale under the ATM Program.

During the year ended December 31, 2018, Main Street sold 2,060,019 shares of its common stock at a weighted-average price of \$38.48 per share and raised \$79.3 million of gross proceeds under the ATM Program. Net proceeds were \$78.0 million after commissions to the selling agents on shares sold and offering costs.

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NOTE I—DIVIDEND REINVESTMENT PLAN ("DRIP")

Main Street's DRIP provides for the reinvestment of dividends on behalf of its stockholders, unless a stockholder has elected to receive dividends in cash. As a result, if Main Street declares a cash dividend, its stockholders who have not "opted out" of the DRIP by the dividend record date will have their cash dividend automatically reinvested into additional shares of MSCC common stock. The share requirements of the DRIP may be satisfied through the issuance of shares of common stock or through open market purchases of common stock by the DRIP plan administrator. Newly issued shares will be valued based upon the final closing price of MSCC's common stock on the valuation date determined for each dividend by Main Street's Board of Directors. Shares purchased in the open market to satisfy the DRIP requirements will be valued based upon the average price of the applicable shares purchased, before any associated brokerage or other costs. Main Street's DRIP is administered by its transfer agent on behalf of Main Street's record holders and participating brokerage firms. Brokerage firms and other financial intermediaries may decide not to participate in Main Street's DRIP but may provide a similar dividend reinvestment plan for their clients.

For the three months ended March 31, 2019, \$3.6 million of the total \$36.0 million in dividends paid to stockholders represented DRIP participation. During this period, the DRIP participation requirements were satisfied with the issuance of 96,189 newly issued shares. For the three months ended March 31, 2018, \$1.6 million of the total \$33.5 million in dividends paid to stockholders represented DRIP participation. During this period, the DRIP participation requirements were satisfied with the issuance of 42,423 newly issued shares. The shares disclosed above relate only to Main Street's DRIP and exclude any activity related to broker-managed dividend reinvestment plans.

NOTE J—SHARE-BASED COMPENSATION

Main Street accounts for its share-based compensation plans using the fair value method, as prescribed by ASC 718, *Compensation—Stock Compensation*. Accordingly, for restricted stock awards, Main Street measured the grant date fair value based upon the market price of its common stock on the date of the grant and amortizes the fair value of the awards as share-based compensation expense over the requisite service period, which is generally the vesting term.

Main Street's Board of Directors approves the issuance of shares of restricted stock to Main Street employees pursuant to the Main Street Capital Corporation 2015 Equity and Incentive Plan (the "Equity and Incentive Plan"). These shares generally vest over a three-year period from the grant date. The fair value is expensed over the service period, starting on the grant date. The following table summarizes the restricted stock issuances approved by Main Street's Board of Directors under the

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Equity and Incentive Plan, net of shares forfeited, if any, and the remaining shares of restricted stock available for issuance as of March 31, 2019.

Restricted stock authorized under the plan	3,000,000
Less net restricted stock granted during:	
Year ended December 31, 2015	(900)
Year ended December 31, 2016	(260,514)
Year ended December 31, 2017	(223,812)
Year ended December 31, 2018	(243,779)
Three months ended March 31, 2019	(51,950)
Restricted stock available for issuance as of March 31, 2019	<u>2,219,045</u>

As of March 31, 2019, the following table summarizes the restricted stock issued to Main Street's non-employee directors and the remaining shares of restricted stock available for issuance pursuant to the Main Street Capital Corporation 2015 Non-Employee Director Restricted Stock Plan. These shares are granted upon appointment or election to the board and vest on the day immediately preceding the annual meeting of stockholders following the respective grant date and are expensed over such service period.

Restricted stock authorized under the plan	300,000
Less net restricted stock granted during:	
Year ended December 31, 2015	(6,806)
Year ended December 31, 2016	(6,748)
Year ended December 31, 2017	(5,948)
Year ended December 31, 2018	(6,376)
Restricted stock available for issuance as of March 31, 2019	<u>274,122</u>

For each of the three months ended March 31, 2019 and 2018, Main Street recognized total share-based compensation expense of \$2.3 million related to the restricted stock issued to Main Street employees and non-employee directors.

As of March 31, 2019, there was \$10.5 million of total unrecognized compensation expense related to Main Street's non-vested restricted shares. This compensation expense is expected to be recognized over a remaining weighted-average period of approximately 1.9 years as of March 31, 2019.

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NOTE K—COMMITMENTS AND CONTINGENCIES

At March 31, 2019, Main Street had the following outstanding commitments (in thousands):

	<u>Amount</u>
<i>Investments with equity capital commitments that have not yet funded:</i>	
<u>Congruent Credit Opportunities Funds</u>	
Congruent Credit Opportunities Fund II, LP	\$ 8,488
Congruent Credit Opportunities Fund III, LP	8,117
	<u>\$ 16,605</u>
<u>Encap Energy Fund Investments</u>	
EnCap Energy Capital Fund VIII, L.P.	\$ 240
EnCap Energy Capital Fund IX, L.P.	344
EnCap Energy Capital Fund X, L.P.	2,284
EnCap Flatrock Midstream Fund II, L.P.	5,841
EnCap Flatrock Midstream Fund III, L.P.	2,083
	<u>\$ 10,792</u>
<u>Brightwood Capital Fund Investments</u>	
Brightwood Capital Fund III, LP	\$ 3,000
Brightwood Capital Fund IV, LP	2,500
	<u>\$ 5,500</u>
EIG Fund Investments	\$ 4,569
<u>Freeport Fund Investments</u>	
Freeport Financial SBIC Fund LP	1,375
Freeport First Lien Loan Fund III LP	\$ 2,744
	<u>\$ 4,119</u>
<u>Harris Preston Fund Investments</u>	
HPEP 3, L.P.	\$ 3,029
LKCM Headwater Investments I, L.P.	\$ 2,500
<u>Dos Rios Partners</u>	
Dos Rios Partners, LP	\$ 1,594
Dos Rios Partners–A, LP	506
	<u>\$ 2,100</u>
Access Media Holdings, LLC	\$ 284
Total equity commitments	<u>\$ 49,498</u>

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	<u>Amount</u>
<i>Investments with commitments to fund revolving loans that have not been fully drawn or term loans with additional commitments not yet funded:</i>	
Independent Pet Partners Intermediate Holdings, LLC	\$ 16,853
SI East, LLC	7,500
GRT Rubber Technologies LLC	6,616
Charps, LLC	4,000
Arcus Hunting LLC	3,229
Centre Technologies Holdings, LLC	2,400
Kickhaefer Manufacturing Company, LLC	2,000
Laredo Energy VI, LP	1,750
Chamberlin Holding LLC	1,600
Direct Marketing Solutions, Inc.	1,600
Meisler Operating LLC	1,600
New Era Technology, Inc.	1,480
Hoover Group, Inc.	1,450
Lamb Ventures, LLC	1,300
Gamber-Johnson Holdings, LLC	1,200
Aethon United BR LP	938
CTVSH, PLLC	800
HW Temps LLC	800
NRI Clinical Research, LLC	800
ASC Ortho Management Company, LLC	750
CompareNetworks Topco, LLC	750
DTE Enterprises RLOC	750
Tedder Industries, LLC	720
HDC/HW Intermediate Holdings	640
Wireless Vision Holdings, LLC	592
Jensen Jewelers of Idaho, LLC	500
LaMi Products, LLC	441
BBB Tank Services, LLC	400
Barfly Ventures, LLC	368
American Nuts, LLC	281
Dynamic Communities, LLC	250
ATS Workholding, LLC	84
BigName Commerce, LLC	29
Total loan commitments	<u>\$ 64,471</u>
Total commitments	<u>\$113,969</u>

Main Street will fund its unfunded commitments from the same sources it uses to fund its investment commitments that are funded at the time they are made (which are typically through existing cash and cash equivalents and borrowings under the Credit Facility). Main Street follows a process to manage its liquidity and ensure that it has available capital to fund its unfunded commitments as

necessary. The Company had total unrealized depreciation of \$0.3 million on the outstanding unfunded commitments as of March 31, 2019.

Effective January 1, 2019, ASC 842 required that a lessee evaluate its leases to determine whether they should be classified as operating or financing leases. Main Street identified one operating lease for

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its office space. The lease commenced May 15, 2017 and expires January 31, 2028. It contains two five-year extension options for a final expiration date of January 31, 2038.

As Main Street classified this lease as an operating lease prior to implementation, ASC 842-10-65-1 indicates that a right-of-use asset and lease liability should be recorded based on the effective date. Main Street adopted ASC 842 effective January 1, 2019 and recorded a right-of-use asset and a lease liability as of that date. After this date, Main Street has recorded lease expense on a straight-line basis, consistent with the accounting treatment for lease expense prior to the adoption of ASC 842.

Total lease expense incurred by Main Street for each of the three months ended March 31, 2019 and 2018 was \$0.2 million. As of March 31, 2019, the asset related to the operating lease was \$5.1 million and the lease liability was \$5.9 million. As of March 31, 2019, the remaining lease term was 8.8 years and the discount rate was 4.2%.

The following table shows future minimum payments under Main Street's operating lease as of March 31, 2019 (in thousands):

<u>For the Years Ended December 31,</u>	<u>Amount</u>
2019	\$ 562
2020	762
2021	776
2022	790
2023	804
Thereafter	3,429
Total	<u>\$ 7,123</u>

Main Street may, from time to time, be involved in litigation arising out of its operations in the normal course of business or otherwise. Furthermore, third parties may try to impose liability on Main Street in connection with the activities of its portfolio companies. While the outcome of any current legal proceedings cannot at this time be predicted with certainty, Main Street does not expect any current matters will materially affect its financial condition or results of operations; however, there can be no assurance whether any pending legal proceedings will have a material adverse effect on Main Street's financial condition or results of operations in any future reporting period.

NOTE L-RELATED PARTY TRANSACTIONS

As discussed further in Note D, the External Investment Manager is treated as a wholly owned portfolio company of MSCC and is included as part of Main Street's Investment Portfolio. At March 31, 2019, Main Street had a receivable of approximately \$3.0 million due from the External Investment Manager which included (i) approximately \$2.0 million related primarily to operating expenses incurred by MSCC or its subsidiaries as required to support the External Investment Manager's business and amounts due from the External Investment Manager to Main Street under a tax sharing agreement (see further discussion in Note D) and (ii) approximately \$1.0 million of dividends declared but not paid by the External Investment Manager.

In November 2015, Main Street's Board of Directors approved and adopted the Main Street Capital Corporation Deferred Compensation Plan (the "2015 Deferred Compensation Plan"). The 2015

MAIN STREET CAPITAL CORPORATION
Notes to Consolidated Financial Statements (Continued)
(Unaudited)

Deferred Compensation Plan became effective on January 1, 2016 and replaced the Deferred Compensation Plan for Non-Employee Directors previously adopted by the Board of Directors in June 2013 (the "2013 Deferred Compensation Plan"). Under the 2015 Deferred Compensation Plan, non-employee directors and certain key employees may defer receipt of some or all of their cash compensation and directors' fees, subject to certain limitations. Individuals participating in the 2015 Deferred Compensation Plan receive distributions of their respective balances based on predetermined payout schedules or other events as defined by the plan and are also able to direct investments made on their behalf among investment alternatives permitted from time to time under the plan, including phantom Main Street stock units. As of March 31, 2019, \$6.7 million of compensation and directors' fees had been deferred under the 2015 Deferred Compensation Plan (including amounts previously deferred under the 2013 Deferred Compensation Plan). Of this amount, \$3.3 million was deferred into phantom Main Street stock units, representing 97,344 shares of Main Street's common stock. Including phantom stock units issued through dividend reinvestment and net of any shares distributed, the phantom stock units outstanding as of March 31, 2019 represented 121,368 shares of Main Street's common stock. Any amounts deferred under the plan represented by phantom Main Street stock units will not be issued or included as outstanding on the consolidated statements of changes in net assets until such shares are actually distributed to the participant in accordance with the plan, but are included in operating expenses and weighted-average shares outstanding in Main Street's consolidated statements of operations as earned.

NOTE M-SUBSEQUENT EVENTS

In April 2019, Main Street issued \$250.0 million in aggregate principal amount of 5.20% unsecured notes due 2024 (the "5.20% Notes") at an issue price of 99.125%. The 5.20% Notes mature on May 1, 2024, and may be redeemed in whole or in part at any time at Main Street's option subject to certain make-whole provisions. The 5.20% Notes bear interest from April 23, 2019 at a rate of 5.20% per year payable semi-annually on May 1 and November 1 of each year, beginning November 1, 2019. The total net proceeds to Main Street from the 5.20% Notes, resulting from the issue price and after underwriting discounts and estimated offering expenses payable by Main Street, were approximately \$245.8 million.

In April 2019, Main Street declared a semi-annual supplemental cash dividend of \$0.25 per share payable in June 2019. This supplemental cash dividend is in addition to the previously announced regular monthly cash dividends that Main Street declared for the second quarter of 2019 of \$0.20 per share for each of April, May and June 2019.

During May 2019, Main Street declared regular monthly dividends of \$0.205 per share for each month of July, August and September of 2019. These regular monthly dividends equal a total of \$0.615 per share for the third quarter of 2019 and represent a 7.9% increase from the regular monthly dividends declared for the third quarter of 2018. Including the semi-annual supplemental dividend declared for June 2019 and the regular monthly dividends declared for the second and third quarters of 2019, Main Street will have paid \$26.285 per share in cumulative dividends since its October 2007 initial public offering.

MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments in and Advances to Affiliates

March 31, 2019

(dollars in thousands)

(unaudited)

<u>Company</u>	<u>Investment(1)(10)(11)</u>	<u>Geography</u>	<u>Amount of Realized Gain/(Loss)</u>	<u>Amount of Unrealized Gain/(Loss)</u>	<u>Amount of Interest, Fees or Dividends Credited to Income(2)</u>	<u>December 31, 2018 Fair Value</u>	<u>Gross Additions(3)</u>	<u>Gross Reductions(4)</u>	<u>March 31, 2019 Fair Value</u>
<i>Majority-owned investments</i>									
Café Brazil, LLC	Member Units	(8)	\$ –	\$ (600)	\$ 66	\$ 4,780	\$ –	\$ 600	\$ 4,180
California Splendor Holdings LLC	LIBOR Plus 8.00% (Floor 1.00%)	(9)	–	–	258	10,928	9	3,000	7,937
	LIBOR Plus 10.00% (Floor 1.00%)	(9)	–	–	912	27,755	11	–	27,766
	Preferred Member Units	(9)	–	(2,363)	63	9,745	–	2,363	7,382
Clad-Rex Steel, LLC	LIBOR Plus 9.00% (Floor 1.00%)	(5)	–	(6)	353	12,080	6	6	12,080
	Member Units	(5)	–	–	50	10,610	–	–	10,610
	10% Secured Debt	(5)	–	–	29	1,161	–	5	1,156
	Member Units	(5)	–	–	–	350	–	–	350
CMS Minerals Investments	Member Units	(9)	–	–	30	2,580	–	126	2,454
CompareNetworks Topco, LLC	LIBOR Plus 11.00% (Floor 1.00%)	(9)	–	–	22	–	241	–	241
	LIBOR Plus 11.00% (Floor 1.00%)	(9)	–	–	339	–	8,666	–	8,666
	Preferred Member Units	(9)	–	–	1	–	1,975	–	1,975
Direct Marketing Solutions, Inc.	LIBOR Plus 11.00% (Floor 1.00%)	(9)	–	–	618	17,848	9	235	17,622
	Preferred Stock	(9)	–	1,250	–	14,900	1,250	–	16,150
Gamber-Johnson Holdings, LLC	LIBOR Plus 7.50% (Floor 2.00%)	(5)	–	(17)	545	21,486	17	881	20,622
	Member Units	(5)	–	–	855	45,460	–	–	45,460

GRT Rubber Technologies LLC	LIBOR Plus 7.00%	(8)	-	(5)	255	9,740	1,763	5	11,498
	Member Units	(8)	-	2,230	2,686	39,060	2,230	-	41,290
Guerdon Modular Holdings, Inc.	13% Secured Debt	(9)	-	-	425	12,002	16	-	12,018
	Preferred Stock	(9)	-	-	-	-	-	-	-
	Common Stock	(9)	-	-	-	-	-	-	-
	Warrants	(9)	-	-	-	-	-	-	-
Harborside Holdings, LLC	Member Units	(8)	-	(70)	-	9,500	100	70	9,530
IDX Broker, LLC	11.5% Secured Debt	(9)	-	(11)	421	14,350	11	161	14,200
	Preferred Member Units	(9)	-	900	138	13,520	900	-	14,420
Jensen Jewelers of Idaho, LLC	Prime Plus 6.75% (Floor 2.00%)	(9)	-	(5)	105	3,355	5	155	3,205
	Member Units	(9)	-	290	70	5,090	290	-	5,380
Kickhaefer Manufacturing Company, LLC	11.5% Secured Debt	(5)	-	-	822	28,775	12	1,064	27,723
	Member Units	(5)	-	-	-	12,240	-	-	12,240
	9.0% Secured Debt	(5)	-	-	88	3,970	-	11	3,959
	Member Units	(5)	-	-	51	992	-	-	992
Lamb Ventures, LLC	LIBOR Plus 5.75%	(8)	-	(1)	5	-	401	201	200
	11% Secured Debt	(8)	-	(2)	249	8,339	3,502	2	11,839
	Preferred Equity	(8)	-	-	-	400	-	-	400
	Member Units	(8)	-	3,720	-	7,440	4,110	-	11,550
	9.5% Secured Debt	(8)	-	-	10	432	-	-	432
	Member Units	(8)	-	-	63	630	-	-	630
Market Force Information, LLC	LIBOR Plus 7.00% (Floor 1.00%)	(9)	-	-	4	200	560	200	560
	LIBOR Plus 11.00% (Floor 1.00%)	(9)	-	-	792	22,624	10	-	22,634
	Member Units	(9)	-	(1,910)	-	13,100	-	1,910	11,190
MH Corbin Holding LLC	5% Current / 5% PIK Secured Debt	(5)	-	484	759	11,733	1,224	4,400	8,557
	Preferred Member Units	(5)	-	(980)	-	1,000	-	980	20
	Preferred Member Units	(5)	-	370	-	-	4,770	-	4,770
Mid-Columbia Lumber Products, LLC	10% Secured Debt	(9)	-	-	45	1,746	1	-	1,747
	12% Secured Debt	(9)	-	-	121	3,880	4	-	3,884
	Member Units	(9)	-	(1,090)	2	3,860	-	1,090	2,770
	9.5% Secured Debt	(9)	-	-	18	746	-	12	734
	Member Units	(9)	-	-	19	1,470	-	-	1,470

MSC Adviser I, LLC	Member Units	(8)	-	72	1,019	65,748	72	-	65,820
Mystic Logistics Holdings, LLC	12% Secured Debt	(6)	-	-	237	7,506	12	30	7,488
	Common Stock	(6)	-	500	-	210	500	-	710
PPL RVs, Inc.	LIBOR Plus 7.00% (Floor 0.50%)	(8)	-	(94)	377	15,100	7	94	15,013
	Common Stock	(8)	-	(1,330)	-	10,380	-	1,330	9,050
Principle Environmental, LLC (d/b.a TruHorizon Environmental Solutions)	13% Secured Debt	(8)	-	(24)	261	7,477	24	1,104	6,397
	Preferred Member Units	(8)	-	2,630	866	13,090	2,630	-	15,720
	Warrants	(8)	-	170	-	780	170	-	950

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<u>Company</u>	<u>Investment(1)(10)(11)</u>	<u>Geography</u>	<u>Amount of Realized Gain/(Loss)</u>	<u>Amount of Unrealized Gain/(Loss)</u>	<u>Amount of Interest, Fees or Dividends Credited to Income(2)</u>	<u>December 31, 2018 Fair Value</u>	<u>Gross Additions(3)</u>	<u>Gross Reductions(4)</u>	<u>March 31, 2019 Fair Value</u>
Quality Lease Service, LLC	Zero Coupon Secured Debt	(7)	-	-	-	6,450	-	-	6,450
	Member Units	(7)	-	-	-	3,809	171	-	3,980
The MPI Group, LLC	9% Secured Debt	(7)	-	103	66	2,582	103	-	2,685
	Series A Preferred Units	(7)	-	(110)	-	440	-	110	330
	Warrants	(7)	-	-	-	-	-	-	-
	Member Units	(7)	-	-	16	2,479	1	-	2,480
Vision Interests, Inc.	13% Secured Debt	(9)	-	-	70	2,153	-	125	2,028
	Series A Preferred Stock	(9)	-	-	-	3,740	-	-	3,740
	Common Stock	(9)	-	-	-	280	-	1	279
Ziegler's NYPD, LLC	6.5% Secured Debt	(8)	-	(1)	17	1,000	1	1	1,000
	12% Secured Debt	(8)	-	-	13	425	-	-	425
	14% Secured Debt	(8)	-	-	96	2,750	-	-	2,750
	Warrants	(8)	-	-	-	-	-	-	-
	Preferred Member Units	(8)	-	(240)	-	1,249	-	240	1,009
<u>Other controlled investments</u>									
Access Media Holdings, LLC	10% PIK Secured Debt	(5)	-	(955)	13	8,558	-	955	7,603
	Preferred Member Units (12)	(5)	-	-	-	(284)	-	-	(284)
	Member Units	(5)	-	-	-	-	-	-	-
ASC Interests, LLC	11% Secured Debt	(8)	-	-	49	1,622	4	-	1,626
	Member Units	(8)	-	(80)	-	1,370	-	80	1,290
ATS Workholding, LLC	5% Secured Debt	(9)	-	110	88	4,390	136	42	4,484
	Preferred Member Units	(9)	-	-	-	3,726	-	-	3,726
Bond-Coat, Inc.	12% Secured Debt	(8)	-	(229)	373	11,596	26	229	11,393
	Common Stock	(8)	-	(2,480)	-	9,370	-	2,480	6,890
Brewer Crane Holdings, LLC	LIBOR Plus 10.00% (Floor 1.00%)	(9)	-	-	299	9,467	4	124	9,347
	Preferred Member Units	(9)	-	-	30	4,280	-	-	4,280

CBT Nuggets, LLC	Member Units	(9)	-	(980)	300	61,610	-	980	60,630
Centre Technologies Holdings, LLC	LIBOR Plus 9.00% (Floor 2.00%)	(8)	-	-	496	-	12,122	-	12,122
	Preferred Member Units	(8)	-	-	30	-	5,840	-	5,840
Chamberlin Holding LLC	LIBOR Plus 10.00% (Floor 1.00%)	(8)	-	-	656	20,028	8	-	20,036
	Member Units	(8)	-	2,180	203	18,940	2,180	-	21,120
	Member Units	(8)	-	-	-	732	-	-	732
Charps, LLC	11.50% Secured Debt	(5)	-	(10)	343	11,888	10	676	11,222
	Preferred Member Units	(5)	-	1,480	163	2,270	1,480	-	3,750
Copper Trail Fund Investments	LP Interests (CTMH, LP)	(9)	-	-	5	872	-	-	872
Datacom, LLC	8% Secured Debt	(8)	-	-	-	1,690	-	-	1,690
	10.50% PIK Secured Debt	(8)	-	-	-	9,786	-	-	9,786
	Class A Preferred Member Units	(8)	-	-	-	-	-	-	-
	Class B Preferred Member Units	(8)	-	-	-	-	-	-	-
Digital Products Holdings LLC	LIBOR Plus 10.00% (Floor 1.00%)	(5)	-	-	812	25,511	13	330	25,194
	Preferred Member Units	(5)	-	(501)	50	8,466	-	501	7,965
Garreco, LLC	LIBOR Plus 8.00% (Floor 1.00%, Ceiling 1.50%)	(8)	-	-	124	5,099	6	362	4,743
	Member Units	(8)	-	(90)	-	2,590	-	90	2,500
Gulf Manufacturing, LLC	Member Units	(8)	-	-	340	11,690	-	-	11,690
Gulf Publishing Holdings, LLC	LIBOR Plus 9.50% (Floor 1.00%)	(8)	-	-	1	-	80	-	80
	12.5% Secured Debt	(8)	-	-	401	12,594	8	130	12,472
	Member Units	(8)	-	210	-	4,120	210	-	4,330
Harris Preston Fund Investments	LP Interests (2717 MH, L.P.)	(8)	-	-	-	1,133	1,195	-	2,328
Harrison Hydro-Gen, Ltd.	Common Stock	(8)	-	530	217	8,070	530	-	8,600
KBK Industries, LLC	Member Units	(5)	-	2,130	418	8,610	2,130	-	10,740
NAPCO Precast, LLC	LIBOR Plus 8.50%	(8)	-	(11)	123	11,475	11	11,486	-
	Member Units	(8)	-	340	1,000	13,990	340	-	14,330
NexRev LLC	11% Secured Debt	(8)	-	-	487	17,288	8	-	17,296
	Preferred Member Units	(8)	-	(1,010)	20	7,890	-	1,010	6,880

NRI Clinical Research, LLC	LIBOR Plus 6.75% (Floor 1.50%)	(9)	-	-	4	-	200	-	200
	14% Secured Debt	(9)	-	(8)	242	6,685	8	8	6,685
	Warrants	(9)	-	40	-	660	40	-	700
	Member Units	(9)	-	200	-	2,478	200	-	2,678
NRP Jones, LLC	12% Secured Debt	(5)	-	-	191	6,376	-	-	6,376
	Member Units	(5)	-	300	-	5,960	300	-	6,260
NuStep, LLC	12% Secured Debt	(5)	-	-	629	20,458	10	-	20,468
	Preferred Member Units	(5)	-	-	-	10,200	-	-	10,200
OMi Holdings, Inc.	Common Stock	(8)	-	320	479	16,020	320	-	16,340
Pegasus Research Group, LLC	Member Units	(8)	-	(400)	-	7,680	-	400	7,280

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<u>Company</u>	<u>Investment(1)(10)(11)</u>	<u>Geography</u>	<u>Amount of Realized Gain/(Loss)</u>	<u>Amount of Unrealized Gain/(Loss)</u>	<u>Amount of Interest, Fees or Dividends Credited to Income(2)</u>	<u>December 31, 2018 Fair Value</u>	<u>Gross Additions(3)</u>	<u>Gross Reductions(4)</u>	<u>March 31, 2019 Fair Value</u>
River Aggregates, LLC	Zero Coupon Secured Debt	(8)	-	-	-	722	-	-	722
	Member Units	(8)	-	-	-	4,610	-	-	4,610
	Member Units	(8)	-	-	-	2,930	-	-	2,930
Tedder Industries, LLC	12%, Secured Debt	(9)	-	-	15	480	-	-	480
	12%, Secured Debt	(9)	-	-	498	16,246	6	-	16,252
	Preferred Member Units	(9)	-	-	-	7,476	-	-	7,476
Other									
Amounts related to investments transferred to or from other 1940 Act classification during the period			(187)	-	265	18,050	-	-	-
Total Control investments			\$ (187)\$	4,946 \$	23,691 \$	1,004,993 \$	63,209 \$	40,395 \$	\$1,009,757
<u>Affiliate Investments</u>									
AFG Capital Group, LLC	Warrants	(8)	\$ -	\$ 90	\$ -	\$ 950	\$ 90	\$ -	\$ 1,040
	Preferred Member Units	(8)	-	390	-	3,980	390	-	4,370
American Trailer Rental Group LLC	LIBOR Plus 7.25% (Floor 1.00%)	(5)	-	-	660	20,312	3,734	-	24,046
	Member Units	(5)	-	940	-	5,780	940	-	6,720
Barfly Ventures, LLC	12% Secured Debt	(5)	-	-	314	10,018	8	-	10,026
	Options	(5)	-	-	-	940	-	-	940
	Warrants	(5)	-	-	-	410	-	-	410
BBB Tank Services, LLC	LIBOR Plus 11% (Floor 1.00%)	(8)	-	-	159	3,833	416	-	4,249
	Preferred Member Units	(8)	-	-	5	113	5	-	118

	Member Units	(8)	-	-	-	230	-	-	230
Boccella Precast Products LLC	LIBOR Plus 10% (Floor 1.00%)	(6)	-	(12)	525	15,724	412	412	15,724
	Member Units	(6)	-	(170)	15	5,080	-	170	4,910
Boss Industries, LLC	Preferred Member Units	(5)	3,771	(3,932)	611	6,176	-	6,176	-
Bridge Capital Solutions Corporation	13% Secured Debt	(6)	-	-	340	6,221	96	-	6,317
	Warrants	(6)	-	(260)	-	4,020	-	260	3,760
	13% Secured Debt	(6)	-	-	33	1,000	-	-	1,000
	Preferred Member Units	(6)	-	-	25	1,000	-	-	1,000
Buca C, LLC	LIBOR Plus 9.25% (Floor 1.00%)	(7)	-	-	569	19,038	11	101	18,948
	Preferred Member Units	(7)	-	-	64	4,431	64	-	4,495
CAI Software LLC	12% Secured Debt	(6)	-	(4)	331	10,880	4	4	10,880
	Member Units	(6)	-	-	-	2,717	-	-	2,717
Chandler Signs Holdings, LLC	12% Secured Debt/ 1.00% PIK	(8)	-	(2)	150	4,546	13	2	4,557
	Class A Units	(8)	-	-	-	2,120	-	-	2,120
Charlotte Russe, Inc	8.50% Secured Debt	(9)	(7,012)	4,003	-	3,930	4,003	7,933	-
	Common Stock	(9)	-	-	-	-	-	-	-
Condit Exhibits, LLC	Member Units	(9)	-	-	83	1,950	-	-	1,950
Congruent Credit Opportunities Funds	LP Interests (Fund II)	(8)	-	-	-	855	-	-	855
	LP Interests (Fund III)	(8)	-	177	160	17,468	177	-	17,645
Copper Trail Fund Investments	LP Interests (Copper Trail Energy Fund I, LP)	(9)	-	(51)	-	4,170	-	240	3,930
Dos Rios Partners	LP Interests (Dos Rios Partners, LP)	(8)	-	(129)	-	7,153	-	129	7,024
	LP Interests (Dos Rios Partners-A, LP)	(8)	-	(41)	-	2,271	-	41	2,230
East Teak Fine Hardwoods, Inc.	Common Stock	(7)	-	-	4	560	-	-	560
EIG Fund Investments	LP Interests (EIG Global Private Debt fund-A, L.P.)	(8)	-	-	25	505	148	5	648

Freeport Financial Funds	LP Interests (Freeport Financial SBIC Fund LP)	(5)	–	54	–	5,399	54	–	5,453
	LP Interests (Freeport First Lien Loan Fund III LP)	(5)	–	–	255	10,980	–	1,399	9,581
Harris Preston Fund Investments	LP Interests (HPEP 3, L.P.)	(8)	–	–	–	1,733	238	–	1,971
Hawk Ridge Systems, LLC	10.0% Secured Debt	(9)	–	(13)	381	14,300	13	913	13,400
	Preferred Member Units	(9)	–	–	225	7,260	–	–	7,260
	Preferred Member Units	(9)	–	–	–	380	–	–	380
Houston Plating and Coatings, LLC	8% Unsecured Convertible Debt	(8)	–	100	60	3,720	100	–	3,820
	Member Units	(8)	–	380	112	8,330	380	–	8,710
I-45 SLF LLC	Member Units	(8)	–	(209)	794	15,627	800	209	16,218
L.F. Manufacturing Holdings, LLC	Preferred Member Units	(8)	–	–	3	–	73	–	73
	Member Units	(8)	–	–	–	2,060	–	–	2,060
OnAsset Intelligence, Inc.	12% PIK Secured Debt	(8)	–	–	172	5,743	172	–	5,915
	10% PIK Secured Debt	(8)	–	–	1	53	1	–	54
	Preferred Stock	(8)	–	–	–	–	–	–	–
	Warrants	(8)	–	–	–	–	–	–	–

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PCI Holding Company, Inc.	12% Current/3% PIK Secured Debt	(9)	-	-	447	11,908	98	325	11,681
	Preferred Stock	(9)	-	(140)	-	340	-	140	200
	Preferred Stock	(9)	-	870	-	3,480	870	-	4,350
Rocaccia, LLC (Quality Lease and Rental Holdings, LLC)	12% Secured Debt	(8)	-	-	-	250	-	-	250
	Preferred Member Units	(8)	-	-	-	-	-	-	-
Salado Stone Holdings, LLC	Class A Preferred Units	(8)	-	430	-	1,040	430	-	1,470
SI East, LLC	10.25% Current, Secured Debt	(7)	-	-	930	34,885	19	-	34,904
	Preferred Member Units	(7)	-	-	-	6,000	-	-	6,000
Slick Innovations, LLC	14.00% Current, Secured Debt	(6)	-	-	267	6,959	19	320	6,658
	Warrants	(6)	-	-	-	181	-	-	181
	Member Units	(6)	-	-	-	700	-	-	700
UniTek Global Services, Inc.	LIBOR Plus 5.50% (Floor 1.00%)	(6)	-	-	61	2,969	-	9	2,960
	Preferred Stock	(6)	-	-	250	7,413	250	-	7,663
	Preferred Stock	(6)	-	-	78	1,637	78	-	1,715
	Preferred Stock	(6)	-	-	144	3,038	145	-	3,183
	Common Stock	(6)	-	400	-	1,420	400	-	1,820
Universal Wellhead Services Holdings, LLC	Preferred Member Units	(8)	-	(25)	65	950	65	25	990
	Member Units	(8)	-	(470)	-	2,330	-	470	1,860
Volusion, LLC	11.5% Secured Debt	(8)	-	-	747	18,407	1,147	-	19,554
	8% Unsecured Convertible Debt	(8)	-	-	6	297	112	-	409
	Preferred Member Units	(8)	-	-	-	14,000	-	-	14,000
	Warrants	(8)	-	-	-	1,890	-	-	1,890
Other									

Amounts related to investments transferred to or from other 1940 Act classification during the period	-	-	-	(4,170)	-	-	-
Total Affiliate investments	\$ (3,241)	\$ 2,376	\$ 9,071	\$ 359,890	\$ 15,975	\$ 19,283	\$ 360,752

- (1) The principal amount, the ownership detail for equity investments and if the investment is income producing is included in the consolidated schedule of investments.
- (2) Represents the total amount of interest, fees and dividends credited to income for the portion of the period for which an investment was included in Control or Affiliate categories, respectively. For investments transferred between Control and Affiliate categories during the period, any income or investment balances related to the time period it was in the category other than the one shown at period end is included in "Amounts from investments transferred from other 1940 Act classifications during the period."
- (3) Gross additions include increases in the cost basis of investments resulting from new portfolio investments, follow-on investments and accrued PIK interest, and the exchange of one or more existing securities for one or more new securities. Gross additions also include net increases in unrealized appreciation or net decreases in net unrealized depreciation as well as the movement of an existing portfolio company into this category and out of a different category.
- (4) Gross reductions include decreases in the cost basis of investments resulting from principal repayments or sales and the exchange of one or more existing securities for one or more new securities. Gross reductions also include net increases in net unrealized depreciation or net decreases in unrealized appreciation as well as the movement of an existing portfolio company out of this category and into a different category.
- (5) Portfolio company located in the Midwest region as determined by location of the corporate headquarters. The fair value as of March 31, 2019 for control investments located in this region was \$258,033. This represented 16.9% of net assets as of March 31, 2019. The fair value as of March 31, 2019 for affiliate investments located in this region was \$57,176. This represented 3.8% of net assets as of March 31, 2019.
- (6) Portfolio company located in the Northeast region as determined by location of the corporate headquarters. The fair value as of March 31, 2019 for control investments located in this region was \$8,198. This represented 0.5% of net assets as of March 31, 2019. The fair value as of March 31, 2019 for affiliate investments located in this region was \$71,188. This represented 4.7% of net assets as of March 31, 2019.

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- (7) Portfolio company located in the Southeast region as determined by location of the corporate headquarters. The fair value as of March 31, 2019 for control investments located in this region was \$15,925. This represented 1.0% of net assets as of March 31, 2019. The fair value as of March 31, 2019 for affiliate investments located in this region was \$64,907. This represented 4.3% of net assets as of March 31, 2019.
- (8) Portfolio company located in the Southwest region as determined by location of the corporate headquarters. The fair value as of March 31, 2019 for control investments located in this region was \$419,339. This represented 27.5% of net assets as of March 31, 2019. The fair value as of March 31, 2019 for affiliate investments located in this region was \$124,330. This represented 8.2% of net assets as of March 31, 2019.
- (9) Portfolio company located in the West region as determined by location of the corporate headquarters. The fair value as of March 31, 2019 for control investments located in this region was \$308,262. This represented 20.2% of net assets as of March 31, 2019. The fair value as of March 31, 2019 for affiliate investments located in this region was \$43,151. This represented 2.8% of net assets as of March 31, 2019.
- (10) All of the Company's portfolio investments are generally subject to restrictions on resale as "restricted securities," unless otherwise noted.
- (11) This schedule should be read in conjunction with the consolidated schedule of investments and notes to the consolidated financial statements. Supplemental information can be located within the schedule of investments including end of period interest rate, preferred dividend rate, maturity date, investments not paid currently in cash and investments whose value was determined using significant unobservable inputs.
- (12) Investment has an unfunded commitment as of March 31, 2019 (see Note K). The fair value of the investment includes the impact of the fair value of any unfunded commitments.

MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments in and Advances to Affiliates

March 31, 2018

(dollars in thousands)

(unaudited)

<u>Company</u>	<u>Investment(1)(10)(11)</u>	<u>Geography</u>	<u>Amount of Realized Gain/(Loss)</u>	<u>Amount of Unrealized Gain/(Loss)</u>	<u>Amount of Interest, Fees or Dividends Credited to Income(2)</u>	<u>December 31, 2017 Fair Value</u>	<u>Gross Additions(3)</u>	<u>Gross Reductions(4)</u>	<u>March 31, 2018 Fair Value</u>
<u>Majority-owned investments</u>									
Café Brazil, LLC	Member Units	(8)	\$ -	\$ -	\$ 87	\$ 4,900	\$ -	\$ -	\$ 4,900
California Splendor Holdings LLC	LIBOR Plus 8.00% (Floor 1.00%)	(9)	-	-	122	-	3,610	-	3,610
	LIBOR Plus 10.00% (Floor 1.00%)	(9)	-	-	303	-	27,723	-	27,723
	Preferred Member Units	(9)	-	-	-	-	12,500	-	12,500
Clad-Rex Steel, LLC	LIBOR Plus 9.50% (Floor 1.00)	(5)	-	(6)	375	13,280	6	6	13,280
	Member Units	(5)	-	280	94	9,500	280	-	9,780
	10% Secured Debt	(5)	-	-	30	1,183	-	5	1,178
	Member Units	(5)	-	-	-	280	-	-	280
CMS Minerals Investments	Member Units	(9)	-	139	9	2,392	139	146	2,385
Direct Marketing Solutions, Inc.	LIBOR Plus 11.00% (Floor 1.00%)	(9)	-	-	624	-	18,602	79	18,523
	Preferred Stock	(9)	-	-	-	-	8,400	-	8,400
Gamber-Johnson Holdings, LLC	LIBOR Plus 11.00% (Floor 1.00%)	(5)	-	(15)	744	23,400	15	505	22,910
	Member Units	(5)	-	3,160	292	23,370	3,160	-	26,530
GRT Rubber Technologies LLC	LIBOR Plus 9.00% (Floor 1.00%)	(8)	-	(7)	309	11,603	7	217	11,393
	Member Units	(8)	-	1,450	308	21,970	1,450	-	23,420
Harborside Holdings, LLC	Member Units	(8)	-	-	-	9,400	100	-	9,500
Harris Preston Fund Investments	LP Interests (2717 MH, L.P.)	(8)	-	-	-	536	-	-	536

Hydratec, Inc.	Common Stock	(9)	7,922	(7,905)	332	15,000	160	15,160	-
IDX Broker, LLC	11.5% Secured Debt	(9)	-	(12)	446	15,250	12	312	14,950
	Preferred Member Units	(9)	-	(110)	68	11,660	-	110	11,550
Jensen Jewelers of Idaho, LLC	Prime Plus 6.75% (Floor 2.00%) Member Units	(9)	-	(4)	50	3,955	4	154	3,805
		(9)	-	-	113	5,100	-	-	5,100
Lamb Ventures, LLC	11% Secured Debt	(8)	-	(10)	267	9,942	210	1,813	8,339
	Preferred Equity	(8)	-	-	-	400	-	-	400
	Member Units	(8)	-	(60)	-	6,790	-	60	6,730
	9.5% Secured Debt	(8)	-	-	10	432	-	-	432
	Member Units	(8)	-	-	-	520	-	-	520
Mid-Columbia									
Lumber Products, LLC	10% Secured Debt	(9)	-	-	46	1,390	353	-	1,743
	12% Secured Debt	(9)	-	-	121	3,863	4	-	3,867
	Member Units	(9)	-	-	2	1,575	596	-	2,171
	9.5% Secured Debt	(9)	-	-	19	791	-	11	780
	Member Units	(9)	-	-	15	1,290	-	-	1,290
MSC Adviser I, LLC	Member Units	(8)	-	6,954	573	41,768	6,954	-	48,722
Mystic Logistics Holdings, LLC	12% Secured Debt	(6)	-	-	241	7,696	11	206	7,501
	Common Stock	(6)	-	(770)	2	6,820	-	770	6,050
NexRev LLC	11% Secured Debt	(8)	-	-	387	-	17,268	-	17,268
	Preferred Equity	(8)	-	-	-	-	6,880	-	6,880
NRP Jones, LLC	12% Secured Debt	(5)	-	-	191	6,376	-	-	6,376
	Member Units	(5)	-	880	-	3,250	880	-	4,130
PPL RVs, Inc.	LIBOR Plus 7.00% (Floor 0.50%)	(8)	-	(7)	357	16,100	7	7	16,100
	Common Stock	(8)	-	(780)	28	12,440	-	780	11,660
Principle									
Environmental, LLC (d/b.a TruHorizon Environmental Solutions)	13% Secured Debt	(8)	-	(13)	256	7,477	13	13	7,477
	Preferred Member Units	(8)	-	1,600	746	11,490	1,600	-	13,090
	Warrants	(8)	-	130	-	650	130	-	780
Quality Lease Service, LLC	Zero Coupon Secured Debt	(7)	-	-	-	6,950	-	-	6,950
	Member Units	(7)	-	-	-	4,938	425	-	5,363
The MPI Group, LLC	9% Secured Debt	(7)	-	(900)	66	2,410	-	900	1,510
	Series A Preferred Units	(7)	-	-	-	-	-	-	-
	Warrants	(7)	-	-	-	-	-	-	-
	Member Units	(7)	-	90	11	2,389	91	-	2,480

Uvalco Supply, LLC	9% Secured Debt	(8)	-	-	5	348	-	164	184
	Member Units	(8)	-	-	80	3,880	-	-	3,880
Vision Interests, Inc.	13% Secured Debt	(9)	-	-	95	2,797	4	-	2,801
	Series A Preferred	(9)	-	-	-	3,000	-	-	3,000
	Stock	(9)	-	-	-	-	-	-	-

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<u>Company</u>	<u>Investment(1)(10)(11)</u>	<u>Geography</u>	<u>Amount of Realized Gain/(Loss)</u>	<u>Amount of Unrealized Gain/(Loss)</u>	<u>Amount of Interest, Fees or Dividends Credited to Income(2)</u>	<u>December 31, 2017 Fair Value</u>	<u>Gross Additions(3)</u>	<u>Gross Reductions(4)</u>	<u>March 31, 2018 Fair Value</u>
Ziegler's NYPD, LLC	6.5% Secured Debt	(8)	-	-	17	996	1	-	997
	12% Secured Debt	(8)	-	-	9	300	-	-	300
	14% Secured Debt	(8)	-	-	96	2,750	-	-	2,750
	Warrants	(8)	-	-	-	-	-	-	-
	Preferred Member Units	(8)	-	-	-	3,220	1	-	3,221
<i>Other controlled investments</i>									
Access Media Holdings, LLC	10% PIK Secured Debt (5)		-	(2,030)	-	17,150	-	2,030	15,120
	Preferred Member Units	(5)	-	(302)	-	-	302	302	-
	Member Units	(5)	-	-	-	-	-	-	-
ASC Interests, LLC	11% Secured Debt	(8)	-	(160)	51	1,795	3	151	1,647
	Member Units	(8)	-	-	-	1,530	-	160	1,370
ATS Workholding, LLC	5% Secured Debt	(9)	-	-	75	3,249	486	-	3,735
	Preferred Member Units	(9)	-	-	-	3,726	-	-	3,726
Bond-Coat, Inc.	12% Secured Debt	(8)	-	-	348	11,596	-	-	11,596
	Common Stock	(8)	-	-	-	9,370	-	-	9,370
Brewer Crane Holdings, LLC	LIBOR Plus 10.00% (Floor 1.00%)	(9)	-	-	366	-	9,825	-	9,825
	Preferred Member Units	(9)	-	-	30	-	4,280	-	4,280
CBT Nuggets, LLC	Member Units	(9)	-	(22,219)	6,042	89,560	-	22,220	67,340
Chamberlin Holding LLC	LIBOR Plus 10.00% (Floor 1.00%)	(8)	-	-	577	-	21,389	-	21,389
	Member Units	(8)	-	-	-	-	11,440	-	11,440
Charps, LLC	12% Secured Debt	(5)	-	-	550	18,225	22	1,601	16,646
	Preferred Member Units	(5)	-	540	-	650	540	-	1,190
Copper Trail Energy Fund I, LP	LP Interests	(9)	-	-	33	2,500	-	-	2,500
Datacom, LLC	8% Secured Debt	(8)	-	-	33	1,575	180	-	1,755

	5.25% Current / 5.25% PIK Secured Debt	(8)	-	-	330	11,110	168	498	10,780
	Class A Preferred Member Units	(8)	-	(510)	-	730	-	510	220
	Class B Preferred Member Units	(8)	-	(498)	-	-	-	-	-
Garreco, LLC	LIBOR Plus 10.00% (Floor 1.00%)	(8)	-	-	162	5,443	5	121	5,327
	Member Units	(8)	-	-	-	1,940	-	-	1,940
Gulf Manufacturing, LLC	Member Units	(8)	-	770	414	10,060	770	-	10,830
Gulf Publishing Holdings, LLC	LIBOR Plus 9.50% (Floor 1.00%)	(8)	-	-	1	80	-	80	-
	12.5% Secured Debt	(8)	-	-	405	12,703	7	102	12,608
	Member Units	(8)	-	-	-	4,840	-	-	4,840
Harrison Hydra- Gen, Ltd.	Common Stock	(8)	-	1,400	-	3,580	1,400	-	4,980
HW Temps LLC	LIBOR Plus 11.00% (Floor 1.00%)	(6)	-	-	320	9,918	4	-	9,922
	Preferred Member Units	(6)	-	-	35	3,940	-	-	3,940
KBK Industries, LLC	10% Secured Debt	(5)	-	-	7	375	-	300	75
	12.5% Secured Debt	(5)	-	(3)	187	5,900	3	3	5,900
	Member Units	(5)	-	320	153	4,420	320	-	4,740
Marine Shelters Holdings, LLC	12% PIK Secured Debt	(8)	-	-	-	-	-	-	-
	Preferred Member Units	(8)	-	-	-	-	-	-	-
Market Force Information, LLC	LIBOR Plus 11.00% (Floor 1.00%)	(9)	-	-	757	23,143	13	480	22,676
	Member Units	(9)	-	-	2	14,700	-	-	14,700
MH Corbin Holding LLC	10% Secured Debt	(5)	-	-	357	12,526	-	288	12,238
	Preferred Member Units	(5)	-	-	35	6,000	-	-	6,000
NAPCO Precast, LLC	LIBOR Plus 8.50%	(8)	-	(6)	302	11,475	6	6	11,475
	Member Units	(8)	-	510	293	11,670	510	-	12,180
NRI Clinical Research, LLC	LIBOR Plus 6.50% (Floor 1.50%)	(9)	-	-	9	400	-	-	400
	14% Secured Debt	(9)	-	30	141	3,865	-	-	3,865
	Warrants	(9)	-	-	-	500	-	-	500
	Member Units	(9)	-	-	-	2,500	-	-	2,500
NuStep, LLC	12% Secured Debt	(5)	-	-	628	20,420	9	-	20,429
	Preferred Member Units	(5)	-	-	-	10,200	-	-	10,200

OMi Holdings, Inc.	Common Stock	(8)	-	180	360	14,110	180	-	14,290
Pegasus Research Group, LLC	Member Units	(8)	-	-	-	10,310	-	-	10,310
River Aggregates, LLC	Zero Coupon Secured Debt	(8)	-	-	21	707	21	-	728
	Member Units	(8)	-	-	-	4,610	-	-	4,610
	Member Units	(8)	-	110	-	2,559	111	-	2,670
SoftTouch Medical Holdings LLC	LIBOR Plus 9.00% (Floor 1.00%)	(7)	-	(30)	120	7,140	30	7,170	-
	Member Units	(7)	5,172	(5,160)	865	10,089	1,262	11,351	-
Other									
Amounts related to investments transferred to or from other 1940 Act classification during the period									
			-	-	-	-	-	-	-
Total Control investments			\$ 13,094	\$ (22,974)	\$ 21,955	\$ 750,706	\$ 164,882	\$ 68,791	\$ 846,797

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<u>Company</u>	<u>Investment(1)(10)(11)</u>	<u>Geography</u>	<u>Amount of Realized Gain/(Loss)</u>	<u>Amount of Unrealized Gain/(Loss)</u>	<u>Amount of Interest, Fees or Dividends Credited to Income(2)</u>	<u>December 31, 2017 Fair Value</u>	<u>Gross Additions(3)</u>	<u>Gross Reductions(4)</u>	<u>March 31, 2018 Fair Value</u>
<u>Affiliate Investments</u>									
AFG Capital Group, LLC	Warrants	(8)	\$ -	\$ 40	\$ -	\$ 860	\$ 40	\$ -	900
	Preferred Member Units	(8)	-	170	10	3,590	170	-	3,760
Barfly Ventures, LLC	12% Secured Debt	(5)	-	(4)	267	8,715	4	4	8,715
	Options	(5)	-	-	-	920	-	-	920
	Warrants	(5)	-	-	-	520	-	-	520
BBB Tank Services, LLC	LIBOR Plus 8.00% (Floor 1.00%)	(8)	-	-	20	778	414	492	700
	15% Secured Debt	(8)	-	-	157	3,876	7	-	3,883
	Member Units	(8)	-	50	-	500	50	-	550
Boccella Precast Products LLC	LIBOR Plus 10.0% (Floor 1.00%)	(6)	-	(13)	496	16,400	1,213	1,031	16,582
	Member Units	(6)	-	1,419	463	3,440	1,420	-	4,860
Boss Industries, LLC	Preferred Member Units	(5)	-	770	90	3,930	810	-	4,740
Bridge Capital Solutions Corporation	13% Secured Debt	(6)	-	-	347	5,884	78	-	5,962
	Warrants	(6)	-	500	-	3,520	500	-	4,020
	13% Secured Debt	(6)	-	-	33	1,000	-	-	1,000
	Preferred Member Units	(6)	-	-	33	1,000	-	-	1,000
Buca C, LLC	LIBOR Plus 9.25% (Floor 1.00%)	(7)	-	-	560	20,193	11	300	19,904
	Preferred Member Units	(7)	-	-	61	4,172	61	-	4,233
CAI Software LLC	12% Secured Debt	(6)	-	(3)	125	4,083	3	3	4,083
	Member Units	(6)	-	-	10	3,230	-	-	3,230
Chandler Signs Holdings, LLC	12% Secured Debt	(8)	-	(2)	137	4,500	2	2	4,500
	Class A Units	(8)	-	(470)	-	2,650	-	470	2,180

Charlotte Russe, Inc	8.50% Secured Debt	(9)	-	(80)	113	7,807	16,658	16,553	7,912
	Common Stock	(9)	-	-	-	-	3,141	-	3,141
Condit Exhibits, LLC	Member Units	(9)	-	-	66	1,950	-	-	1,950
Congruent Credit Opportunities Funds									
	LP Interests (Fund II)	(8)	-	(515)	-	1,515	-	1,035	480
	LP Interests (Fund III)	(8)	-	122	361	18,632	122	-	18,754
Dos Rios Partners	LP Interests (Dos Rios Partners, LP)	(8)	-	81	-	7,165	81	-	7,246
	LP Interests (Dos Rios Partners-A, LP)	(8)	-	293	-	1,889	293	-	2,182
Dos Rios Stone Products LLC	Class A Preferred Units	(8)	-	(440)	23	1,790	-	440	1,350
East Teak Fine Hardwoods, Inc.	Common Stock	(7)	-	-	4	630	-	-	630
EIG Fund Investments	LP Interests (EIG Global Private Debt fund-A, L.P.)	(8)	-	-	-	1,055	377	1,029	403
Freeport Financial Funds	LP Interests (Freeport Financial SBIC Fund LP)	(5)	-	(60)	102	5,614	-	60	5,554
	LP Interests (Freeport First Lien Loan Fund III LP)	(5)	-	-	248	8,506	-	-	8,506
Gault Financial, LLC (RMB Capital, LLC)	8% Current Secured Debt	(7)	-	-	243	11,532	-	-	11,532
	Warrants	(7)	-	-	-	-	-	-	-
Guerdon Modular Holdings, Inc.	LIBOR Plus 8.50% (Floor 1.00%)	(9)	-	-	2	-	394	-	394
	13% Secured Debt	(9)	-	-	363	10,632	294	-	10,926
	Preferred Stock	(9)	-	-	-	-	-	-	-
	Common Stock	(9)	-	-	-	-	-	-	-
Harris Preston Fund Investments 3, L.P.)	LP Interests (HPEP 3, L.P.)	(8)	-	-	-	943	90	-	1,033
Hawk Ridge Systems, LLC	10.5% Secured Debt	(9)	-	(6)	389	14,300	6	6	14,300
	Preferred Member Units	(9)	-	2,422	55	3,800	2,423	-	6,223
	Preferred Member Units	(9)	-	128	-	200	128	-	328

Houston Plating and Coatings, LLC	8% Unsecured Convertible Debt	(8)	-	-	60	3,200	-	-	3,200
	Member Units	(8)	-	520	48	6,140	520	-	6,660
I-45 SLF LLC	Member Units	(8)	-	-	705	16,841	-	-	16,841
L.F.									
Manufacturing Holdings, LLC	Member Units	(8)	-	-	-	2,000	-	-	2,000
Meisler Operating LLC	LIBOR Plus 8.50% (Floor 1.00%)	(5)	-	-	472	16,633	2,146	-	18,779
	Member Units	(5)	-	525	-	3,390	2,180	-	5,570
OnAsset Intelligence, Inc.	12% PIK Secured Debt	(8)	-	-	153	5,094	153	-	5,247
	10% PIK Secured Debt	(8)	-	-	1	48	1	-	49
	Preferred Stock	(8)	-	-	-	-	-	-	-
	Warrants	(8)	-	-	-	-	-	-	-
OPI International Ltd.									
PCI Holding Company, Inc.	12% Current/3% PIK Secured Debt	(9)	-	-	685	12,593	304	326	12,571
	Preferred Stock	(9)	-	(600)	-	890	-	600	290
	Preferred Stock	(9)	-	870	-	2,610	870	-	3,480
Rocaccia, LLC (Quality Lease and Rental Holdings, LLC)									
	12% Secured Debt	(8)	-	-	-	250	-	-	250
	Preferred Member Units	(8)	-	-	-	-	-	-	-
Tin Roof Acquisition Company									
	12% Secured Debt	(7)	-	-	393	12,722	17	224	12,515
	Class C Preferred Stock	(7)	-	-	76	3,027	75	-	3,102

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<u>Company</u>	<u>Investment(1)(10)(11)</u>	<u>Geography</u>	<u>Amount of Realized Gain/(Loss)</u>	<u>Amount of Unrealized Gain/(Loss)</u>	<u>Amount of Interest, Fees or Dividends Credited to Income(2)</u>	<u>December 31, 2017 Fair Value</u>	<u>Gross Additions(3)</u>	<u>Gross Reductions(4)</u>	<u>March 31, 2018 Fair Value</u>
UniTek Global Services, Inc.	LIBOR Plus 8.50% (Floor 1.00%)	(6)	–	(1)	220	8,535	1	1	8,535
	LIBOR Plus 7.50% (Floor 1.00%)/1.00% PIK	(6)	–	–	4	137	1	–	138
	15% PIK Unsecured Debt	(6)	–	–	34	865	32	–	897
	Preferred Stock	(6)	–	(8)	248	7,320	248	8	7,560
	Preferred Stock	(6)	–	(6)	136	2,850	136	6	2,980
	Common Stock	(6)	–	190	–	2,490	190	–	2,680
Universal Wellhead Services Holdings, LLC	Preferred Member Units	(8)	–	30	–	830	30	–	860
	Member Units	(8)	–	120	–	1,910	120	–	2,030
Valley Healthcare Group, LLC	LIBOR Plus 12.50% (Floor 0.50%)	(8)	–	–	419	11,685	6	120	11,571
	Preferred Member Units	(8)	–	140	–	1,600	140	–	1,740
Volusion, LLC	11.5% Secured Debt	(8)	–	–	639	15,200	158	–	15,358
	Preferred Member Units	(8)	–	–	–	14,000	–	–	14,000
	Warrants	(8)	–	(610)	–	2,080	–	609	1,471
Other	Amounts related to investments transferred to or from other 1940 Act classification during the period		–	8,666	–	(7,807)	–	–	–
Total Affiliate investments			\$ –	\$ 14,238	\$ 9,071	\$ 338,854	\$ 36,118	\$ 23,319	\$ 359,460

- (1) The principal amount, the ownership detail for equity investments and if the investment is income producing is included in the consolidated schedule of investments.
- (2) Represents the total amount of interest, fees and dividends credited to income for the portion of the period for which an investment was included in Control or Affiliate categories, respectively. For investments transferred between Control and Affiliate categories during the period, any income or investment balances related to the time period it was in the category other than the one shown at period end is included in "Amounts from investments transferred from other 1940 Act classifications during the period."
- (3) Gross additions include increases in the cost basis of investments resulting from new portfolio investments, follow-on investments and accrued PIK interest, and the exchange of one or more existing securities for one or more new securities. Gross additions also include net increases in unrealized appreciation or net decreases in net unrealized depreciation as well as the movement of an existing portfolio company into this category and out of a different category.
- (4) Gross reductions include decreases in the cost basis of investments resulting from principal repayments or sales and the exchange of one or more existing securities for one or more new securities. Gross reductions also include net increases in net unrealized depreciation or net decreases in unrealized appreciation as well as the movement of an existing portfolio company out of this category and into a different category.
- (5) Portfolio company located in the Midwest region as determined by location of the corporate headquarters. The fair value as of March 31, 2018 for control investments located in this region was \$177,002. This represented 12.7% of net assets as of March 31, 2018. The fair value as of March 31, 2018 for affiliate investments located in this region was \$53,304. This represented 3.8% of net assets as of March 31, 2018.
- (6) Portfolio company located in the Northeast region as determined by location of the corporate headquarters. The fair value as of March 31, 2018 for control investments located in this region was \$27,413. This represented 2.0% of net assets as of March 31, 2018. The fair value as of March 31, 2018 for affiliate investments located in this region was \$63,527. This represented 4.5% of net assets as of March 31, 2018.
- (7) Portfolio company located in the Southeast region as determined by location of the corporate headquarters. The fair value as of March 31, 2018 for control investments located in this region was \$16,303. This represented 1.2% of net assets as of March 31, 2018. The fair value as of March 31, 2018 for affiliate investments located in this region was \$51,916. This represented 3.7% of net assets as of March 31, 2018.

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- (8) Portfolio company located in the Southwest region as determined by location of the corporate headquarters. The fair value as of March 31, 2018 for control investments located in this region was \$365,834. This represented 26.2% of net assets as of March 31, 2018. The fair value as of March 31, 2018 for affiliate investments located in this region was \$129,198. This represented 9.3% of net assets as of March 31, 2018.
- (9) Portfolio company located in the West region as determined by location of the corporate headquarters. The fair value as of March 31, 2018 for control investments located in this region was \$260,245. This represented 18.6% of net assets as of March 31, 2018. The fair value as of March 31, 2018 for affiliate investments located in this region was \$61,515. This represented 4.4% of net assets as of March 31, 2018.
- (10) All Company's portfolio investments are generally subject to restrictions on resale as "restricted securities," unless otherwise noted.
- (11) This schedule should be read in conjunction with the consolidated schedule of investments and notes to the consolidated financial statements. Supplemental information can be located within the schedule of investments including end of period interest rate, preferred dividend rate, maturity date, investments not paid currently in cash and investments whose value was determined using significant unobservable inputs.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information in this section contains forward-looking statements that involve risks and uncertainties. Please see "Risk Factors" and "Cautionary Statement Concerning Forward-Looking Statements" in our Annual Report on Form 10-K for the year ended December 31, 2018, filed with the Securities and Exchange Commission (the "SEC") on March 1, 2019, for a discussion of the uncertainties, risks and assumptions associated with these statements. You should read the following discussion in conjunction with the consolidated financial statements and related notes and other financial information included elsewhere in this Quarterly Report and in the Annual Report on Form 10-K for the year ended December 31, 2018.

ORGANIZATION

Main Street Capital Corporation ("MSCC") is a principal investment firm primarily focused on providing customized debt and equity financing to lower middle market ("LMM") companies and debt capital to middle market ("Middle Market") companies. The portfolio investments of MSCC and its consolidated subsidiaries are typically made to support management buyouts, recapitalizations, growth financings, refinancings and acquisitions of companies that operate in a variety of industry sectors. MSCC seeks to partner with entrepreneurs, business owners and management teams and generally provides "one stop" financing alternatives within its LMM portfolio. MSCC and its consolidated subsidiaries invest primarily in secured debt investments, equity investments, warrants and other securities of LMM companies based in the United States and in secured debt investments of Middle Market companies generally headquartered in the United States.

MSCC was formed in March 2007 to operate as an internally managed business development company ("BDC") under the Investment Company Act of 1940, as amended (the "1940 Act"). MSCC wholly owns several investment funds, including Main Street Mezzanine Fund, LP ("MSMF"), Main Street Capital II, LP ("MSC II") and Main Street Capital III, LP ("MSC III" and, collectively with MSMF and MSC II, the "Funds"), and each of their general partners. The Funds are each licensed as a Small Business Investment Company ("SBIC") by the United States Small Business Administration ("SBA"). Because MSCC is internally managed, all of the executive officers and other employees are employed by MSCC. Therefore, MSCC does not pay any external investment advisory fees, but instead directly incurs the operating costs associated with employing investment and portfolio management professionals.

MSC Adviser I, LLC (the "External Investment Manager") was formed in November 2013 as a wholly owned subsidiary of MSCC to provide investment management and other services to parties other than MSCC and its subsidiaries or their portfolio companies ("External Parties") and receives fee income for such services. MSCC has been granted no-action relief by the Securities and Exchange Commission ("SEC") to allow the External Investment Manager to register as a registered investment adviser under the Investment Advisers Act of 1940, as amended. Since the External Investment Manager conducts all of its investment management activities for External Parties, it is accounted for as a portfolio investment of MSCC and is not included as a consolidated subsidiary of MSCC in MSCC's consolidated financial statements.

MSCC has elected to be treated for U.S. federal income tax purposes as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). As a result, MSCC generally will not pay corporate-level U.S. federal income taxes on any net ordinary taxable income or capital gains that it distributes to its stockholders.

MSCC has certain direct and indirect wholly owned subsidiaries that have elected to be taxable entities (the "Taxable Subsidiaries"). The primary purpose of the Taxable Subsidiaries is to permit MSCC to hold equity investments in portfolio companies which are "pass-through" entities for tax purposes.

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Unless otherwise noted or the context otherwise indicates, the terms "we," "us," "our," the "Company" and "Main Street" refer to MSCC and its consolidated subsidiaries, which include the Funds and the Taxable Subsidiaries.

OVERVIEW

Our principal investment objective is to maximize our portfolio's total return by generating current income from our debt investments and capital appreciation from our equity and equity-related investments, including warrants, convertible securities and other rights to acquire equity securities in a portfolio company. Our LMM companies generally have annual revenues between \$10 million and \$150 million, and our LMM portfolio investments generally range in size from \$5 million to \$50 million. Our Middle Market investments are made in businesses that are generally larger in size than our LMM portfolio companies, with annual revenues typically between \$150 million and \$1.5 billion, and our Middle Market investments generally range in size from \$3 million to \$20 million. Our private loan ("Private Loan") portfolio investments are primarily debt securities in privately held companies which have been originated through strategic relationships with other investment funds on a collaborative basis. Private Loan investments are typically similar in size, structure, terms and conditions to investments we hold in our LMM portfolio and Middle Market portfolio.

We seek to fill the financing gap for LMM businesses, which, historically, have had limited access to financing from commercial banks and other traditional sources. The underserved nature of the LMM creates the opportunity for us to meet the financing needs of LMM companies while also negotiating favorable transaction terms and equity participations. Our ability to invest across a company's capital structure, from secured loans to equity securities, allows us to offer portfolio companies a comprehensive suite of financing options, or a "one stop" financing solution. Providing customized, "one stop" financing solutions is important to LMM portfolio companies. We generally seek to partner directly with entrepreneurs, management teams and business owners in making our investments. Our LMM portfolio debt investments are generally secured by a first lien on the assets of the portfolio company and typically have a term of between five and seven years from the original investment date.

Our Middle Market portfolio investments primarily consist of direct investments in or secondary purchases of interest-bearing debt securities in privately held companies that are generally larger in size than the companies included in our LMM portfolio. Our Middle Market portfolio debt investments are generally secured by either a first or second priority lien on the assets of the portfolio company and typically have an expected duration of between three and seven years from the original investment date.

Our Private Loan portfolio investments are primarily debt securities in privately held companies which have been originated through strategic relationships with other investment funds on a collaborative basis, and are often referred to in the debt markets as "club deals." Private Loan investments are typically similar in size, structure, terms and conditions to investments we hold in our LMM portfolio and Middle Market portfolio. Our Private Loan portfolio debt investments are generally secured by either a first or second priority lien on the assets of the portfolio company and typically have a term of between three and seven years from the original investment date.

Our other portfolio ("Other Portfolio") investments primarily consist of investments which are not consistent with the typical profiles for our LMM, Middle Market or Private Loan portfolio investments, including investments which may be managed by third parties. In our Other Portfolio, we may incur indirect fees and expenses in connection with investments managed by third parties, such as investments in other investment companies or private funds.

Our external asset management business is conducted through the External Investment Manager. The External Investment Manager earns management fees based on the assets of the funds under management and may earn incentive fees, or a carried interest, based on the performance of the funds managed. We have entered into an agreement with the External Investment Manager to share

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employees in connection with its asset management business generally, and specifically for its relationship with HMS Income Fund, Inc. ("HMS Income"). Through this agreement, we share employees with the External Investment Manager, including their related infrastructure, business relationships, management expertise and capital raising capabilities.

The following tables provide a summary of our investments in the LMM, Middle Market and Private Loan portfolios as of March 31, 2019 and December 31, 2018 (this information excludes the Other Portfolio investments and the External Investment Manager which are discussed further below):

	As of March 31, 2019		
	LMM(a)	Middle Market	Private Loan
	(dollars in millions)		
Number of portfolio companies	70	55	58
Fair value	\$ 1,214.2	\$ 566.7	\$ 540.0
Cost	\$ 1,006.5	\$ 601.4	\$ 573.8
% of portfolio at cost—debt	68.5%	96.2%	93.3%
% of portfolio at cost—equity	31.5%	3.8%	6.7%
% of debt investments at cost secured by first priority lien	98.5%	86.9%	92.3%
Weighted-average annual effective yield(b)	12.2%	9.5%	10.5%
Average EBITDA(c)	\$ 4.6	\$ 98.0	\$ 50.2

- (a) At March 31, 2019, we had equity ownership in approximately 97% of our LMM portfolio companies, and the average fully diluted equity ownership in those portfolio companies was approximately 40%.
- (b) The weighted-average annual effective yields were computed using the effective interest rates for all debt investments at cost as of March 31, 2019, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments and any debt investments on non-accrual status. Weighted-average annual effective yield is higher than what an investor in shares of our common stock will realize on its investment because it does not reflect our expenses or any sales load paid by an investor.
- (c) The average EBITDA is calculated using a simple average for the LMM portfolio and a weighted-average for the Middle Market and Private Loan portfolios. These calculations exclude certain portfolio companies, including two LMM portfolio companies, two Middle Market portfolio companies and three Private Loan portfolio companies, as EBITDA is

not a meaningful valuation metric for our investments in these portfolio companies, and those portfolio companies whose primary purpose is to own real estate.

	As of December 31, 2018		
	LMM(a)	Middle Market	Private Loan
	(dollars in millions)		
Number of portfolio companies	69	56	59
Fair value	\$1,195.0	\$ 576.9	\$ 507.9
Cost	\$ 990.9	\$ 608.8	\$ 553.3
% of portfolio at cost–debt	68.7%	96.3%	93.0%
% of portfolio at cost–equity	31.3%	3.7%	7.0%
% of debt investments at cost secured by first priority lien	98.5%	87.9%	92.0%
Weighted-average annual effective yield(b)	12.3%	9.6%	10.4%
Average EBITDA(c)	\$ 4.7	\$ 99.1	\$ 46.1

- (a) At December 31, 2018, we had equity ownership in approximately 99% of our LMM portfolio companies, and the average fully diluted equity ownership in those portfolio companies was approximately 40%.
- (b) The weighted-average annual effective yields were computed using the effective interest rates for all debt investments at cost as of December 31, 2018, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments and any debt investments on non-accrual status. Weighted-average annual effective yield is higher than what an investor in shares of our common stock will realize on its investment because it does not reflect our expenses or any sales load paid by an investor.
- (c) The average EBITDA is calculated using a simple average for the LMM portfolio and a weighted-average for the Middle Market and Private Loan portfolios. These calculations exclude certain portfolio companies, including two LMM portfolio companies, one Middle Market portfolio company and four Private Loan portfolio companies, as EBITDA is not a meaningful valuation metric for our investments in these portfolio companies, and those portfolio companies whose primary purpose is to own real estate.

As of March 31, 2019, we had Other Portfolio investments in eleven companies, collectively totaling approximately \$109.9 million in fair value and approximately \$118.1 million in cost basis and which comprised approximately 4.4% of our Investment Portfolio (as defined in "–Critical Accounting Policies–Basis of Presentation" below) at fair value. As of December 31, 2018, we had Other Portfolio investments in eleven companies, collectively totaling approximately \$108.3 million in fair value and approximately \$116.0 million in cost basis and which comprised approximately 4.4% of our Investment Portfolio at fair value.

As previously discussed, the External Investment Manager is a wholly owned subsidiary that is treated as a portfolio investment. As of March 31, 2019, there was no cost basis in this investment and the investment had a fair value of approximately \$65.8 million, which comprised approximately 2.6% of our Investment Portfolio at fair value. As of December 31, 2018, there was no cost basis in this investment and the investment had a fair value of approximately \$65.7 million, which comprised approximately 2.7% of our Investment Portfolio at fair value.

Our portfolio investments are generally made through MSCC and the Funds. MSCC and the Funds share the same investment strategies and criteria, although they are subject to different

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regulatory regimes. An investor's return in MSCC will depend, in part, on the Funds' investment returns as they are wholly owned subsidiaries of MSCC.

The level of new portfolio investment activity will fluctuate from period to period based upon our view of the current economic fundamentals, our ability to identify new investment opportunities that meet our investment criteria, and our ability to consummate the identified opportunities. The level of new investment activity, and associated interest and fee income, will directly impact future investment income. In addition, the level of dividends paid by portfolio companies and the portion of our portfolio debt investments on non-accrual status will directly impact future investment income. While we intend to grow our portfolio and our investment income over the long term, our growth and our operating results may be more limited during depressed economic periods. However, we intend to appropriately manage our cost structure and liquidity position based on applicable economic conditions and our investment outlook. The level of realized gains or losses and unrealized appreciation or depreciation on our investments will also fluctuate depending upon portfolio activity, economic conditions and the performance of our individual portfolio companies. The changes in realized gains and losses and unrealized appreciation or depreciation could have a material impact on our operating results.

Because we are internally managed, we do not pay any external investment advisory fees, but instead directly incur the operating costs associated with employing investment and portfolio management professionals. We believe that our internally managed structure provides us with a beneficial operating expense structure when compared to other publicly traded and privately held investment firms which are externally managed, and our internally managed structure allows us the opportunity to leverage our non-interest operating expenses as we grow our Investment Portfolio. For the trailing twelve months ended March 31, 2019 and 2018, the ratio of our total operating expenses, excluding interest expense, as a percentage of our quarterly average total assets was 1.4% and 1.5%, respectively, and 1.4% for the year ended December 31, 2018.

During May 2012, we entered into an investment sub-advisory agreement with HMS Adviser, LP ("HMS Adviser"), which is the investment advisor to HMS Income, a non-listed BDC, to provide certain investment advisory services to HMS Adviser. In December 2013, after obtaining required no-action relief from the SEC to allow us to own a registered investment adviser, we assigned the sub-advisory agreement to the External Investment Manager since the fees received from such arrangement could otherwise have negative consequences on our ability to meet the source-of-income requirement necessary for us to maintain our RIC tax treatment. Under the investment sub-advisory agreement, the External Investment Manager is entitled to 50% of the base management fee and the incentive fees earned by HMS Adviser under its advisory agreement with HMS Income. The External Investment Manager agreed to waive the historical incentive fees otherwise earned through December 31, 2018. During the three months ended March 31, 2019 and 2018, the External Investment Manager earned \$3.0 million and \$2.8 million, respectively, of management and incentive fees (net of fees waived, if any) under the sub-advisory agreement with HMS Adviser.

During April 2014, we received an exemptive order from the SEC permitting co-investments by us and HMS Income in certain negotiated transactions where co-investing would otherwise be prohibited under the 1940 Act. We have made, and in the future intend to continue to make, such co-investments with HMS Income in accordance with the conditions of the order. The order requires, among other things, that we and the External Investment Manager consider whether each such investment opportunity is appropriate for HMS Income and, if it is appropriate, to propose an allocation of the investment opportunity between us and HMS Income. Because the External Investment Manager may receive performance-based fee compensation from HMS Income, this may provide it an incentive to allocate opportunities to HMS Income instead of us. However, both we and the External Investment Manager have policies and procedures in place to manage this conflict.

CRITICAL ACCOUNTING POLICIES

Basis of Presentation

Our consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). For each of the periods presented herein, our consolidated financial statements include the accounts of MSCC and its consolidated subsidiaries. The Investment Portfolio, as used herein, refers to all of our investments in LMM portfolio companies, investments in Middle Market portfolio companies, Private Loan portfolio investments, Other Portfolio investments, and the investment in the External Investment Manager. Our results of operations and cash flows for the three months ended March 31, 2019 and 2018, and financial position as of March 31, 2019 and December 31, 2018, are presented on a consolidated basis. The effects of all intercompany transactions between us and our consolidated subsidiaries have been eliminated in consolidation.

Our accompanying unaudited consolidated financial statements are presented in conformity with U.S. GAAP for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Article 10 of Regulation S-X. Accordingly, certain disclosures accompanying annual financial statements prepared in accordance with U.S. GAAP are omitted. In the opinion of management, the unaudited consolidated financial results included herein contain all adjustments, consisting solely of normal recurring accruals, considered necessary for the fair presentation of financial statements for the interim periods included herein. The results of operations for the three months ended March 31, 2019 and 2018 are not necessarily indicative of the operating results to be expected for the full year. Also, the unaudited financial statements and notes should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2018. Financial statements prepared on a U.S. GAAP basis require management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

We are an investment company following the accounting and reporting guidance in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 946, *Financial Services—Investment Companies* ("ASC 946"). Under ASC 946, we are precluded from consolidating other entities in which we have equity investments, including those in which we have a controlling interest, unless the other entity is another investment company. An exception to this general principle in ASC 946 occurs if we hold a controlling interest in an operating company that provides all or substantially all of its services directly to us or to any of our portfolio companies. Accordingly, as noted above, our consolidated financial statements include the financial position and operating results for the Funds and the Taxable Subsidiaries. We have determined that all of our portfolio investments do not qualify for this exception, including the investment in the External Investment Manager. Therefore, our Investment Portfolio is carried on the consolidated balance sheet at fair value with any adjustments to fair value recognized as "Net Unrealized Appreciation (Depreciation)" on the consolidated statements of operations until the investment is realized, usually upon exit, resulting in any gain or loss being recognized as a "Net Realized Gain (Loss)."

Investment Portfolio Valuation

The most significant determination inherent in the preparation of our consolidated financial statements is the valuation of our Investment Portfolio and the related amounts of unrealized appreciation and depreciation. As of both March 31, 2019 and December 31, 2018, our Investment Portfolio valued at fair value represented approximately 96% of our total assets. We are required to report our investments at fair value. We follow the provisions of FASB ASC 820, *Fair Value Measurements and Disclosures* ("ASC 820"). ASC 820 defines fair value, establishes a framework for

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measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and enhances disclosure requirements for fair value measurements. ASC 820 requires us to assume that the portfolio investment is to be sold in the principal market to independent market participants, which may be a hypothetical market. Market participants are defined as buyers and sellers in the principal market that are independent, knowledgeable and willing and able to transact. See "Note B.1.–Valuation of the Investment Portfolio" in the notes to consolidated financial statements for a detailed discussion of our investment portfolio valuation process and procedures.

Due to the inherent uncertainty in the valuation process, our determination of fair value for our Investment Portfolio may differ materially from the values that would have been determined had a ready market for the securities existed. In addition, changes in the market environment, portfolio company performance and other events that may occur over the lives of the investments may cause the gains or losses ultimately realized on these investments to be materially different than the valuations currently assigned. We determine the fair value of each individual investment and record changes in fair value as unrealized appreciation or depreciation.

Our Board of Directors has the final responsibility for overseeing, reviewing and approving, in good faith, our determination of the fair value for our Investment Portfolio and our valuation procedures, consistent with 1940 Act requirements. We believe our Investment Portfolio as of March 31, 2019 and December 31, 2018 approximates fair value as of those dates based on the markets in which we operate and other conditions in existence on those reporting dates.

Revenue Recognition

Interest and Dividend Income

We record interest and dividend income on the accrual basis to the extent amounts are expected to be collected. Dividend income is recorded as dividends are declared by the portfolio company or at the point an obligation exists for the portfolio company to make a distribution. In accordance with our valuation policies, we evaluate accrued interest and dividend income periodically for collectability. When a loan or debt security becomes 90 days or more past due, and if we otherwise do not expect the debtor to be able to service all of its debt or other obligations, we will generally place the loan or debt security on non-accrual status and cease recognizing interest income on that loan or debt security until the borrower has demonstrated the ability and intent to pay contractual amounts due. If a loan or debt security's status significantly improves regarding the debtor's ability to service the debt or other obligations, or if a loan or debt security is sold or written off, we remove it from non-accrual status.

Fee Income

We may periodically provide services, including structuring and advisory services, to our portfolio companies or other third parties. For services that are separately identifiable and evidence exists to substantiate fair value, fee income is recognized as earned, which is generally when the investment or other applicable transaction closes. Fees received in connection with debt financing transactions for services that do not meet these criteria are treated as debt origination fees and are deferred and accreted into income over the life of the financing.

Payment-in-Kind ("PIK") Interest and Cumulative Dividends

We hold certain debt and preferred equity instruments in our Investment Portfolio that contain PIK interest and cumulative dividend provisions. The PIK interest, computed at the contractual rate specified in each debt agreement, is periodically added to the principal balance of the debt and is recorded as interest income. Thus, the actual collection of this interest may be deferred until the time of debt principal repayment. Cumulative dividends are recorded as dividend income, and any dividends in arrears are added to the balance of the preferred equity investment. The actual collection of these

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dividends in arrears may be deferred until such time as the preferred equity is redeemed or sold. To maintain RIC tax treatment (as discussed below), these non-cash sources of income may need to be paid out to stockholders in the form of distributions, even though we may not have collected the PIK interest and cumulative dividends in cash. We stop accruing PIK interest and cumulative dividends and write off any accrued and uncollected interest and dividends in arrears when we determine that such PIK interest and dividends in arrears are no longer collectible. For the three months ended March 31, 2019 and 2018, (i) approximately 1.9% and 1.0%, respectively, of our total investment income was attributable to PIK interest income not paid currently in cash and (ii) approximately 1.1% and 1.0%, respectively, of our total investment income was attributable to cumulative dividend income not paid currently in cash.

Share-Based Compensation

We account for our share-based compensation plans using the fair value method, as prescribed by ASC 718, *Compensation—Stock Compensation*. Accordingly, for restricted stock awards, we measure the grant date fair value based upon the market price of our common stock on the date of the grant and amortize the fair value of the awards as share-based compensation expense over the requisite service period, which is generally the vesting term.

We have also adopted Accounting Standards Update ("ASU") 2016-09, *Compensation—Stock Compensation: Improvements to Employee Share-Based Payment Accounting*, which requires that all excess tax benefits and tax deficiencies (including tax benefits of dividends on share-based payment awards) be recognized as income tax expense or benefit in the income statement and not delay recognition of a tax benefit until the tax benefit is realized through a reduction to taxes payable. Accordingly, the tax effects of exercised or vested awards are treated as discrete items in the reporting period in which they occur. Additionally, we have elected to account for forfeitures as they occur.

Income Taxes

MSCC has elected to be treated for U.S. federal income tax purposes as a RIC. MSCC's taxable income includes the taxable income generated by MSCC and certain of its subsidiaries, including the Funds, which are treated as disregarded entities for tax purposes. As a RIC, MSCC generally will not pay corporate-level U.S. federal income taxes on any net ordinary taxable income or capital gains that MSCC distributes to its stockholders. MSCC must generally distribute at least 90% of its "investment company taxable income" (which is generally its net ordinary taxable income and realized net short-term capital gains in excess of realized net long-term capital losses) and 90% of its tax-exempt income to maintain its RIC status (pass-through tax treatment for amounts distributed). As part of maintaining RIC status, undistributed taxable income (subject to a 4% non-deductible U.S. federal excise tax) pertaining to a given fiscal year may be distributed up to 12 months subsequent to the end of that fiscal year, provided such dividends are declared on or prior to the later of (i) filing of the U.S. federal income tax return for the applicable fiscal year or (ii) the fifteenth day of the ninth month following the close of the year in which such taxable income was generated.

The Taxable Subsidiaries primarily hold certain portfolio investments for us. The Taxable Subsidiaries permit us to hold equity investments in portfolio companies which are "pass-through" entities for tax purposes and to continue to comply with the "source-of-income" requirements contained in the RIC tax provisions of the Code. The Taxable Subsidiaries are consolidated with us for U.S. GAAP financial reporting purposes, and the portfolio investments held by the Taxable Subsidiaries are included in our consolidated financial statements as portfolio investments and recorded at fair value. The Taxable Subsidiaries are not consolidated with MSCC for income tax purposes and may generate income tax expense, or benefit, and tax assets and liabilities, as a result of their ownership of certain portfolio investments. The taxable income, or loss, of the Taxable Subsidiaries may differ from their book income, or loss, due to temporary book and tax timing differences and permanent

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differences. The Taxable Subsidiaries are each taxed at their normal corporate tax rates based on their taxable income. The income tax expense, or benefit, if any, and the related tax assets and liabilities, of the Taxable Subsidiaries are reflected in our consolidated financial statements.

The External Investment Manager is an indirect wholly owned subsidiary of MSCC owned through a Taxable Subsidiary and is a disregarded entity for tax purposes. The External Investment Manager has entered into a tax sharing agreement with its Taxable Subsidiary owner. Since the External Investment Manager is accounted for as a portfolio investment of MSCC and is not included as a consolidated subsidiary of MSCC in MSCC's consolidated financial statements, and as a result of the tax sharing agreement with its Taxable Subsidiary owner, for its stand-alone financial reporting purposes the External Investment Manager is treated as if it is taxed at normal corporate tax rates based on its taxable income and, as a result of its activities, may generate income tax expense or benefit. The income tax expense, or benefit, if any, and the related tax assets and liabilities, of the External Investment Manager are reflected in the External Investment Manager's separate financial statements.

In December 2017, the "Tax Cuts and Jobs Act" legislation was enacted. The Tax Cuts and Jobs Act includes significant changes to the U.S. corporate tax system, including a U.S. federal corporate income tax rate reduction from 35% to 21% and other changes. ASC 740, *Income Taxes*, requires the effects of changes in tax rates and laws on deferred tax balances to be recognized in the period in which the legislation was enacted. As such, we have accounted for the tax effects as a result of the enactment of the Tax Cuts and Jobs Act beginning with the period ended December 31, 2017.

The Taxable Subsidiaries and the External Investment Manager use the liability method in accounting for income taxes. Deferred tax assets and liabilities are recorded for temporary differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements, using statutory tax rates in effect for the year in which the temporary differences are expected to reverse. A valuation allowance is provided, if necessary, against deferred tax assets when it is more likely than not that some portion or all of the deferred tax asset will not be realized.

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

INVESTMENT PORTFOLIO COMPOSITION

Our LMM portfolio investments primarily consist of secured debt, equity warrants and direct equity investments in privately held, LMM companies based in the United States. Our LMM portfolio companies generally have annual revenues between \$10 million and \$150 million, and our LMM investments generally range in size from \$5 million to \$50 million. The LMM debt investments are typically secured by either a first or second priority lien on the assets of the portfolio company, can include either fixed or floating rate terms and generally have a term of between five and seven years from the original investment date. In most LMM portfolio investments, we receive nominally priced equity warrants and/or make direct equity investments in connection with a debt investment.

Our Middle Market portfolio investments primarily consist of direct investments in or secondary purchases of interest-bearing debt securities in privately held companies based in the United States that are generally larger in size than the companies included in our LMM portfolio. Our Middle Market portfolio companies generally have annual revenues between \$150 million and \$1.5 billion, and our Middle Market investments generally range in size from \$3 million to \$20 million. Our Middle Market portfolio debt investments are generally secured by either a first or second priority lien on the assets of the portfolio company and typically have a term of between three and seven years from the original investment date.

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Our Private Loan portfolio investments are primarily debt securities in privately held companies which have been originated through strategic relationships with other investment funds on a collaborative basis, and are often referred to in the debt markets as "club deals." Private Loan investments are typically similar in size, structure, terms and conditions to investments we hold in our LMM portfolio and Middle Market portfolio. Our Private Loan portfolio debt investments are generally secured by either a first or second priority lien on the assets of the portfolio company and typically have a term of between three and seven years from the original investment date.

Our Other Portfolio investments primarily consist of investments which are not consistent with the typical profiles for LMM, Middle Market and Private Loan portfolio investments, including investments which may be managed by third parties. In the Other Portfolio, we may incur indirect fees and expenses in connection with investments managed by third parties, such as investments in other investment companies or private funds.

Our external asset management business is conducted through the External Investment Manager. The External Investment Manager earns management fees based on the assets of the funds under management and may earn incentive fees, or a carried interest, based on the performance of the funds managed. We have entered into an agreement with the External Investment Manager to share employees in connection with its asset management business generally, and specifically for its relationship with HMS Income. Through this agreement, we share employees with the External Investment Manager, including their related infrastructure, business relationships, management expertise and capital raising capabilities, and we allocate the related expenses to the External Investment Manager pursuant to the sharing agreement. Our total expenses for the three months ended March 31, 2019 and 2018 are net of expenses allocated to the External Investment Manager of \$1.6 million and \$2.1 million, respectively. The External Investment Manager earns management fees based on the assets of the funds under management and may earn incentive fees, or a carried interest, based on the performance of the funds managed. The total contribution of the External Investment Manager to our net investment income consists of the combination of the expenses allocated to the External Investment Manager and the dividend income received from the External Investment Manager. For the three months ended March 31, 2019 and 2018, the total contribution to our net investment income was \$2.7 million and \$2.6 million, respectively.

The following tables summarize the composition of our total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments at cost and fair value by type of investment as a percentage of the total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments as of March 31, 2019 and December 31, 2018 (this information excludes the Other Portfolio investments and the External Investment Manager).

<u>Cost:</u>	<u>March 31,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
First lien debt	76.9%	77.1%
Equity	16.7%	16.6%
Second lien debt	5.4%	5.3%
Equity warrants	0.6%	0.6%
Other	0.4%	0.4%
	100.0%	100.0%

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<u>Fair Value:</u>	<u>March 31,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
First lien debt	68.9%	69.0%
Equity	25.5%	25.5%
Second lien debt	4.7%	4.6%
Equity warrants	0.5%	0.5%
Other	0.4%	0.4%
	<u>100.0%</u>	<u>100.0%</u>

Our LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments carry a number of risks including: (1) investing in companies which may have limited operating histories and financial resources; (2) holding investments that generally are not publicly traded and which may be subject to legal and other restrictions on resale; and (3) other risks common to investing in below investment grade debt and equity investments in our Investment Portfolio. Please see "Risk Factors—Risks Related to Our Investments" contained in our Form 10-K for the fiscal year ended December 31, 2018 and "Risk Factors" below for a more complete discussion of the risks involved with investing in our Investment Portfolio.

PORTFOLIO ASSET QUALITY

We utilize an internally developed investment rating system to rate the performance of each LMM portfolio company and to monitor our expected level of returns on each of our LMM investments in relation to our expectations for the portfolio company. The investment rating system takes into consideration various factors, including each investment's expected level of returns, the collectability of our debt investments and the ability to receive a return of the invested capital in our equity investments, comparisons to competitors and other industry participants, the portfolio company's future outlook and other factors that are deemed to be significant to the portfolio company.

As of March 31, 2019, our total Investment Portfolio had six investments on non-accrual status, which comprised approximately 0.9% of its fair value and 3.6% of its cost. As of December 31, 2018, our total Investment Portfolio had six investments on non-accrual status, which comprised approximately 1.3% of its fair value and 3.9% of its cost.

The operating results of our portfolio companies are impacted by changes in the broader fundamentals of the United States economy. In the event that the United States economy contracts, it is likely that the financial results of small to mid-sized companies, like those in which we invest, could experience deterioration or limited growth from current levels, which could ultimately lead to difficulty in meeting their debt service requirements, to an increase in defaults on our debt investments or in realized losses on our investments and to difficulty in maintaining historical dividend payment rates and unrealized appreciation on our equity investments. Consequently, we can provide no assurance that the performance of certain portfolio companies will not be negatively impacted by economic cycles or other conditions, which could also have a negative impact on our future results.

DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS

Comparison of the three months ended March 31, 2019 and March 31, 2018

	Three Months Ended		Net Change	
	March 31,		Amount	%
	2019	2018		
	(dollars in thousands)			
Total investment income	\$ 61,365	\$ 55,942	\$ 5,423	10%
Total expenses	(21,874)	(18,967)	(2,907)	15%
Net investment income	39,491	36,975	2,516	7%
Net realized gain (loss) from investments	(5,733)	7,460	(13,193)	
Net realized loss on extinguishment of debt	(5,689)	(1,374)	(4,315)	
Net unrealized appreciation (depreciation) from:				
Portfolio investments	11,224	(10,882)	22,106	
SBIC debentures	5,177	1,359	3,818	
Total net unrealized appreciation (depreciation)	16,401	(9,523)	25,924	
Income tax benefit (provision)	(3,069)	979	(4,048)	
Net increase in net assets resulting from operations	\$ 41,401	\$ 34,517	\$ 6,884	20%

	Three Months Ended		Net Change	
	March 31,		Amount	%
	2019	2018		
	(dollars in thousands, except per share amounts)			
Net investment income	\$ 39,491	\$ 36,975	\$ 2,516	7%
Share-based compensation expense	2,329	2,303	26	1%
Distributable net investment income(a)	\$ 41,820	\$ 39,278	\$ 2,542	6%
Net investment income per share—				
Basic and diluted	\$ 0.64	\$ 0.63	\$ 0.01	2%
Distributable net investment income per share—				
Basic and diluted(a)	\$ 0.68	\$ 0.67	\$ 0.01	1%

- (a) Distributable net investment income is net investment income as determined in accordance with U.S. GAAP, excluding the impact of share-based compensation expense which is non-cash in nature. We believe presenting distributable net investment income and related per share amounts is useful and appropriate supplemental disclosure of information for analyzing our financial performance since share-based compensation does not require settlement in cash. However, distributable net investment income is a non-U.S. GAAP measure and should not be considered as a replacement to net investment income and other earnings measures presented in accordance with U.S. GAAP. Instead, distributable net investment income should be reviewed only in connection with such U.S. GAAP measures in analyzing our financial performance. A reconciliation of net investment income in accordance with U.S. GAAP to distributable net investment income is presented in the table above.

Investment Income

Total investment income for the three months ended March 31, 2019 was \$61.4 million, a 10% increase over the \$55.9 million of total investment income for the corresponding period of 2018. This comparable period increase was principally attributable to a \$7.7 million net increase in interest income

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primarily related to higher average levels of Investment Portfolio debt investments and an increase in the average effective yields, partially offset by (i) a \$1.3 million decrease in dividend income from Investment Portfolio equity investments and (ii) a \$1.0 million decrease in fee income. The \$5.4 million increase in total investment income in the three months ended March 31, 2019 is net of the negative impacts of (i) a decrease of \$4.5 million related to elevated dividend income activity from certain Investment Portfolio equity investments that is considered to be less consistent on a recurring basis or non-recurring and (ii) a decrease of \$1.3 million related to lower accelerated prepayment, repricing and other activity for certain Investment Portfolio debt investments, both when compared to the same period in 2018.

Expenses

Total expenses for the three months ended March 31, 2019 increased to \$21.9 million from \$19.0 million for the corresponding period of 2018. This comparable period increase in operating expenses was principally attributable to (i) a \$1.7 million increase in interest expense, primarily due to an increase in interest expense related to our multi-year revolving credit facility (the "Credit Facility") related to the higher average balance outstanding and the increase in market based floating interest rates, partially offset by a decrease in interest expense resulting from the redemption of the 6.125% Notes (as defined in "–Liquidity and Capital Resources–Capital Resources" below) in April 2018, (ii) a \$0.6 million increase in compensation expense primarily due to an increase of \$0.4 million in the fair value of our deferred compensation plan assets and (iii) a \$0.4 million decrease in the expenses allocated to the External Investment Manager primarily as a result of the non-recurring strategic activities at the External Investment Manager during the three months ended March 31, 2018 which did not occur during the three months ended March 31, 2019.

Net Investment Income

Net investment income for the three months ended March 31, 2019 increased 7% to \$39.5 million, or \$0.64 per share, compared to net investment income of \$37.0 million, or \$0.63 per share, for the corresponding period of 2018. The increase in net investment income was principally attributable to the increase in total investment income, partially offset by higher operating expenses both as discussed above.

Distributable Net Investment Income

Distributable net investment income for the three months ended March 31, 2019 increased 6% to \$41.8 million, or \$0.68 per share, compared with \$39.3 million, or \$0.67 per share, in the corresponding period of 2018. The increase in distributable net investment income was primarily due to the higher level of total investment income, partially offset by higher operating expenses both as discussed above. Distributable net investment income on a per share basis for the three months ended March 31, 2019 includes the impacts of (i) a decrease of approximately \$0.10 per share from the comparable period in 2018 attributable to the net effect of the lower dividend income activity that is considered less recurring or non-recurring and the decrease in the comparable levels of accelerated prepayment, repricing and other activity as discussed above, (ii) a decrease of \$0.01 per share due to the increase in the fair value of the deferred compensation plan assets as discussed above and (iii) a greater number of average shares outstanding compared to the corresponding period in 2018 primarily due to shares issued through the ATM Program (as defined in "–Liquidity and Capital Resources–Capital Resources" below), shares issued pursuant to our equity incentive plans and shares issued pursuant to our dividend reinvestment plan.

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Net Increase in Net Assets Resulting from Operations

The net increase in net assets resulting from operations for the three months ended March 31, 2019 was \$41.4 million, or \$0.67 per share, compared with \$34.5 million, or \$0.59 per share, during the three months ended March 31, 2018. This \$6.9 million improvement from the prior year was primarily the result of (i) a \$25.9 million improvement in net unrealized appreciation (depreciation) from portfolio investments and SBIC debentures, including the impact of accounting reversals relating to realized gains/income (losses) and (ii) a \$2.5 million increase in net investment income as discussed above, with these increases partially offset by (i) a \$13.2 million decrease in the net realized gain (loss) from investments, (ii) a \$4.3 million increase in the net realized loss on extinguishment of debt and (iii) a \$4.0 million increase in the income tax provision. The net realized loss from investments of \$5.7 million for the three months ended March 31, 2019 was primarily the result of (i) the net realized loss of \$7.0 million resulting from the partial exit of a Middle Market investment and (ii) the net realized loss of \$2.3 million resulting from the exit of two Private Loan investments, with these realized losses partially offset by a net realized gain of \$3.8 million resulting from the exit of a LMM investment.

The following table provides a summary of the total net unrealized appreciation of \$16.4 million for the three months ended March 31, 2019:

	Three Months Ended March 31, 2019				
	LMM(a)	Middle Market	Private Loan	Other	Total
	(dollars in millions)				
Accounting reversals of net unrealized (appreciation) depreciation recognized in prior periods due to net realized (gains / income) losses recognized during the current period	\$ (4.0)	\$ 4.0	\$ 0.9	\$ -	\$ 0.9
Net unrealized appreciation (depreciation) relating to portfolio investments	7.3	(7.4)	10.5	(0.1)(b)	10.3
Total net unrealized appreciation (depreciation) relating to portfolio investments	\$ 3.3	\$ (3.4)	\$ 11.4	\$ (0.1)	\$ 11.2
Unrealized appreciation relating to SBIC debentures(c)					5.2
Total net unrealized appreciation					\$16.4

- (a) LMM includes unrealized appreciation on 23 LMM portfolio investments and unrealized depreciation on 19 LMM portfolio investments.
- (b) Other includes \$0.6 million of net unrealized depreciation relating to the Other Portfolio partially offset by (i) \$0.4 million of unrealized appreciation relating to the Main Street Capital Corporation Deferred Compensation Plan (see "Note L-Related Party Transactions") and (ii) \$0.1 million of unrealized appreciation relating to the External Investment Manager.
- (c) Relates to unrealized appreciation on the SBIC debentures previously issued by MSC II which are accounted for on a fair value basis and is primarily related to accounting reversals of previously recognized unrealized depreciation recorded since the date of the MSC II acquisition on the debentures repaid during the three months ended March 31, 2019.

The income tax provision for the three months ended March 31, 2019 of \$3.1 million principally consisted of a deferred tax provision of \$2.4 million, which is primarily the result of the net activity relating to our portfolio investments held in our Taxable Subsidiaries, including changes in loss

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carryforwards, changes in net unrealized appreciation/depreciation and other temporary book-tax differences, and other current tax expense of \$0.7 million related to (i) other current tax expense of \$0.4 million related to accruals for current U.S. federal and state income taxes and (ii) a \$0.3 million accrual for excise tax on our estimated undistributed taxable income.

Liquidity and Capital Resources

Cash Flows

For the three months ended March 31, 2019, we experienced a net decrease in cash and cash equivalents in the amount of approximately \$6.8 million, which is the net result of approximately \$24.6 million of cash used in our operating activities and approximately \$17.7 million of cash provided by our financing activities.

The \$24.6 million of cash used in our operating activities resulted primarily from (i) cash flows we generated from the operating profits earned through our operating activities totaling \$38.3 million, which is our distributable net investment income, excluding the non-cash effects of the accretion of unearned income, payment-in-kind interest income, cumulative dividends and the amortization expense for deferred financing costs, (ii) cash uses totaling \$128.5 million for the funding of new portfolio company investments and settlement of accruals for portfolio investments existing as of December 31, 2018, (iii) cash proceeds totaling \$70.8 million from the sales and repayments of debt investments and sales of and return on capital of equity investments and (iv) cash uses of \$5.2 million related to changes in other assets and liabilities.

The \$17.7 million of cash provided by our financing activities principally consisted of (i) \$39.0 million in net cash proceeds from the Credit Facility and (ii) \$35.4 million in net cash proceeds from the ATM Program (described below), partially offset by (i) \$32.4 million in cash dividends paid to stockholders, (ii) \$24.0 million in repayment of SBIC debentures and (iii) \$0.3 million for payment of deferred debt issuance costs, SBIC debenture fees and other costs.

Capital Resources

As of March 31, 2019, we had \$47.4 million in cash and cash equivalents and \$365.0 million of unused capacity under the Credit Facility, which we maintain to support our investment and operating activities. As of March 31, 2019, our net asset value totaled \$1,522.5 million, or \$24.41 per share.

The Credit Facility, which provides additional liquidity to support our investment and operational activities, provides for total commitments of \$705.0 million from a diversified group of eighteen lenders. The Credit Facility matures in September 2023 and contains an accordion feature which allows us to increase the total commitments under the facility to up to \$800.0 million from new and existing lenders on the same terms and conditions as the existing commitments.

Borrowings under the Credit Facility bear interest, subject to our election, on a per annum basis at a rate equal to the applicable LIBOR rate (2.5% as of March 31, 2019) plus (i) 1.875% (or the applicable base rate (Prime Rate of 5.5% as of March 31, 2019) plus 0.875%) as long as we meet certain agreed upon excess collateral and maximum leverage requirements or (ii) 2.0% (or the applicable base rate plus 1.0%) otherwise. We pay unused commitment fees of 0.25% per annum on the unused lender commitments under the Credit Facility. The Credit Facility is secured by a first lien on the assets of MSCC and its subsidiaries, excluding the equity ownership or assets of the Funds and the External Investment Manager. The Credit Facility contains certain affirmative and negative covenants, including but not limited to: (i) maintaining a minimum availability of at least 10% of the borrowing base, (ii) maintaining an interest coverage ratio of at least 2.0 to 1.0, (iii) maintaining an asset coverage ratio (tangible net worth to Credit Facility borrowings) of at least 1.5 to 1.0 and (iv) maintaining a minimum tangible net worth. The Credit Facility is provided on a revolving basis

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through its final maturity date in September 2023, and contains two, one-year extension options which could extend the final maturity by up to two years, subject to certain conditions, including lender approval. As of March 31, 2019, we had \$340.0 million in borrowings outstanding under the Credit Facility, the interest rate on the Credit Facility was 4.4% and we were in compliance with all financial covenants of the Credit Facility.

Through the Funds, we have the ability to issue SBIC debentures guaranteed by the SBA at favorable interest rates and favorable terms and conditions. Under existing SBIC regulations, SBA approved SBICs under common control have the ability to issue debentures guaranteed by the SBA up to a regulatory maximum amount of \$350.0 million. Through the Funds, we have an effective maximum amount of \$347.0 million as a result of certain voluntary prepayments of SBIC debentures under historical commitments from the SBA. During the three months ended March 31, 2019, Main Street received a \$25.0 million commitment from the SBA in order to issue new SBIC debentures in the future and opportunistically prepaid \$24.0 million of existing SBIC debentures that were scheduled to mature over the next year as part of an effort to manage the maturity dates of the oldest SBIC debentures. Debentures guaranteed by the SBA have fixed interest rates that equal prevailing 10-year Treasury Note rates plus a market spread and have a maturity of ten years with interest payable semiannually. The principal amount of the debentures is not required to be paid before maturity, but may be pre-paid at any time with no prepayment penalty. We expect to issue new SBIC debentures under the SBIC program in the future in an amount up to the regulatory maximum amount for affiliated SBIC funds. As of March 31, 2019, through our three wholly owned SBICs, we had \$321.8 million of outstanding SBIC debentures guaranteed by the SBA, which bear a weighted-average annual fixed interest rate of approximately 3.6%, paid semiannually, and mature ten years from issuance. The first maturity related to our SBIC debentures occurs in 2020, and the weighted-average remaining duration is approximately 5.7 years as of March 31, 2019.

In April 2013, we issued \$92.0 million, including the underwriters' full exercise of their over-allotment option, in aggregate principal amount of the 6.125% Notes (the "6.125% Notes"). The 6.125% Notes bore interest at a rate of 6.125% per year payable quarterly on January 1, April 1, July 1 and October 1 of each year. The total net proceeds to us from the 6.125% Notes, after underwriting discounts and estimated offering expenses payable, were approximately \$89.0 million. On April 2, 2018, we redeemed the entire principal amount of the issued and outstanding 6.125% Notes effective April 1, 2018 (the "Redemption Date"). The 6.125% Notes were redeemed at par value, plus the accrued and unpaid interest thereon from January 1, 2018, through, but excluding, the Redemption Date. As part of the redemption, we recognized a realized loss on extinguishment of debt of \$1.5 million in the second quarter of 2018 related to the write-off of the related unamortized deferred financing costs.

In November 2014, we issued \$175.0 million in aggregate principal amount of 4.50% unsecured notes due 2019 (the "4.50% Notes due 2019") at an issue price of 99.53%. The 4.50% Notes due 2019 are unsecured obligations and rank pari passu with our current and future unsecured indebtedness; senior to any of our future indebtedness that expressly provides it is subordinated to the 4.50% Notes due 2019; effectively subordinated to all of our existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness, including borrowings under our Credit Facility; and structurally subordinated to all existing and future indebtedness and other obligations of any of our subsidiaries, including without limitation, the indebtedness of the Funds. The 4.50% Notes due 2019 mature on December 1, 2019, and may be redeemed in whole or in part at any time at our option subject to certain make-whole provisions. The 4.50% Notes due 2019 bear interest at a rate of 4.50% per year payable semiannually on June 1 and December 1 of each year. We may from time to time repurchase 4.50% Notes due 2019 in accordance with the 1940 Act and the rules promulgated thereunder. As of March 31, 2019, the outstanding balance of the 4.50% Notes due 2019 was \$175.0 million.

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The indenture governing the 4.50% Notes due 2019 (the "4.50% Notes due 2019 Indenture") contains certain covenants, including covenants requiring our compliance with (regardless of whether we are subject to) the asset coverage requirements set forth in Section 18(a)(1)(A) as modified by Section 61(a)(1) of the 1940 Act, as well as covenants requiring us to provide financial information to the holders of the 4.50% Notes due 2019 and the Trustee if we cease to be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These covenants are subject to limitations and exceptions that are described in the 4.50% Notes due 2019 Indenture.

In November 2017, we issued \$185.0 million in aggregate principal amount of 4.50% unsecured notes due 2022 (the "4.50% Notes due 2022") at an issue price of 99.16%. The 4.50% Notes due 2022 are unsecured obligations and rank pari passu with our current and future unsecured indebtedness; senior to any of our future indebtedness that expressly provides it is subordinated to the 4.50% Notes due 2022; effectively subordinated to all of our existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness, including borrowings under our Credit Facility; and structurally subordinated to all existing and future indebtedness and other obligations of any of our subsidiaries, including without limitation, the indebtedness of the Funds. The 4.50% Notes due 2022 mature on December 1, 2022, and may be redeemed in whole or in part at any time at our option subject to certain make-whole provisions. The 4.50% Notes due 2022 bear interest at a rate of 4.50% per year payable semiannually on June 1 and December 1 of each year. We may from time to time repurchase 4.50% Notes due 2022 in accordance with the 1940 Act and the rules promulgated thereunder. As of March 31, 2019, the outstanding balance of the 4.50% Notes due 2022 was \$185.0 million.

The indenture governing the 4.50% Notes due 2022 (the "4.50% Notes due 2022 Indenture") contains certain covenants, including covenants requiring our compliance with (regardless of whether we are subject to) the asset coverage requirements set forth in Section 18(a)(1)(A) as modified by Section 61(a)(1) of the 1940 Act, as well as covenants requiring us to provide financial information to the holders of the 4.50% Notes due 2022 and the Trustee if we cease to be subject to the reporting requirements of the Exchange Act. These covenants are subject to limitations and exceptions that are described in the 4.50% Notes due 2022 Indenture.

We maintain a program with certain selling agents through which we can sell shares of our common stock by means of at-the-market offerings from time to time (the "ATM Program"). During the three months ended March 31, 2019, we sold 957,999 shares of our common stock at a weighted-average price of \$37.36 per share and raised \$35.8 million of gross proceeds under the ATM Program. Net proceeds were \$35.3 million after commissions to the selling agents on shares sold and offering costs. As of March 31, 2019, sales transactions representing 28,882 shares had not settled and are not included in shares issued and outstanding on the face of the consolidated balance sheet but are included in the weighted-average shares outstanding in the consolidated statement of operations and in the shares used to calculate net asset value per share. As of March 31, 2019, 2,036,470 shares remained available for sale under the ATM Program.

During the year ended December 31, 2018, we sold 2,060,019 shares of our common stock at a weighted-average price of \$38.48 per share and raised \$79.3 million of gross proceeds under the ATM Program. Net proceeds were \$78.0 million after commissions to the selling agents on shares sold and offering costs.

We anticipate that we will continue to fund our investment activities through existing cash and cash equivalents, cash flows generated through our ongoing operating activities, utilization of available borrowings under our Credit Facility, and a combination of future issuances of debt and equity capital. Our primary uses of funds will be investments in portfolio companies, operating expenses and cash distributions to holders of our common stock.

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We periodically invest excess cash balances into marketable securities and idle funds investments. The primary investment objective of marketable securities and idle funds investments is to generate incremental cash returns on excess cash balances prior to utilizing those funds for investment in our LMM, Middle Market and Private Loan portfolio investments. Marketable securities and idle funds investments generally consist of debt investments, independently rated debt investments, certificates of deposit with financial institutions, diversified bond funds and publicly traded debt and equity investments.

If our common stock trades below our net asset value per share, we will generally not be able to issue additional common stock at the market price unless our stockholders approve such a sale and our Board of Directors makes certain determinations. We did not seek stockholder authorization to sell shares of our common stock below the then current net asset value per share of our common stock at our 2019 annual meeting of stockholders because our common stock price per share had been trading significantly above the net asset value per share of our common stock since 2011. We would therefore need future approval from our stockholders to issue shares below the then current net asset value per share.

In order to satisfy the Code requirements applicable to a RIC, we intend to distribute to our stockholders, after consideration and application of our ability under the Code to carry forward certain excess undistributed taxable income from one tax year into the next tax year, substantially all of our taxable income. In addition, as a BDC, we generally are required to meet a coverage ratio of total assets to total senior securities, which include borrowings and any preferred stock we may issue in the future, of at least 200% (or 150% if certain requirements are met). This requirement limits the amount that we may borrow. In January 2008, we received an exemptive order from the SEC to exclude SBA-guaranteed debt securities issued by MSMF and any other wholly owned subsidiaries of ours which operate as SBICs from the asset coverage requirements of the 1940 Act as applicable to us, which, in turn, enables us to fund more investments with debt capital.

Although we have been able to secure access to additional liquidity, including through the Credit Facility, public debt issuances, leverage available through the SBIC program and equity offerings, there is no assurance that debt or equity capital will be available to us in the future on favorable terms, or at all.

Recently Issued or Adopted Accounting Standards

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 supersedes the revenue recognition requirements under ASC 605, *Revenue Recognition*, and most industry-specific guidance throughout the Industry Topics of the ASC. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. Under the guidance, an entity is required to perform the following five steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the entity satisfies a performance obligation. The guidance will significantly enhance comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets. Additionally, the guidance requires improved disclosures as to the nature, amount, timing and uncertainty of revenue that is recognized. In March 2016, the FASB issued ASU 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*, which clarified the implementation guidance on principal versus agent considerations. In April 2016, the FASB issued ASU 2016-10, *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing*, which clarified the implementation guidance regarding performance obligations and licensing arrangements. In May 2016, the FASB issued ASU No. 2016-12, *Revenue from Contracts with*

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Customers (Topic 606)–Narrow-Scope Improvements and Practical Expedients, which clarified guidance on assessing collectability, presenting sales tax, measuring noncash consideration, and certain transition matters. In December 2016, the FASB issued ASU No. 2016-20, *Revenue from Contracts with Customers (Topic 606)–Technical Corrections and Improvements*, which provided disclosure relief, and clarified the scope and application of the new revenue standard and related cost guidance. The guidance is effective for the annual reporting period beginning after December 15, 2017, including interim periods within that reporting period. Substantially all of our income is not within the scope of ASU 2014-09. For those income items that are within the scope (primarily fee income), we have similar performance obligations as compared with deliverables and separate units of account previously identified. As a result, our timing of income recognition remains the same and the adoption of the standard was not material.

In February 2016, the FASB issued ASU 2016-02, *Leases*, which requires lessees to recognize on the balance sheet a right-of-use asset, representing its right to use the underlying asset for the lease term, and a lease liability for all leases with terms greater than 12 months. The guidance also requires qualitative and quantitative disclosures designed to assess the amount, timing, and uncertainty of cash flows arising from leases. The standard requires the use of a modified retrospective transition approach, which includes a number of optional practical expedients that entities may elect to apply. The guidance is effective for annual periods beginning after December 15, 2018, and interim periods therein. We adopted ASU 2016-02 effective January 1, 2019. Under ASC 842, we evaluate leases to determine if the leases are considered financing or operating leases. We currently have one operating lease for office space for which we have recorded a right-of-use asset and lease liability for the operating lease obligation. Non-lease components (maintenance, property tax, insurance and parking) are not included in the lease cost. The lease expense is presented as a single lease cost that is amortized on a straight-line basis over the life of the lease. See further discussion regarding the lease obligation in Note K in the notes to the consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230)*, which is intended to reduce the existing diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The guidance is effective for annual periods beginning after December 15, 2017, and interim periods therein. We adopted ASU 2016-15 during the three months ended March 31, 2019. The impact of the adoption of this accounting standard on our consolidated financial statements was not material.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820)*, which is intended to improve fair value and defined benefit disclosure requirements by removing disclosures that are not cost-beneficial, clarifying disclosures' specific requirements, and adding relevant disclosure requirements. The amendments take effect for all organizations for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted. We elected to early adopt ASU 2018-13 during the year ended December 31, 2018. No significant changes to our fair value disclosures were necessary in the notes to the consolidated financial statements in order to comply with ASU 2018-13.

In August 2018, the SEC adopted rules (the "SEC Release") amending certain disclosure requirements intended to eliminate redundant, duplicative, overlapping, outdated or superseded, in light of other SEC disclosure requirements, U.S. GAAP requirements or changes in the information environment. In part, the SEC Release requires an investment company to present distributable earnings in total on the consolidated balance sheet and consolidated statement of changes in net assets, rather than showing the three components of distributable earnings as previously shown. We adopted this part of the SEC Release during the year ended December 31, 2018. The impact of the adoption of these rules on our consolidated financial statements was not material. Additionally, the SEC Release requires disclosure of changes in net assets within a registrant's Form 10-Q filing on a quarter-to-date and year-to-date basis for both the current year and prior year comparative periods. We adopted the new requirement to present changes in net assets in interim financial statements within Form 10-Q

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filings during the three months ended March 31, 2019. The adoption of these rules did not have a material impact on the consolidated financial statements.

From time to time, new accounting pronouncements are issued by the FASB or other standards setting bodies that are adopted by us as of the specified effective date. We believe that the impact of recently issued standards and any that are not yet effective will not have a material impact on our consolidated financial statements upon adoption.

Inflation

Inflation has not had a significant effect on our results of operations in any of the reporting periods presented herein. However, our portfolio companies have experienced, and may in the future experience, the impacts of inflation on their operating results, including periodic escalations in their costs for labor, raw materials and third-party services and required energy consumption.

Off-Balance Sheet Arrangements

We may be a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financial needs of our portfolio companies. These instruments include commitments to extend credit and fund equity capital and involve, to varying degrees, elements of liquidity and credit risk in excess of the amount recognized in the balance sheet. At March 31, 2019, we had a total of \$114.0 million in outstanding commitments comprised of (i) 33 investments with commitments to fund revolving loans that had not been fully drawn or term loans with additional commitments not yet funded and (ii) 9 investments with equity capital commitments that had not been fully called.

Contractual Obligations

As of March 31, 2019, the future fixed commitments for cash payments in connection with our SBIC debentures, the 4.50% Notes due 2019, the 4.50% Notes due 2022 and rent obligations under our office lease for each of the next five years and thereafter are as follows:

	2019	2020	2021	2022	2023	Thereafter	Total
SBIC debentures	\$ -	\$ 47,000	\$ 40,000	\$ 5,000	\$ 16,000	\$ 213,800	\$ 321,800
Interest due on SBIC debentures	5,890	11,504	9,260	8,248	7,868	23,317	66,087
4.50% Notes due 2019	175,000	-	-	-	-	-	175,000
Interest due on 4.50% Notes due 2019	7,875	-	-	-	-	-	7,875
4.50% Notes due 2022	-	-	-	185,000	-	-	185,000
Interest due on 4.50% Notes due 2022	8,325	8,325	8,325	8,325	-	-	33,300
Operating Lease Obligation(1)	562	762	776	790	804	3,429	7,123
Total	\$ 197,652	\$ 67,591	\$ 58,361	\$ 207,363	\$ 24,672	\$ 240,546	\$ 796,185

- (1) Operating Lease Obligation means a rent payment obligation under a lease classified as an operating lease and disclosed pursuant to FASB ASC 842, as may be modified or supplemented.

As of March 31, 2019, we had \$340.0 million in borrowings outstanding under our Credit Facility, and the Credit Facility is currently scheduled to mature in September 2023. The Credit Facility contains two, one-year extension options which could extend the maturity to September 2025, subject to lender approval. See further discussion of the Credit Facility terms in "Liquidity and Capital Resources–Capital Resources."

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Related Party Transactions

As discussed further above, the External Investment Manager is treated as a wholly owned portfolio company of MSCC and is included as part of our Investment Portfolio. At March 31, 2019, we had a receivable of approximately \$3.0 million due from the External Investment Manager which included approximately \$2.0 million primarily related to operating expenses incurred by us as required to support the External Investment Manager's business and amounts due from the External Investment Manager to Main Street under a tax sharing agreement (see further discussion above in "-Critical Accounting Policies-Income Taxes") and approximately \$1.0 million of dividends declared but not paid by the External Investment Manager.

In November 2015, our Board of Directors approved and adopted the Main Street Capital Corporation Deferred Compensation Plan (the "2015 Deferred Compensation Plan"). The 2015 Deferred Compensation Plan became effective on January 1, 2016 and replaced the Deferred Compensation Plan for Non-Employee Directors previously adopted by the Board of Directors in June 2013 (the "2013 Deferred Compensation Plan"). Under the 2015 Deferred Compensation Plan, non-employee directors and certain key employees may defer receipt of some or all of their cash compensation and directors' fees, subject to certain limitations. Individuals participating in the 2015 Deferred Compensation Plan receive distributions of their respective balances based on predetermined payout schedules or other events as defined by the plan and are also able to direct investments made on their behalf among investment alternatives permitted from time to time under the plan, including phantom Main Street stock units. As of March 31, 2019, \$6.7 million of compensation and directors' fees had been deferred under the 2015 Deferred Compensation Plan (including amounts previously deferred under the 2013 Deferred Compensation Plan). Of this amount, \$3.3 million was deferred into phantom Main Street stock units, representing 97,344 shares of our common stock. Including phantom stock units issued through dividend reinvestment and net of any shares distributed, the phantom stock units outstanding as of March 31, 2019 represented 121,368 shares of our common stock. Any amounts deferred under the plan represented by phantom Main Street stock units will not be issued or included as outstanding on the consolidated statements of changes in net assets until such shares are actually distributed to the participant in accordance with the plan, but are included in operating expenses and weighted-average shares outstanding in our consolidated statements of operations as earned.

Recent Developments

In April 2019, we issued \$250.0 million in aggregate principal amount of 5.20% unsecured notes due 2024 (the "5.20% Notes") at an issue price of 99.125%. The 5.20% Notes mature on May 1, 2024, and may be redeemed in whole or in part at any time at our option subject to certain make-whole provisions. The 5.20% Notes bear interest from April 23, 2019 at a rate of 5.20% per year payable semi-annually on May 1 and November 1 of each year, beginning November 1, 2019. The total net proceeds to us from the 5.20% Notes, resulting from the issue price and after underwriting discounts and estimated offering expenses payable by us, were approximately \$245.8 million.

In April 2019, we declared a semi-annual supplemental cash dividend of \$0.25 per share payable in June 2019. This supplemental cash dividend is in addition to the previously announced regular monthly cash dividends that we declared for the second quarter of 2019 of \$0.20 per share for each of April, May and June 2019.

During May 2019, we declared regular monthly dividends of \$0.205 per share for each month of July, August and September of 2019. These regular monthly dividends equal a total of \$0.615 per share for the third quarter of 2019 and represent a 7.9% increase from the regular monthly dividends declared for the third quarter of 2018. Including the semi-annual supplemental dividend declared for June 2019 and the regular monthly dividends declared for the second and third quarters of 2019, we will have paid \$26.285 per share in cumulative dividends since our October 2007 initial public offering.

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Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are subject to financial market risks, including changes in interest rates. Changes in interest rates may affect both our cost of funding and our interest income from portfolio investments. Our risk management systems and procedures are designed to identify and analyze our risk, to set appropriate policies and limits and to continually monitor these risks. Our investment income will be affected by changes in various interest rates, including LIBOR and prime rates, to the extent that any debt investments include floating interest rates. The majority of our debt investments are made with either fixed interest rates or floating rates that are subject to contractual minimum interest rates for the term of the investment. As of March 31, 2019, approximately 72% of our debt investment portfolio (at cost) bore interest at floating rates, 90% of which were subject to contractual minimum interest rates. Our interest expense will be affected by changes in the published LIBOR rate in connection with our Credit Facility; however, the interest rates on our outstanding SBIC debentures, 4.50% Notes due 2019 and 4.50% Notes due 2022, which comprise the majority of our outstanding debt, are fixed for the life of such debt. As of March 31, 2019, we had not entered into any interest rate hedging arrangements. The following table shows the approximate annualized increase or decrease in the components of net investment income due to hypothetical base rate changes in interest rates, assuming no changes in our investments and borrowings as of March 31, 2019.

<u>Basis Point Change</u>	Increase (Decrease) in Interest Income	(Increase) Decrease in Interest Expense	Increase (Decrease) in Net Investment Income	Increase (Decrease) in Net Investment Income per Share
(dollars in thousands)				
(50)	\$ (6,588)	\$ 1,700	\$ (4,888)	\$ (0.08)
(25)	(3,304)	850	(2,454)	(0.04)
25	3,304	(850)	2,454	0.04
50	6,607	(1,700)	4,907	0.08
100	13,214	(3,400)	9,814	0.16
200	26,429	(6,800)	19,629	0.31
300	39,643	(10,200)	29,443	0.47
400	52,858	(13,600)	39,258	0.63

The hypothetical results would also be impacted by the changes in the amount of debt outstanding under our Credit Facility (with an increase (decrease) in the debt outstanding under the Credit Facility resulting in an (increase) decrease in the hypothetical interest expense).

Item 4. Controls and Procedures

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer, President, Chief Financial Officer, Chief Compliance Officer and Chief Accounting Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15 of the Exchange Act). Based on that evaluation, our Chief Executive Officer, President, Chief Financial Officer, Chief Compliance Officer and Chief Accounting Officer have concluded that our current disclosure controls and procedures are effective in timely alerting them of material information relating to us that is required to be disclosed in the reports we file or submit under the Exchange Act. There have been no changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. *Legal Proceedings*

We may, from time to time, be involved in litigation arising out of our operations in the normal course of business or otherwise. Furthermore, third parties may seek to impose liability on us in connection with the activities of our portfolio companies. While the outcome of any current legal proceedings cannot at this time be predicted with certainty, we do not expect any current matters will materially affect our financial condition or results of operations; however, there can be no assurance whether any pending legal proceedings will have a material adverse effect on our financial condition or results of operations in any future reporting period.

Item 1A. *Risk Factors*

There have been no material changes to the risk factors as previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2018 that we filed with the SEC on March 1, 2019.

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

During the three months ended March 31, 2019, we issued 96,189 shares of our common stock under our dividend reinvestment plan. These issuances were not subject to the registration requirements of the Securities Act of 1933, as amended. The aggregate value of the shares of common stock issued during the three months ended March 31, 2019 under the dividend reinvestment plan was approximately \$3.6 million.

Item 6. *Exhibits*

Listed below are the exhibits which are filed as part of this report (according to the number assigned to them in Item 601 of Regulation S-K):

Exhibit Number	Description of Exhibit
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
32.1	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).
32.2	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).

SIGNATURES

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

Main Street Capital Corporation

Date: May 10, 2019	<hr/> <p>/s/ DWAYNE L. HYZAK Dwayne L. Hyzak <i>Chief Executive Officer</i> <i>(principal executive officer)</i></p>
Date: May 10, 2019	<hr/> <p>/s/ BRENT D. SMITH Brent D. Smith <i>Chief Financial Officer and Treasurer</i> <i>(principal financial officer)</i></p>
Date: May 10, 2019	<hr/> <p>/s/ SHANNON D. MARTIN Shannon D. Martin <i>Vice President and Chief Accounting Officer</i> <i>(principal accounting officer)</i></p>

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Exhibit 31.1

I, Dwayne L. Hyzak, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarterly period ended March 31, 2019 of Main Street Capital Corporation (the "registrant");
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 directors (or persons performing the equivalent functions):

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

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

Dated this May 10, 2019.

/s/ DWAYNE L. HYZAK

By: Dwayne L. Hyzak

Chief Executive Officer

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Exhibit 31.2

I, Brent D. Smith, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarterly period ended March 31, 2019 of Main Street Capital Corporation (the "registrant");
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 directors (or persons performing the equivalent functions):

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

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

Dated this May 10, 2019.

/s/ BRENT D. SMITH

By: Brent D. Smith

Chief Financial Officer and Treasurer

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Exhibit 32.1

Certification of Chief Executive Officer

Pursuant to

Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)

In connection with the Quarterly Report of Main Street Capital Corporation (the "Registrant") on Form 10-Q for the quarter ended March 31, 2019 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I, Dwayne L. Hyzak, the Chief Executive Officer of the Registrant, hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ DWAYNE L. HYZAK

Name: Dwayne L. Hyzak

Date: May 10, 2019

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[Exhibit 32.1](#)

[Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 \(18 U.S.C. 1350\)](#)

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Exhibit 32.2

Certification of Chief Financial Officer

Pursuant to

Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)

In connection with the Quarterly Report of Main Street Capital Corporation (the "Registrant") on Form 10-Q for the quarter ended March 31, 2019 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I, Brent D. Smith, the Chief Financial Officer of the Registrant, hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ BRENT D. SMITH

Name: Brent D. Smith

Date: May 10, 2019

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[Exhibit 32.2](#)

[Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 \(18 U.S.C. 1350\)](#)