UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended September 30, 2024

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

For the transition period from to

Commission File No. 814-00735

Portman Ridge Finance Corporation
(Exact name of Registrant as specified in its charter)

Delaware	**20-5951150**
(State or other jurisdiction of Incorporation or organization)	**(I.R.S. Employer Identification Number)**

650 Madison Avenue, 3rd Floor
New York, New York 10022
(Address of principal executive offices)

(212) 891-2880
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	PTMN	The NASDAQ Global Select Market

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See 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 7(a)(2)(B) of the Securities Act. ☐

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

The number of outstanding shares of common stock of the registrant as of November 1, 2024 was 9,212,979.

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NOTE ABOUT REFERENCES TO PORTMAN RIDGE FINANCE CORPORATION

In this Quarterly Report on Form 10-Q, the "Company", "Portman Ridge", "we", "us" and "our" refer to Portman Ridge Finance Corporation and its wholly-owned subsidiaries, unless the context otherwise requires.

NOTE ABOUT FORWARD-LOOKING STATEMENTS

The information contained in this item should be read in conjunction with our consolidated financial statements and notes thereto appearing elsewhere in this Quarterly Report and in conjunction with the financial statements and notes thereto in the Company's Form 10-K for the year ended December 31, 2023, as filed with the U.S. Securities and Exchange Commission (the "Commission" or the "SEC"). In addition, some of the statements in this report constitute forward-looking statements. The matters discussed in this Quarterly Report, as well as in future oral and written statements by management of Portman Ridge Finance Corporation, that are forward-looking statements are based on current management expectations that involve substantial risks and uncertainties which could cause actual results to differ materially from the results expressed in, or implied by, these forward-looking statements. Forward-looking statements relate to future events or our future financial performance. We generally identify forward-looking statements by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "outlook, "believes," "estimates," "predicts," "potential" or "continue" or the negative of these terms or other similar words. Important assumptions include our ability to originate new investments, achieve certain margins and levels of profitability, the availability of additional capital, and the ability to maintain certain debt to asset ratios. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this Quarterly Report should not be regarded as a representation by us that our plans or objectives will be achieved. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond our control and difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements, including without limitation:

- our future operating results;
- our business prospects and the prospects of our existing and prospective portfolio companies;
- the return or impact of current and future investments;
- our contractual arrangements and other relationships with third parties;
- the dependence of our future success on the general economy and its impact on the industries in which we invest;
- the financial condition and ability of our existing and prospective portfolio companies to achieve their objectives;
- our expected financings and investments;
- our ability to operate as a business development company ("BDC") under the Investment Company Act of 1940 and a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, including the impact of changes in laws or regulations governing our operations or the operations of our portfolio companies;
- the adequacy of our available liquidity, cash resources and working capital;
- the timing of cash flows, if any, from the operations of our portfolio companies;
- the ability of Sierra Crest Investment Management LLC (the "Adviser") to locate suitable investments for us to monitor and administer our investments;
- the ability of the Adviser to attract and retain highly talented professionals;
- actual and potential conflicts of interest with the Adviser and its affiliates;
- the effect of legal, tax, and regulatory changes on us and our portfolio companies;
- the impact of a protracted decline in the liquidity of credit markets on our business;
- the impact of fluctuations in interest rates on our business;
- the valuation of our investments in portfolio companies, particularly those having no liquid trading market;
- our ability to recover unrealized losses;
- market conditions and our ability to access additional capital;
- an economic downturn could have a material adverse effect on our portfolio companies' results of operations and financial condition, which could lead to a loss on some or all of our investments in such portfolio companies and have a material adverse effect on our results of operations and financial condition; and
- the timing, form and amount of any dividend distributions.

For a more detailed discussion of factors that could cause our actual results to differ from forward-looking statements contained in this Quarterly Report, please see the discussion in Part II, "Item 1A. Risk Factors" of this Quarterly Report, and in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023. You should not place undue reliance on these forward-looking statements. The forward-looking statements made in this Quarterly Report relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statement to reflect events or circumstances occurring after the date this Quarterly Report is filed with the SEC.

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

PORTMAN RIDGE FINANCE CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)

	September 30, 2024 (Unaudited)		December 31, 2023	
ASSETS				
Investments at fair value:				
Non-controlled/non-affiliated investments (amortized cost of $391,156 and $426,630, respectively)	$	357,459	$	398,325
Non-controlled affiliated investments (amortized cost of $61,805 and $55,611, respectively)		58,507		55,222
Controlled affiliated investments (amortized cost of $49,818 and $58,041, respectively)		13,012		14,318
Total Investments at fair value (amortized cost of $502,779 and $540,282, respectively)	$	428,978	$	467,865
Cash and cash equivalents		13,736		26,912
Restricted cash		13,039		44,652
Interest receivable		5,544		5,162
Receivable for unsettled trades		—		573
Due from affiliates		1,518		1,534
Other assets		857		2,541
Total Assets	$	463,672	$	549,239
LIABILITIES				
2018-2 Secured Notes (net of original issue discount of $— and $712, respectively)	$	—	$	124,971
4.875% Notes Due 2026 (net of deferred financing costs and original issue discount of $1,208 and $1,786, respectively)		106,792		106,214
Great Lakes Portman Ridge Funding LLC Revolving Credit Facility (net of deferred financing costs of $1,352 and $775, respectively)		158,126		91,225
Payable for unsettled trades		—		520
Accounts payable, accrued expenses and other liabilities		2,242		4,252
Accrued interest payable		4,659		3,928
Due to affiliates		1,029		458
Management and incentive fees payable		2,842		4,153
Total Liabilities	$	275,690	$	335,721
COMMITMENTS AND CONTINGENCIES (NOTE 8)				
NET ASSETS				
Common stock, par value $0.01 per share, 20,000,000 common shares authorized; 9,955,873 issued, and 9,231,454 outstanding at September 30, 2024, and 9,943,385 issued, and 9,383,132 outstanding at December 31, 2023	$	92	$	94
Capital in excess of par value		714,933		717,835
Total distributable (loss) earnings		(527,043)		(504,411)
Total Net Assets	$	187,982	$	213,518
Total Liabilities and Net Assets	$	463,672	$	549,239
Net Asset Value Per Common Share	$	20.36	$	22.76

See accompanying notes to unaudited consolidated financial statements.

PORTMAN RIDGE FINANCE CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share amounts)
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
INVESTMENT INCOME				
Interest income:				
Non-controlled/non-affiliated investments	$ 11,357	$ 13,283	$ 35,891	$ 42,915
Non-controlled affiliated investments	356	631	763	2,106
Total interest income	11,713	13,914	36,654	45,021
Payment-in-kind income:				
Non-controlled/non-affiliated investments[1]	1,343	2,308	5,255	4,694
Non-controlled affiliated investments	209	113	504	293
Total payment-in-kind income	1,552	2,421	5,759	4,987
Dividend income:				
Non-controlled affiliated investments	1,669	1,429	5,122	4,677
Controlled affiliated investments	—	644	—	2,184
Total dividend income	1,669	2,073	5,122	6,861
Fees and other income:				
Non-controlled/non-affiliated investments	243	166	505	1,644
Non-controlled affiliated investments	—	—	—	14
Total fees and other income	243	166	505	1,658
Total investment income	15,177	18,574	48,040	58,527
EXPENSES				
Management fees	1,611	1,844	5,020	5,666
Performance-based incentive fees	1,230	1,519	3,838	5,007
Interest and amortization of debt issuance costs	5,120	6,343	16,210	19,047
Professional fees	283	502	1,357	1,473
Administrative services expense	596	617	1,313	1,947
Directors' expense	143	138	466	469
Other general and administrative expenses	392	445	1,331	1,308
Total expenses	9,375	11,408	29,535	34,917
NET INVESTMENT INCOME	5,802	7,166	18,505	23,610
REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS				
Net realized gains (losses) from investment transactions:				
Non-controlled/non-affiliated investments	(11,419)	(2,361)	(13,754)	(10,713)
Non-controlled affiliated investments	—	725	—	(399)
Controlled affiliated investments	—	—	(6,644)	(80)
Net realized gain (loss) on investments	(11,419)	(1,636)	(20,398)	(11,192)
Net change in unrealized appreciation (depreciation) on:				
Non-controlled/non-affiliated investments	5,430	4,219	(5,392)	(4,316)
Non-controlled affiliated investments	(994)	(1,117)	(2,909)	(662)
Controlled affiliated investments	75	(1,394)	6,917	(3,450)
Net change in unrealized gain (loss) on investments	4,511	1,708	(1,384)	(8,428)
Tax (provision) benefit on realized and unrealized gains (losses) on investments	—	264	537	671
Net realized and unrealized appreciation (depreciation) on investments, net of taxes	(6,908)	336	(21,245)	(18,949)
Net realized gain (loss) on extinguishment of debt	(403)	(57)	(655)	(275)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	$ (1,509)	$ 7,445	$ (3,395)	$ 4,386
Net Increase (Decrease) In Net Assets Resulting from Operations per Common Share:				
Basic and Diluted:	$ (0.16)	$ 0.78	$ (0.37)	$ 0.46
Net Investment Income Per Common Share:				
Basic and Diluted:	$ 0.63	$ 0.75	$ 1.99	$ 2.48
Weighted Average Shares of Common Stock Outstanding — Basic and Diluted	9,244,033	9,505,172	9,295,008	9,533,835

(1) During the three months ended September 30, 2024 and 2023, the Company received $— and $0.1 million, respectively, of non-recurring fee income that was paid in-kind and included in this financial statement line item. During the nine months ended September 30, 2024 and 2023, the Company received $0.1 million and $0.6 million, respectively, of non-recurring fee income that was paid in-kind and included in this financial statement line item.

See accompanying notes to unaudited consolidated financial statements.

PORTMAN RIDGE FINANCE CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS(1)
(in thousands, except share and per share amounts)
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Operations:				
Net investment income	$ 5,802	$ 7,166	$ 18,505	$ 23,610
Net realized gain (loss) on investments	(11,419)	(1,636)	(20,398)	(11,192)
Net realized gain (loss) from extinguishment of debt	(403)	(57)	(655)	(275)
Net change in unrealized appreciation (depreciation) on investments	4,511	1,708	(1,384)	(8,428)
Tax (provision) benefit on realized and unrealized gains (losses) on investments	—	264	537	671
Net increase (decrease) in net assets resulting from operations	$ (1,509)	$ 7,445	$ (3,395)	$ 4,386
Stockholder distributions:				
Distributions declared	$ (6,382)	$ (6,554)	$ (19,237)	$ (19,628)
Net decrease in net assets resulting from stockholder distributions	$ (6,382)	$ (6,554)	$ (19,237)	$ (19,628)
Capital share transactions:				
Stock issued under dividend reinvestment plan	$ 82	$ 73	$ 240	$ 440
Stock repurchases	(638)	(1,222)	(3,144)	(2,566)
Net increase (decrease) in net assets resulting from capital share transactions	$ (556)	$ (1,149)	$ (2,904)	$ (2,126)
Net assets at beginning of period	$ 196,429	$ 215,013	$ 213,518	$ 232,123
Net assets at end of period	$ 187,982	$ 214,755	$ 187,982	$ 214,755
Net asset value per common share	$ 20.36	$ 22.65	$ 20.36	$ 22.65
Common shares outstanding at end of period	9,231,454	9,480,362	9,231,454	9,480,362

(1) Refer to Note 9 "Stockholders' Equity" for additional information on changes in components of Stockholders' Equity.

See accompanying notes to unaudited consolidated financial statements.

PORTMAN RIDGE FINANCE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands, except share and per share amounts)
(Unaudited)

	For the Nine Months Ended September 30, 2024	For the Nine Months Ended September 30, 2023
OPERATING ACTIVITIES:		
Net increase (decrease) in net assets resulting from operations	$ (3,395)	$ 4,386
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by (used in) operations:		
Net realized (gain) loss on investment transactions	20,398	11,282
Net change in unrealized (appreciation) depreciation on investments	1,384	8,428
Tax provision (benefit) on realized and unrealized gains (losses) on investments	(537)	—
Purchases of investments	(54,084)	(33,539)
Proceeds from sales and redemptions of investments	82,206	100,358
Net accretion of investments	(3,454)	(5,703)
Amortization of debt issuance costs	909	893
Net realized (gain) loss on extinguishment of debt	655	275
Net payment-in-kind income	(5,759)	(4,987)
Change in operating assets and liabilities:		
(Increase) decrease in receivable for unsettled trades	573	34
(Increase) decrease in interest receivable	(382)	(1,018)
(Increase) decrease in due from affiliates	16	(530)
(Increase) decrease in other assets	(330)	28
Increase (decrease) in payable for unsettled trades	(520)	(1,276)
Increase (decrease) in accrued interest payable	731	1,227
Increase (decrease) in management and incentive fees payable	(1,311)	(180)
Increase (decrease) in due to affiliates	571	121
Increase (decrease) in accounts payable and accrued expenses	(1,263)	(797)
Net cash provided by (used in) operating activities	$ 36,408	$ 79,002
FINANCING ACTIVITIES:		
Debt issuance costs	$ (852)	$ —
Stock repurchase program	(3,144)	(2,566)
Distributions to stockholders	(18,997)	(19,188)
Repayment of 2018-2 Secured Notes	(125,683)	(38,670)
Repayment of Revolving Credit Facilities	(10,000)	(55,500)
Borrowings from Revolving Credit Facilities	77,479	37,500
Net cash provided by (used in) financing activities	$ (81,197)	$ (78,424)
CHANGE IN CASH AND RESTRICTED CASH	$ (44,789)	$ 578
CASH AND RESTRICTED CASH, BEGINNING OF PERIOD	71,564	33,131
CASH AND RESTRICTED CASH, END OF PERIOD	$ 26,775	$ 33,709
Amounts per balance sheet:		
Cash and cash equivalents	$ 13,736	$ 14,896
Restricted cash	13,039	18,813
Total Cash and Restricted cash	$ 26,775	$ 33,709
Supplemental Information and non-cash activities:		
Cash paid for interest during the period	$ 14,570	$ 16,927
Reinvestment of distributions	$ 240	$ 440

See accompanying notes to unaudited consolidated financial statements.

PORTMAN RIDGE FINANCE CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of September 30, 2024
(in thousands, except share and per share amounts)
(Unaudited)

Investment (2), (4), (12), (14), (23), (24)	Industry	Interest Rate (1)	Reference Rate and Spread (1)	Floor (1)	Maturity	Par/Shares (++)	Cost	Fair Value	Footnotes
Investments in Non-Control, Non-Affiliate Portfolio Companies - 190.2%									
First Lien/Senior Secured Debt - 164.2%									
Accordion Partners LLC	Finance	10.93%	SOFR + 6.27%	0.75%	08/29/29	9,401	$ 9,266	$ 9,368	(13)
Accordion Partners LLC (Revolver)	Finance	11.35%	SOFR + 6.25%	0.75%	08/31/28	765	743	759	(20)
Accurate Background, LLC	Services: Business	10.87%	SOFR + 6.00%	1.00%	03/26/29	4,379	4,177	4,330	(13)
Advantage Capital Holdings LLC	Banking, Finance, Insurance & Real Estate	13.00%	13.00%, 5.00% PIK	—	04/14/27	14,972	14,754	14,385	(13)
AIDC IntermediateCo 2, LLC (Peak Technologies)	Services: Business	10.53%	SOFR + 5.25%	1.00%	07/22/27	983	973	969	(13)
AMCP Pet Holdings, Inc.	Beverage, Food and Tobacco	11.95%	SOFR + 6.25%, 0.75% PIK	1.00%	10/06/26	4,860	4,817	4,757	(13)
AMCP Pet Holdings, Inc. (Revolver)	Beverage, Food and Tobacco	11.67%	SOFR + 6.25%, 0.75% PIK	1.00%	10/06/26	1,005	998	984	
American Academy Holdings, LLC	Healthcare & Pharmaceuticals	14.62%	SOFR + 4.50%, 5.25% PIK	1.00%	06/30/27	3,888	3,881	3,894	(13)
Ancile Solutions, Inc.	High Tech Industries	15.21%	SOFR + 10.00%	1.00%	06/11/26	6,100	6,041	6,252	(13)
Anthem Sports & Entertainment Inc.	Media: Broadcasting & Subscription	15.10%	SOFR + 9.50%, 12.10% PIK	1.00%	11/15/26	13,315	13,198	9,771	(13)
Anthem Sports & Entertainment Inc. (Revolver)	Media: Broadcasting & Subscription	14.37%	SOFR + 9.50%, 12.10% PIK	1.00%	11/15/26	1,187	1,176	849	(20)
Anthem Sports & Entertainment Inc. (Revolver 2022)	Media: Broadcasting & Subscription	15.07%	SOFR + 9.50%, 12.10% PIK	1.00%	06/30/24	563	563	413	
Appfire Technologies, LLC	High Tech Industries	9.35%	SOFR + 4.75%	1.00%	03/09/28	5,847	5,842	5,835	(13)
BetaNXT, Inc.	Banking, Finance, Insurance & Real Estate	10.35%	SOFR + 5.75%	—	07/01/29	12,512	11,959	12,009	(13)
BetaNXT, Inc. (Revolver)	Banking, Finance, Insurance & Real Estate	9.46%	SOFR + 4.44%	—	07/01/27	1,159	1,159	1,062	(20)
Bradshaw International Parent Corp.	Consumer goods: Durable	10.70%	SOFR + 5.75%	1.00%	10/21/27	492	486	487	(13)
Bradshaw International Parent Corp. (Revolver)	Consumer goods: Durable	10.76%	SOFR + 5.75%	1.00%	10/21/26	307	284	298	(20)
Bristol Hospice	Healthcare & Pharmaceuticals	10.20%	SOFR + 5.25%	1.00%	12/22/26	2,785	2,767	2,785	(13)
C.P. Converters, Inc.	Chemicals, Plastics and Rubber	13.46%	SOFR + 7.49%, 1.00% PIK	1.00%	11/15/24	9,956	9,956	9,458	(13)
CB MIDCO, LLC	Consumer goods: Durable	10.70%	SOFR + 5.75%	1.00%	09/27/27	3,772	3,753	3,558	(13)
CCMG Buyer, LLC (Care Connectors Medical Group)	Healthcare & Pharmaceuticals	10.61%	SOFR + 5.50%	1.00%	05/08/30	3,159	3,122	3,151	(13)
CCMG Buyer, LLC (Care Connectors Medical Group) (Revolver)	Healthcare & Pharmaceuticals	—	SOFR + 5.75%	1.00%	05/08/30	—	(6)	(1)	(20)
Cenexel Clinical Research, Inc.	Healthcare & Pharmaceuticals	10.96%	SOFR + 6.00%	1.00%	11/08/25	5,773	5,755	5,759	(13)
Centric Brands Inc.	Machinery (Non-Agrclt/Constr/Electr)	12.73%	SOFR + 5.50%, 2.00% PIK	1.00%	08/06/29	3,689	3,689	3,689	(13)
Centric Brands Inc. (Term Loan A1)	Machinery (Non-Agrclt/Constr/Electr)	11.73%	SOFR + 6.50%	1.00%	02/06/31	3,807	3,807	3,807	
Centric Brands Inc. (Term Loan A2)	Machinery (Non-Agrclt/Constr/Electr)	13.23%	SOFR + 8.00%, 13.23% PIK	1.00%	02/06/31	3,350	3,350	3,350	
Colonnade Intermediate, LLC	Services: Business	—	—	—	04/27/24	7,167	7,167	5,048	(5)
Colonnade Intermediate, LLC (Revolver)	Services: Business	—	—	—	04/27/24	685	685	483	(5)
Critical Nurse Staffing, LLC	Healthcare & Pharmaceuticals	11.88%	SOFR + 6.50%	1.00%	10/30/26	11,980	11,865	12,026	(13)
Critical Nurse Staffing, LLC (Revolver)	Healthcare & Pharmaceuticals	—	SOFR + 5.75%	1.00%	10/30/26	—	(35)	8	(20)
Datalink, LLC	Healthcare & Pharmaceuticals	12.15%	SOFR + 6.75%	1.00%	11/23/26	2,659	2,633	2,456	(13)
Dentive, LLC	Healthcare & Pharmaceuticals	11.41%	SOFR + 6.75%	0.75%	12/26/28	2,661	2,612	2,605	(13)(20)
Dentive, LLC (Revolver)	Healthcare & Pharmaceuticals	11.39%	SOFR + 6.75%	0.75%	12/23/28	37	32	33	(20)
Dodge Data & Analytics LLC	Construction & Building	9.35%	SOFR + 4.75%	0.50%	02/10/29	1,466	1,452	1,094	(13)(15)
Florida Food Products, LLC	Beverage, Food and Tobacco	9.93%	SOFR + 5.00%	0.75%	10/18/28	6,840	6,729	6,023	(13)(15)
Fortis Payment Systems, LLC	Diversified Financial Services	9.95%	SOFR + 5.25%	1.00%	02/13/26	2,994	2,952	2,973	(13)(20)
Franchise Group, Inc.	Retail	10.39%	SOFR + 4.75%	0.75%	03/10/26	2,907	2,900	1,885	(13)(15)
Global Integrated Flooring Systems Inc.	Consumer goods: Durable	14.70%	SOFR + 8.36%, 1.00% PIK	—	06/30/25	6,521	5,801	3,540	
Global Integrated Flooring Systems Inc. (Revolver)	Consumer goods: Durable	13.31%	SOFR + 8.36%	—	06/30/25	51	45	27	
H.W. Lochner, Inc.	Services: Business	11.72%	SOFR + 6.25%	1.00%	07/02/27	14,550	14,416	14,295	(13)
H.W. Lochner, Inc. (Revolver)	Services: Business	11.23%	SOFR + 6.25%	1.00%	07/02/27	8,000	7,927	7,860	
H-CA II, LLC	Banking, Finance, Insurance & Real Estate	—	—	—	04/01/24	1,808	1,808	1,804	
HDC/HW Intermediate Holdings, LLC - Term Loan A	High Tech Industries	8.75%	SOFR + 1.00%, 2.50% PIK	5.25%	06/21/26	5,560	4,812	4,736	
HDC/HW Intermediate Holdings, LLC - Term Loan B	High Tech Industries	—	—	—	06/21/26	3,876	940	—	(5)
Help Systems Holdings, Inc.	High Tech Industries	8.95%	SOFR + 4.00%	0.75%	11/19/26	1,959	1,867	1,873	(13)(15)
Hollander Intermediate LLC	Consumer goods: Durable	13.71%	SOFR + 8.75%	2.00%	09/19/26	5,548	5,462	4,772	(13)
IDC Infusion Services LLC	Healthcare & Pharmaceuticals	11.55%	SOFR + 6.50%	1.00%	07/07/28	2,906	2,843	2,861	(13)(20)
Ivanti Software, Inc.	High Tech Industries	9.83%	SOFR + 4.25%	0.75%	12/01/27	980	839	835	(13)(15)
JO ET Holdings Limited	Telecommunications	17.94%	SOFR + 6.00%, 7.00% PIK	1.00%	12/15/26	2,290	2,272	2,335	(3)
Keg Logistics LLC	Services: Business	11.47%	SOFR + 6.25%	1.00%	11/23/27	11,907	11,814	11,717	(13)
Keg Logistics LLC (Revolver)	Services: Business	11.50%	SOFR + 6.25%	1.00%	11/23/27	872	859	858	
Lifescan Global Corporation	Healthcare & Pharmaceuticals	11.73%	SOFR + 6.50%	1.00%	12/31/26	2,219	2,133	924	(13)(15)
Luminii LLC	Construction & Building	12.68%	SOFR + 7.35%	1.00%	04/11/25	5,888	5,888	5,888	(13)
Luminii LLC (Revolver)	Construction & Building	12.68%	SOFR + 7.35%	1.00%	04/11/25	343	343	343	(13)(20)
MAG DS Corp.	Aerospace and Defense	10.20%	SOFR + 5.50%	1.00%	04/01/27	3,634	3,391	3,435	(13)(15)
Money Transfer Acquisition Inc.	Finance	13.20%	SOFR + 8.25%	1.00%	12/14/27	8,672	8,560	8,487	(13)
Morae Global Corporation	IT Consulting & Other Services	13.43%	SOFR + 8.00%	2.00%	10/26/26	2,206	2,106	2,164	(13)
Morae Global Corporation (Revolver)	IT Consulting & Other Services	—	SOFR + 8.00%	2.00%	10/26/26	—	(8)	(4)	(20)
MSM Acquisitions, Inc.	Services: Business	11.06%	SOFR + 6.00%	1.00%	12/09/26	9,877	9,847	9,174	(13)
Neptune Bidco US Inc.	Media: Broadcasting & Subscription	10.40%	SOFR + 5.00%	0.50%	04/11/29	2,469	2,272	2,324	(13)(15)
Netwrix Corporation	High Tech Industries	10.56%	SOFR + 5.50%	0.75%	06/09/29	4,259	4,243	4,209	(13)
Netwrix Corporation (Revolver)	High Tech Industries	—	SOFR + 5.00%	0.75%	06/09/29	—	(8)	(14)	(20)
One Stop Mailing LLC	Transportation: Consumer	11.21%	SOFR + 6.25%	1.00%	04/29/27	7,490	7,423	7,487	(13)
PhyNet Dermatology LLC	Healthcare & Pharmaceuticals	11.78%	SOFR + 6.50%	1.00%	10/20/29	1,297	1,269	1,283	(20)
Pomeroy Technologies, LLC (Senior A)	High Tech Industries	—	—	—	04/04/26	1,838	1,650	—	(5)
Pomeroy Technologies, LLC (Senior B)	High Tech Industries	—	—	—	04/04/26	1,680	1,542	—	(5)
Pomeroy Technologies, LLC (Super Senior A)	High Tech Industries	10.00% PIK	—	—	04/04/26	455	454	451	
Pomeroy Technologies, LLC (Super Senior B)	High Tech Industries	9.00% PIK	—	—	04/04/26	1,350	1,345	1,031	

See accompanying notes to unaudited consolidated financial statements.

PORTMAN RIDGE FINANCE CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS - CONTINUED
As of September 30, 2024
(in thousands, except share and per share amounts)
(Unaudited)

Investment (2), (4), (12), (14), (23), (24)	Industry	Interest Rate (1)	Reference Rate and Spread (1)	Floor (1)	Maturity	Par/Shares (++)	Cost	Fair Value	Footnotes
Premier Imaging, LLC	Healthcare & Pharmaceuticals	12.87%	SOFR + 7.57%	1.00%	01/02/25	2,570	$ 2,563	$ 2,289	(13)
Project Castle, Inc.	Transportation: Cargo	10.91%	SOFR + 5.62%	0.50%	06/08/29	3,027	2,812	2,778	(13)(15)
Project Leopard Holdings, Inc.	High Tech Industries	10.60%	SOFR + 5.25%	0.50%	07/20/29	5,710	5,436	5,146	(13)(15)
PVHC Holding Corp	Containers, Packaging and Glass	11.54%	SOFR + 6.00%, 0.75% PIK	2.50%	02/17/27	2,731	2,730	2,680	(13)
Radius Aerospace, Inc.	Aerospace and Defense	10.75%	SOFR + 6.00%	—	03/29/27	6,079	6,068	6,033	(13)
Reception Purchaser, LLC	Transportation: Cargo	10.75%	SOFR + 6.00%	0.75%	03/24/28	4,394	4,327	2,065	(13)(15)
Riskonnect Parent LLC	Application Software	10.25%	SOFR + 5.50%	0.75%	12/07/28	1,219	1,164	1,154	(13)(20)
Robertshaw US Holding Corp.	Capital Equipment	—	—	—	09/23/24	147	140	147	
South Street Securities Holdings, Inc	Banking, Finance, Insurance & Real Estate	9.00%	—	—	09/20/27	3,150	2,838	2,489	
Sundance Holdings Group, LLC	Retail	14.81%	SOFR + 7.82%, 1.68% PIK	—	06/30/25	6,639	6,638	6,192	
Symplr Software, Inc.	Healthcare & Pharmaceuticals	9.85%	SOFR + 4.50%	0.75%	12/22/27	1,657	1,655	1,518	(13)(15)
Synamedia Americas Holdings, Inc.	Interactive Media & Services	12.35%	SOFR + 7.75%	1.00%	12/05/28	2,645	2,568	2,589	(13)
TA/WEG Holdings, LLC	Banking, Finance, Insurance & Real Estate	10.68%	SOFR + 5.50%	1.00%	10/02/27	9,568	9,583	9,568	(13)
TA/WEG Holdings, LLC (Revolver)	Banking, Finance, Insurance & Real Estate	—	SOFR + 6.00%	1.00%	10/02/27	—	(2)	—	(20)
Tactical Air Support, Inc.	Aerospace and Defense	13.91%	SOFR + 8.50%	1.00%	12/22/28	2,000	1,964	1,980	(13)(20)
TLE Holdings, LLC	Healthcare, Education and Childcare	10.45%	SOFR + 5.50%	1.00%	06/29/26	6,132	6,129	6,121	(13)
VBC Spine Opco LLC (DxTx Pain and Spine LLC)	Healthcare & Pharmaceuticals	13.45%	SOFR + 8.00%	2.00%	06/14/28	4,612	4,532	4,558	(20)
VBC Spine Opco LLC (DxTx Pain and Spine LLC) (Revolver)	Healthcare & Pharmaceuticals	—	SOFR + 8.00%	2.00%	06/14/28	—	(6)	(4)	(20)
Total First Lien/Senior Secured Debt							330,796	308,610	
Second Lien/Senior Secured Debt - 13.3%									
American Academy Holdings, LLC	Healthcare & Pharmaceuticals	14.50% PIK	—	—	03/01/28	6,574	6,496	6,196	
Confluence Technologies, Inc.	Services: Business	11.25%	SOFR + 6.50%	0.50%	07/23/29	4,000	3,982	3,590	(13)
Dcert Buyer, Inc.	High Tech Industries	11.85%	SOFR + 7.00%	—	02/16/29	5,400	5,392	4,690	(13)(15)
Idera, Inc.	High Tech Industries	12.15%	SOFR + 6.75%	0.75%	02/04/29	2,024	2,013	1,992	(13)
Ivanti Software, Inc.	High Tech Industries	12.83%	SOFR + 7.25%	0.50%	12/01/28	6,000	5,971	3,880	(13)(15)
Project Leopard Holdings, Inc.	High Tech Industries	13.00%	SOFR + 7.75%	0.50%	07/20/30	5,000	4,928	4,430	
Robertshaw US Holding Corp.	Capital Equipment	—	—	—	02/28/26	3,000	2,976	178	(5)
Total Second Lien/Senior Secured Debt							31,758	24,956	
Subordinated Debt - 0.9%									
Lucky Bucks Holdings LLC	Hotel, Gaming & Leisure	—	—	—	05/29/28	6,258	5,565	1,212	(5)
DeltaDx Limited, LP (Money Transfer Acquisition Inc.)	Finance	15.00% PIK	—	—	06/30/28	484	484	484	
TRSO II, Inc.	Energy: Oil & Gas	—	—	—	01/24/25	76	76	—	(5)
Total Subordinated Debt							6,125	1,696	
Collateralized Loan Obligations - 3.6%									
Catamaran CLO 2014-1 Ltd.	CLO Fund Securities	85.11%	—	—	04/20/30	15,161	120	120	(3)(7)(10)
Catamaran CLO 2018-1 Ltd	CLO Fund Securities	7.91%	—	—	10/27/31	10,000	3,339	2,832	(3)(7)(10)
Dryden 30 Senior Loan Fund	CLO Fund Securities	8.54%	—	—	11/01/28	3,250	170	170	(3)(7)(10)
JMP Credit Advisors CLO IV LTD	CLO Fund Securities	15.30%	—	—	07/17/29	18,407	740	698	(3)(7)(10)
JMP Credit Advisors CLO V LTD	CLO Fund Securities	10.88%	—	—	07/17/30	17,074	3,512	2,966	(3)(7)(10)
Total Collateralized Loan Obligations							7,881	6,786	
Preferred Stock and Units - 3.9%									
4L Ultimate Topco Corporation	Services: Business	—	—	—	—	321	$ 29	$ —	
AAPC Holdings, LLC	Healthcare & Pharmaceuticals	18.00% PIK	—	—	—	146,214	4	218	(22)(25)
Advantage Capital Holdings LLC	Banking, Finance, Insurance & Real Estate	12.50% PIK	—	—	—	2,709,329	2,709	2,709	(22)(25)
Aperture Dodge 18 LLC	Banking, Finance, Insurance & Real Estate	—	—	—	—	3,072,634	3,073	2,919	
Epilog Partners SPV III, LLC (Care Connectors Medical Group)	Healthcare & Pharmaceuticals	—	—	—	—	1,173,118	1,173	1,194	(20)(22)
Prosper Marketplace	Consumer goods: Durable	—	—	—	—	912,865	279	324	(6)
Total Preferred Stock and Units							7,267	7,364	
Common Stock and Membership Units - 4.3%									
AAPC Holdings, LLC	Healthcare & Pharmaceuticals	—	—	—	—	0.07	—	426	(22)
Advantage Capital Holdings LLC - Class A Units	Banking, Finance, Insurance & Real Estate	—	—	—	—	822	500	1,948	(22)
Anthem Sports & Entertainment Inc. - Class A Warrant	Media: Broadcasting & Subscription	—	—	—	—	510	46	—	
Anthem Sports & Entertainment Inc. - Class B Warrant	Media: Broadcasting & Subscription	—	—	—	—	88	—	—	
Anthem Sports & Entertainment Inc. - Warrant for CS	Media: Broadcasting & Subscription	—	—	—	—	1,644	—	—	
ATP Oil & Gas Corporation	Energy: Oil & Gas	—	—	—	—	0.1	—	—	(11)
Carestream Health Holdings, Inc.	Healthcare & Pharmaceuticals	—	—	—	—	4,099	53	124	
Centric Brands, L.P.	Machinery (Non-Agrclt/Constr/Electr)	—	—	—	—	81,770	746	1,606	(13)
DxTx Pain and Spine LLC	Healthcare & Pharmaceuticals	—	—	—	—	158,166	258	274	(22)
Everyware Global, Inc.	Consumer goods: Durable	—	—	—	—	1,085,565	346	344	(16)
FP WRCA Coinvestment Fund VII, Ltd. - Class A	Capital Equipment	—	—	—	—	100	1,500	1,029	(3)(7)
Fusion Connect, Inc.	Telecommunications	—	—	—	—	14	866	—	(13)
Fusion Connect, Inc. - Warrant	Telecommunications	—	—	—	—	811,572	—	—	
HDC/HW Holdings, LLC	High Tech Industries	—	—	—	—	148,826	—	—	
LB NewHoldCo LLC	Hotel, Gaming & Leisure	—	—	—	—	96,523	1,441	1,217	(13)
Morae Global Holdings Inc. - Warrant	IT Consulting & Other Services	—	—	—	—	1	87	131	
Ohene Holdings B.V. - Warrant	High Tech Industries	—	—	—	—	4	—	—	(3)(7)

See accompanying notes to unaudited consolidated financial statements.

PORTMAN RIDGE FINANCE CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS - CONTINUED
As of September 30, 2024
(in thousands, except share and per share amounts)
(Unaudited)

Investment (2), (4), (12), (14), (23), (24)	Industry	Interest Rate (1)	Reference Rate and Spread (1)	Floor (1)	Maturity	Par/Shares (++)	Cost	Fair Value	Footnotes
Roscoe Investors, LLC - Class A	Healthcare & Pharmaceuticals	—	—	—	—	10,000	$ 1,000	$ 498	
South Street Securities Holdings, Inc - Warrant	Banking, Finance, Insurance & Real Estate	—	—	—	—	3,966	455	450	
Sundance Holdings Group, LLC	Retail	—	—	—	—	14,603	—	—	
World Business Lenders, LLC	Banking, Finance, Insurance & Real Estate	—	—	—	—	49,209	—	—	(7)
Total Common Stock and Membership Units							7,298	8,047	
Derivatives - 0.0%[19]									
Advantage Capital Holdings LLC	Banking, Finance, Insurance & Real Estate	—	—	—	—	164	—	—	(7)(22)
Epilog Partners LP (Care Connectors Medical Group)	Healthcare & Pharmaceuticals	—	—	—	—	1,166,667	—	—	(7)(22)
HDNet Holdco LLC (Anthem)	Media: Broadcasting & Subscription	—	—	—	—	0.2	31	—	(7)
Total Derivatives							31	—	
Total Investments in Non-Control, Non-Affiliate Portfolio Companies							391,156	357,459	
Investments in Affiliate Portfolio Companies - 31.1%[17]									
First Lien/Senior Secured Debt - 4.2%									
PMP OPCO, LLC (Princeton Medspa Partners, LLC)	Services: Consumer	13.35%	SOFR + 8.50%	2.00%	05/31/29	1,683	1,641	1,631	(13)(20)
PMP OPCO, LLC (Princeton Medspa Partners, LLC) (Revolver)	Services: Consumer	—	SOFR + 8.50%	2.00%	05/31/29	—	(3)	(4)	(20)
Riddell, Inc.	Consumer goods: Durable	11.17%	SOFR + 6.00%	1.00%	03/29/29	6,284	6,182	6,207	(13)(20)
Total First Lien/Senior Secured Debt							7,820	7,834	
Second Lien/Senior Secured Debt- 2.1%									
Northeast Metal Works LLC	Metals & Mining	8.00%	—	—	04/05/28	4,500	4,500	3,429	
Northeast Metal Works LLC	Metals & Mining	8.00%	—	—	01/01/25	500	500	500	
Total Second Lien/Senior Secured Debt							5,000	3,929	
Joint Ventures- 20.9%									
Series A-Great Lakes Funding II LLC	Joint Venture	—	—	—	—	38,318	38,318	39,276	(7)(9)(20)(26)
Total Joint Ventures							38,318	39,276	
Preferred Stock and Units - 3.1%									
BMP Slappey Holdco, LLC	Telecommunications	—	—	—	—	200,000	467	626	(21)
BMP Slappey Investment II	Telecommunications	—	—	—	—	88,946	208	278	(21)
EBSC Holdings LLC (Riddell, Inc.)	Consumer goods: Durable	10.00% PIK	—	—	—	2,100,969	2,075	2,096	(25)
GreenPark Infrastructure, LLC - Series A	Energy: Electricity	—	—	—	—	1,000	500	500	(22)
Northeast Metal Works LLC - Preferred	Metals & Mining	—	—	—	—	2,368	—	—	(21)
Northeast Metal Works LLC - Class O Preferred	Metals & Mining	10.00% PIK	—	—	—	4,950,000	4,950	1,273	(21)(25)
Princeton Medspa Partners, LLC	Services: Consumer	12.50% PIK	—	—	—	1,032	1,032	987	(22)(25)
Total Preferred Stock and Units							9,232	5,760	
Common Stock and Membership Units - 0.9%									
GreenPark Infrastructure, LLC - Series M-1	Energy: Electricity	—	—	—	—	500	$ 171	$ 172	(20)(22)
Kleen-Tech Acquisition, LLC	Services: Business	—	—	—	—	250,000	1,264	1,490	(21)
Princeton Medspa Partners, LLC - Warrant	Services: Consumer	—	—	—	—	0.03	—	46	(22)
Total Common Stock and Membership Units							1,435	1,708	
Derivatives - 0.0%[19]									
Princeton Medspa Partners, LLC	Services: Consumer	—	—	—	—	1,000,000	—	—	(7)(22)
Total Derivatives							—	—	
Total Investments in Affiliate Portfolio Companies							61,805	58,507	
Investments in Controlled Afilliated Portfolio Companies - 6.9%[8]									
Subordinated Debt - 0.0%									
ProAir, LLC	Capital Equipment	—	—	—	01/31/23	2,020	1,931	—	(5)
Total Subordinated Debt							1,931	—	
Common Stock and Membership Units - 0.0%									
ProAir HoldCo, LLC	Capital Equipment	—	—	—	—	2,749,997	4,261	—	
Total Common Stock and Membership Units							4,261	—	
Joint Ventures - 6.9%									
KCAP Freedom 3 LLC	Joint Venture	—	—	—	—	27,220	25,835	13,012	(7)
Total Joint Ventures							25,835	13,012	
Asset Manager Affiliates - 0.0%									
Asset Management Company	Asset Management Company	—	—	—	—	—	17,791	—	(7)
Total Asset Manager Affiliates							17,791	—	
Total Investments in Controlled Affiliated Portfolio Companies							49,818	13,012	
Total Investments - 228.2%							$ 502,779	$ 428,978	

See accompanying notes to unaudited consolidated financial statements.

(1) 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 SOFR 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 September 30, 2024 loan. SOFR loans are typically indexed to 12 month, 6 month, 3 month, 2 month or 1 month SOFR rates. For each such loan, the Company has provided the weighted average annual stated interest rate in effect at September 30, 2024. As noted in the table above, 88.5% (based on par) of debt securities with floating rates contain floors which range between 0.50% and 5.25%.

(2) Reflects the fair market value of all investments as of September 30, 2024 as determined in good faith using significant unobservable inputs by the Adviser in its role as “valuation designee” in accordance with Rule 2a-5 under the 1940 Act, pursuant to valuation policies and procedures that have been approved by the Company’s board of directors (the “Board”).

(3) Non-U.S. company or principal place of business outside the U.S.

(4) The aggregate cost of investments for federal income tax purposes is approximately $514.2 million. The aggregate gross unrealized appreciation is approximately $32.2 million, the aggregate gross unrealized depreciation is approximately $2.8 million, and the net unrealized depreciation is approximately $29.4 million.

(5) Loan or debt security is on non-accrual status and therefore is considered non-income producing.

(6) Held through Garrison Capital Equity Holdings II LLC and net of non-controlling member’s interest of 17.5% pursuant to the Amended and Restated Limited Liability Company Agreement of Garrison Capital Equity Holdings II LLC.

(7) The investment is treated as a non-qualifying asset under Section 55(a) of the 1940 Act. Under the 1940 Act, we may not acquire any non-qualifying asset unless, at the time the acquisition is made, qualifying assets represent at least 70% of our total assets. As of September 30, 2024, qualifying assets represent 87.0% of the Company's total assets and non-qualifying assets represent 13.0% of the Company's total assets.

(8) As defined in the 1940 Act, the Company is deemed to be both an “Affiliated Person” and has “Control” of this portfolio company as the Company owns more than 25% of the portfolio company’s outstanding voting securities or has the power to exercise control over management or policies of such portfolio company.

(9) Non-voting.

(10) CLO Subordinated Investments are entitled to periodic distributions which are generally equal to the remaining cash flow of the payments made by the underlying fund’s investments less contractual payments to debt holders and fund expenses. The estimated annualized effective yield indicated is based upon a current projection of the amount and timing of these distributions. Such projections are updated on a quarterly basis and the estimated effective yield is adjusted prospectively.

(11) This investment receives a 5% royalty interest on oil being produced on certain fields. All production payments received are being applied to the cost basis and are considered return of capital.

(12) All investments valued using unobservable inputs (Level III), unless otherwise noted.

(13) As of September 30, 2024, this investment is pledged to secure the Company’s debt obligations.

(14) The Company's investments are generally acquired in private transactions exempt from registration under the Securities Act of 1933, as amended (the “Securities Act”) and, therefore, are generally subject to limitations on resale, and may be deemed to be “restricted securities” under the Securities Act of 1933.

(15) This investment is classified as Level II.

(16) This investment is held by the Company's wholly-owned subsidiary Garrison Capital Equity Holdings XI LLC.

(17) Under the 1940 Act, the Company is deemed to be an “Affiliated Person” of, as defined in the 1940 Act, this portfolio company as the Company owns at least 5% of the portfolio company’s outstanding voting securities or is under common control with such portfolio company.

(18) Not used.

(19) Information related to the Company’s derivatives is presented below as of September 30, 2024:

($ in thousands)

Description	Counterparty	Number of shares	Notional amount	Exercise price	Expiration date	Value
Call option	HDNet Holdco LLC	0.2	$ 8	0.01	N/A	—

Description	Counterparty	Number of shares	Notional amount	Exercise price	Expiration date	Value
Put option	Advantage Capital Holdings LLC	164	$ 563	20	N/A	—
Put option	Epilog Partners LP (Care Connectors Medical Group)	1,166,667	$ —	—	N/A	—
Put option	Princeton Medspa Partners, LLC	1,000,000	$ 1,000	2	N/A	—

(20) Debt security has an unfunded commitment in addition to the amounts shown in the Consolidated Schedule of Investments. See Note 8 for additional information on the Company’s commitments and contingencies.

(21) This investment is owned by HCAP Equity Holdings, LLC, one of the Company’s taxable blocker subsidiaries.

(22) This investment is held by PTMN Sub Holdings LLC, one of the Company's taxable blocker subsidiaries.

(23) All debt investments are income producing, unless otherwise noted. Equity and warrant investments are non-income producing, unless otherwise noted.

(24) Percentages are based on net assets as of September 30, 2024.

(25) The equity investment is income producing.

(26) The investment is valued at the NAV of the underlying fund.

(++) Par amount is presented for debt investments, while the number of shares or units owned is presented for equity investments.

See accompanying notes to unaudited consolidated financial statements.

PORTMAN RIDGE FINANCE CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2023
(in thousands, except share and per share amounts)

Investment (2), (4), (12), (14), (23), (24)	Industry	Interest Rate (1)	Reference Rate and Spread (1)	Floor (1)	Maturity	Par/Shares (++)	Cost	Fair Value	Footnotes
Investments in Non-Control, Non-Affiliate Portfolio Companies - 186.6%									
First Lien/Senior Secured Debt - 157.6%									
Accordion Partners LLC	Finance	11.60%	SOFR + 6.25%	0.75%	8/29/2029	9,472	$ 9,315	$ 9,468	(13)
Accordion Partners LLC (Revolver)	Finance	0.50%	SOFR + 6.25%	0.75%	8/31/2028	—	(27)	(2)	(20)
Accurate Background, LLC	Services: Business	11.61%	SOFR + 6.00%	1.00%	3/26/2027	4,412	4,162	4,242	(13)
Advantage Capital Holdings LLC	Banking, Finance, Insurance & Real Estate	13.00%	5.00% PIK	—	4/14/2027	14,036	14,036	13,773	(13)
AIDC IntermediateCo 2, LLC (Peak Technologies)	Services: Business	11.80%	SOFR + 6.40%	1.00%	7/22/2027	990	977	976	(13)
AIS Holdco, LLC	Banking, Finance, Insurance & Real Estate	10.64%	SOFR + 5.00%	—	8/15/2025	2,223	2,068	2,220	(13)
AMCP Pet Holdings, Inc.	Beverage, Food and Tobacco	12.50%	SOFR + 6.25%, 0.75% PIK	1.00%	10/6/2026	4,869	4,823	4,766	(13)
AMCP Pet Holdings, Inc. (Revolver)	Beverage, Food and Tobacco	12.43%	SOFR + 7.00%	1.00%	10/6/2026	651	641	630	(20)
American Academy Holdings, LLC	Healthcare & Pharmaceuticals	16.47%	SOFR + 5.75%, 5.25% PIK	1.00%	1/1/2025	3,744	3,732	3,768	(13)
Ancile Solutions, Inc.	High Tech Industries	15.65%	SOFR + 10.00%	1.00%	6/11/2026	6,274	6,187	6,305	(13)
Anthem Sports & Entertainment Inc. (Revolver)	Media: Broadcasting & Subscription	15.10%	SOFR + 9.50%	1.00%	11/15/2026	1,084	1,068	910	(20)
Anthem Sports & Entertainment Inc. (Revolver 2022)	Media: Broadcasting & Subscription	15.07%	SOFR + 9.50%	1.00%	6/30/2024	547	547	465	
Anthem Sports & Entertainment Inc.	Media: Broadcasting & Subscription	15.11%	SOFR + 9.50%, 12.11% PIK	1.00%	11/15/2026	12,880	12,718	10,965	(13)
Appfire Technologies, LLC	High Tech Industries	10.99%	SOFR + 5.50%	1.00%	3/9/2027	5,894	5,887	5,859	(13)
Aventiv Technologies, LLC	Alternative Carriers	10.50%	SOFR + 4.89%	1.00%	11/1/2024	989	971	937	
BetaNXT, Inc. (Revolver)	Banking, Finance, Insurance & Real Estate	9.60%	SOFR + 4.25%	—	7/1/2027	242	242	145	(20)
BetaNXT, Inc.	Banking, Finance, Insurance & Real Estate	11.10%	SOFR + 5.75%	—	7/1/2029	12,608	11,964	12,104	(13)
Bradshaw International Parent Corp.	Consumer goods: Durable	11.21%	SOFR + 5.75%	1.00%	10/21/2027	496	488	482	(13)
Bradshaw International Parent Corp. (Revolver)	Consumer goods: Durable	0.50%	SOFR + 5.75%	1.00%	10/21/2026	—	(22)	(25)	(20)
Bristol Hospice	Healthcare & Pharmaceuticals	11.96%	SOFR + 6.50%	1.00%	12/22/2026	2,809	2,785	2,735	(13)
BW NHHC Holdco Inc.	Healthcare & Pharmaceuticals	12.85%	SOFR + 7.50%	2.00%	1/15/2026	952	946	969	(15)
C.P. Converters, Inc.	Chemicals, Plastics and Rubber	13.25%	SOFR + 6.50%, 1.00% PIK	1.00%	9/30/2024	9,738	9,738	9,835	(13)
CB MIDCO, LLC	Consumer goods: Durable	11.21%	SOFR + 5.75%	1.00%	9/27/2027	3,802	3,778	3,525	(13)
Cenexel Clinical Research, Inc.	Healthcare & Pharmaceuticals	11.22%	SOFR + 5.75%	1.00%	11/8/2025	5,773	5,742	5,773	(13)
Centric Brands Inc.	Machinery (Non-Agrclt/Constr/Electr)	14.87%	SOFR + 2.50%, 7.00% PIK	—	10/9/2025	10,487	9,851	9,976	(13)
Centric Brands Inc. (Revolver)	Machinery (Non-Agrclt/Constr/Electr)	0.75%	SOFR + 2.50%	1.00%	10/9/2024	—	(15)	—	(13)(20)
Colonnade Intermediate, LLC	Services: Business	12.45%	SOFR + 7.00%	1.00%	2/27/2024	7,185	7,184	7,137	(13)
Colonnade Intermediate, LLC (Revolver)	Services: Business	12.60%	SOFR +7.00%	1.00%	2/27/2024	576	576	571	(13)(20)
Colonnade Intermediate, LLC (Revolver)	Services: Business	12.60%	PRIME +7.00%	1.00%	2/27/2024	41	41	41	(13)(20)
Critical Nurse Staffing, LLC	Healthcare & Pharmaceuticals	12.03%	SOFR + 6.50%	1.00%	10/30/2026	12,697	12,533	12,506	(13)
Critical Nurse Staffing, LLC (Revolver)	Healthcare & Pharmaceuticals	0.50%	SOFR + 6.50%	1.00%	10/30/2026	—	(35)	(30)	(20)
Datalink, LLC	Healthcare & Pharmaceuticals	12.21%	SOFR + 6.75%	1.00%	11/23/2026	2,715	2,679	2,715	(13)
Dentive, LLC	Healthcare & Pharmaceuticals	12.35%	SOFR + 7.00%	0.75%	12/26/2028	1,824	1,777	1,786	(13)(20)
Dentive, LLC (Revolver)	Healthcare & Pharmaceuticals	12.39%	SOFR + 7.00%	0.75%	12/23/2028	48	42	44	(20)
Dodge Data & Analytics LLC	Construction & Building	10.25%	SOFR + 4.75%	0.50%	2/10/2029	1,478	1,461	1,165	(13)(15)
ELO Touch Solutions, Inc.	High Tech Industries	11.97%	SOFR + 6.50%	—	12/14/2025	2,049	1,928	1,983	(13)(15)
Florida Food Products, LLC	Beverage, Food and Tobacco	10.44%	SOFR + 5.00%	0.75%	10/18/2028	6,893	6,756	6,048	(13)(15)
Franchise Group, Inc.	Retail	10.44%	SOFR + 4.75%	0.75%	2/25/2026	2,900	2,890	2,350	(7)(13)(15)
Global Integrated Flooring Systems Inc.	Consumer goods: Durable	14.76%	SOFR + 8.36%, 1.00% PIK	—	5/15/2024	6,852	6,124	4,127	
Global Integrated Flooring Systems Inc. (Revolver)	Consumer goods: Durable	13.72%	SOFR + 8.36%	—	5/15/2024	51	44	31	
H.W. Lochner, Inc.	Services: Business	11.81%	SOFR + 6.25%	1.00%	7/2/2027	14,663	14,491	14,149	(13)
H.W. Lochner, Inc. (Revolver)	Services: Business	11.76%	SOFR + 6.25%	1.00%	7/2/2027	3,858	3,764	3,578	(20)
H-CA II, LLC	Banking, Finance, Insurance & Real Estate	16.00%	—	—	4/1/2024	1,854	1,854	1,854	
HDC/HW Intermediate Holdings, LLC (Term Loan A)	High Tech Industries	14.83%	SOFR + 7.50%, 2.00% PIK	1.00%	12/21/2023	7,525	7,087	4,252	(5)(13)
HDC/HW Intermediate Holdings, LLC (Revolver)	High Tech Industries	14.83%	SOFR + 7.50%, 2.00% PIK	1.00%	12/21/2023	773	728	437	(5)(13)
Help Systems Holdings, Inc.	High Tech Industries	9.48%	SOFR + 4.00%	0.75%	11/19/2026	1,974	1,849	1,876	(13)(15)
Hollander Intermediate LLC	Consumer goods: Durable	14.22%	SOFR + 8.75%	2.00%	9/19/2026	5,508	5,395	5,260	(13)
IDC Infusion Services	Healthcare & Pharmaceuticals	11.98%	SOFR + 6.50%	0.50%	7/7/2028	2,928	2,853	2,863	(13)(20)
Intermedia Holdings, INC.	High Tech Industries	11.47%	SOFR + 6.00%	1.00%	7/21/2025	2,613	2,498	2,531	(13)
Ivanti Software, Inc.	High Tech Industries	9.91%	SOFR + 4.25%	0.75%	12/1/2027	987	813	940	(13)
JO ET Holdings Limited	Telecommunications	18.38%	SOFR + 6.00%, 7.00% PIK	1.00%	12/15/2026	2,260	2,236	2,254	(3)(7)
Keg Logistics LLC	Services: Business	11.53%	SOFR + 6.00%	1.00%	11/23/2027	11,999	11,882	11,579	(13)

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Investment (2), (4), (12), (14), (23), (24)	Industry	Interest Rate (1)	Reference Rate and Spread (1)	Floor (1)	Maturity	Par/Shares (++)	Cost	Fair Value	Footnotes
Keg Logistics LLC (Revolver)	Services: Business	11.53%	SOFR + 6.00%	1.00%	11/23/2027	872	$ 859	$ 842	
Lifescan Global Corporation	Healthcare & Pharmaceuticals	11.98%	SOFR + 6.50%	1.00%	12/31/2026	2,381	2,256	1,792	(13)
Lucky Bucks, LLC (Second Out)	Hotel, Gaming & Leisure	13.03%	SOFR + 7.65%	1.00%	10/2/2029	892	892	853	(13)
Lucky Bucks, LLC (First Out)	Hotel, Gaming & Leisure	13.03%	SOFR + 7.65%	1.00%	10/2/2028	469	457	473	(13)
Luminii LLC	Construction & Building	12.74%	SOFR + 7.25%	1.00%	4/11/2025	5,933	5,933	5,933	(13)
Luminii LLC (Revolver)	Construction & Building	12.74%	SOFR + 7.35%	1.00%	4/11/2025	343	343	343	(13)(20)
MAG DS Corp.	Aerospace and Defense	10.95%	SOFR + 5.50%	1.00%	4/1/2027	3,664	3,347	3,520	(13)
Money Transfer Acquisition Inc.	Finance	13.71%	SOFR + 8.25%	1.00%	12/14/2027	9,750	9,596	9,506	(13)
Morae Global Corporation	IT Consulting & Other Services	13.53%	SOFR + 8.00%	2.00%	10/26/2026	2,277	2,138	2,169	(13)
Morae Global Corporation (Revolver)	IT Consulting & Other Services	0.50%	—	2.00%	10/26/2026	—	(11)	(10)	(20)
MSM Acquisitions, Inc.	Services: Business	11.50%	SOFR + 6.00%	1.00%	12/9/2026	9,828	9,787	9,423	(13)
Neptune Bidco US Inc.	Media: Broadcasting & Subscription	10.51%	SOFR + 5.00%	0.50%	4/11/2029	2,488	2,257	2,279	(13)(15)
Netwrix Corporation	High Tech Industries	10.39%	SOFR + 5.00%	0.75%	6/9/2029	3,379	3,358	3,364	(13)(20)
Netwrix Corporation (Revolver)	High Tech Industries	0.25%	SOFR + 5.00%	0.75%	6/9/2029	—	(9)	(4)	(20)
One Stop Mailing LLC	Transportation: Consumer	11.72%	SOFR + 6.25%	1.00%	4/29/2027	7,550	7,465	7,409	(13)
PhyNet Dermatology LLC	Healthcare & Pharmaceuticals	11.99%	SOFR + 6.50%	1.00%	10/20/2029	1,307	1,275	1,287	(13)(20)
Pomeroy Technologies, LLC (Super Senior A)	High Tech Industries	10.00% PIK	—	—	4/4/2026	422	420	398	
Pomeroy Technologies, LLC (Super Senior B)	High Tech Industries	9.00% PIK	—	—	4/4/2026	1,261	1,254	1,170	
Pomeroy Technologies, LLC (Senior A)	High Tech Industries	5.17% PIK	—	—	4/4/2026	1,766	1,608	1,043	
Pomeroy Technologies, LLC (Senior B)	High Tech Industries	7.00% PIK	—	—	4/4/2026	1,593	1,456	193	(5)
Premier Imaging, LLC	Healthcare & Pharmaceuticals	11.61%	SOFR + 6.00%	1.00%	1/2/2025	2,570	2,558	2,471	(13)
Priority Holdings, LLC	High Tech Industries	11.21%	SOFR + 5.75%	1.00%	4/22/2027	5,612	5,590	5,591	(13)
Project Castle, Inc.	Transportation: Cargo	10.90%	SOFR + 5.50%	0.50%	6/8/2029	7,900	7,249	7,018	(13)
Project Leopard Holdings, Inc.	High Tech Industries	10.73%	SOFR + 5.25%	0.50%	7/20/2029	7,920	7,481	7,201	(13)(15)
PVHC Holding Corp	Containers, Packaging and Glass	11.75%	SOFR + 5.50%, 0.75% PIK	2.50%	2/17/2027	2,736	2,734	2,665	(13)
Qualtek LLC	High Tech Industries	15.39%	SOFR + 1.00%, 9.00% PIK	1.00%	7/14/2025	4,373	4,373	4,209	(15)
Radiology Partners, Inc	Healthcare & Pharmaceuticals	10.18%	SOFR + 4.25%	—	7/9/2025	6,966	6,575	5,654	(13)(15)
Radius Aerospace, Inc.	Aerospace and Defense	11.25%	SOFR + 5.75%	1.00%	3/29/2025	6,131	6,111	6,064	(13)
Reception Purchaser, LLC	Transportation: Cargo	11.50%	SOFR + 6.00%	0.75%	3/24/2028	4,439	4,357	3,285	(13)(15)
South Street Securities Holdings, Inc	Banking, Finance, Insurance & Real Estate	9.00%	—	—	9/20/2027	3,150	2,760	2,528	
Sundance Holdings Group, LLC	Retail	23.03%	SOFR + 8.00%, 9.50% PIK	1.00%	5/1/2024	6,528	6,445	6,313	(13)
Symplr Software, Inc.	Healthcare & Pharmaceuticals	9.98%	SOFR + 4.50%	0.75%	12/22/2027	1,670	1,667	1,502	(13)(15)
Synamedia Americas Holdings, Inc.	Interactive Media & Services	13.10%	SOFR + 7.75%	1.00%	12/5/2028	2,759	2,663	2,662	(13)
TA/WEG Holdings, LLC	Banking, Finance, Insurance & Real Estate	10.99%	SOFR + 5.50%	1.00%	10/2/2027	12,092	12,071	12,092	(13)(20)
TA/WEG Holdings, LLC (Revolver)	Banking, Finance, Insurance & Real Estate	0.50%	SOFR + 5.75%	1.00%	10/2/2027	—	(3)	—	(20)
Tactical Air Support, Inc.	Aerospace and Defense	13.96%	SOFR + 8.50%	1.00%	12/22/2028	1,714	1,672	1,671	(13)(20)
TLE Holdings, LLC	Healthcare, Education and Childcare	10.96%	SOFR + 5.50%	1.00%	6/28/2024	6,180	6,175	6,162	(13)
VBC Spine Opco LLC (DxTx Pain and Spine LLC)	Healthcare & Pharmaceuticals	13.54%	SOFR + 8.00%	2.00%	6/14/2028	3,500	3,404	3,432	(13)(20)
VBC Spine Opco LLC (DxTx Pain and Spine LLC) (Revolver)	Healthcare & Pharmaceuticals	13.52%	SOFR + 8.00%	2.00%	6/14/2028	129	122	124	(20)
Wonder Love, Inc.	Media: Diversified & Production	10.35%	SOFR + 5.00%	1.00%	11/18/2024	1,125	1,121	1,124	(13)
Total First Lien/Senior Secured Debt							351,858	336,599	
Second Lien/Senior Secured Debt - 17.7%									
American Academy Holdings, LLC	Healthcare & Pharmaceuticals	14.50% PIK	—	—	3/1/2028	5,909	5,814	5,237	(13)
Confluence Technologies, Inc.	Services: Business	12.00%	SOFR + 6.50%	0.50%	7/23/2029	4,000	3,979	3,605	(13)
Dcert Buyer, Inc.	High Tech Industries	12.36%	SOFR + 7.00%	—	2/16/2029	5,400	5,391	4,941	(13)(15)
Global Tel*Link Corporation	Telecommunications	15.53%	SOFR + 10.00%	—	11/29/2026	1,500	1,491	1,336	(13)(15)
Idera, Inc.	High Tech Industries	12.28%	SOFR + 6.75%	0.75%	2/4/2029	6,000	5,960	5,811	(13)

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Investment (2), (4), (12), (14), (23), (24)	Industry	Interest Rate (1)	Reference Rate and Spread (1)	Floor (1)	Maturity	Par/Shares (++)	Cost	Fair Value	Footnotes
Ivanti Software, Inc.	High Tech Industries	12.91%	SOFR + 7.25%	0.50%	12/1/2028	6,000	$ 5,965	$ 4,870	(13)
Phoenix Guarantor Inc.	Healthcare & Pharmaceuticals	13.97%	SOFR + 8.50%	1.00%	3/5/2027	1,200	1,149	1,131	(13)(15)
Project Leopard Holdings, Inc.	High Tech Industries	13.13%	SOFR + 7.75%	0.50%	7/20/2030	5,000	4,918	4,719	(15)
Qualtek LLC	High Tech Industries	15.39%	SOFR + 1.00%, 9.00% PIK	1.00%	1/14/2027	4,146	4,146	2,913	(13)(15)
Redstone Holdco 2 LP	High Tech Industries	13.22%	SOFR + 7.75%	0.75%	4/16/2029	4,566	4,509	2,831	(13)(15)
Robertshaw US Holding Corp.	Capital Equipment	13.45%	SOFR + 8.00%	1.00%	2/28/2026	3,000	2,992	300	
Total Second Lien/Senior Secured Debt							46,314	37,694	
Subordinated Debt - 0.6%									
Lucky Bucks Holdings LLC	Hotel, Gaming & Leisure	12.50% PIK	—	—	5/29/2028	6,198	5,568	1,181	(5)
TRSO II, Inc.	Energy: Oil & Gas	1.69% PIK	—	—	1/24/2025	75	75	—	(5)
Total Subordinated Debt							5,643	1,181	
Collateralized Loan Obligations - 4.2%									
Catamaran CLO 2014-1 Ltd.	CLO Fund Securities	13.70%	—	—	4/20/2030	15,161	1,024	904	(3)(7)(10)
Catamaran CLO 2018-1 Ltd	CLO Fund Securities	25.00%	—	—	10/27/2031	10,000	3,923	3,923	(3)(7)(10)
Dryden 30 Senior Loan Fund	CLO Fund Securities	25.40%	—	—	11/1/2028	3,250	424	409	(3)(7)(10)
JMP Credit Advisors CLO IV LTD	CLO Fund Securities	19.80%	—	—	7/17/2029	18,407	683	683	(3)(7)(10)
JMP Credit Advisors CLO V LTD	CLO Fund Securities	25.30%	—	—	7/17/2030	17,074	3,049	3,049	(3)(7)(10)
Total Collateralized Loan Obligations							9,103	8,968	
Preferred Stock and Units - 3.1%									
4L Ultimate Topco Corporation	Services: Business	—	—	—	—	321	29	29	
AAPC Holdings, LLC	Healthcare & Pharmaceuticals	18.00% PIK	—	—	—	146,214	4	195	(22)(25)
Advantage Capital Holdings LLC	Banking, Finance, Insurance & Real Estate	12.50% PIK	—	—	—	2,470,210	2,470	2,733	(13)(25)
Aperture Dodge 18 LLC	Banking, Finance, Insurance & Real Estate	—	—	—	—	3,067,908	3,068	3,237	
Prosper Marketplace	Consumer goods: Durable	—	—	—	—	912,865	279	324	(6)
Total Preferred Stock and Units							5,850	6,518	
Common Stock and Membership Units - 3.4%									
Advantage Capital Holdings LLC	Banking, Finance, Insurance & Real Estate	—	—	—	—	822	502	2,828	(13)(22)
Anthem Sports & Entertainment Inc. - Class A Warrant	Media: Broadcasting & Subscription	—	—	—	—	510	46	—	
Anthem Sports & Entertainment Inc. - Class B Warrant	Media: Broadcasting & Subscription	—	—	—	—	88	—	—	
Anthem Sports & Entertainment Inc. - Warrant for CS	Media: Broadcasting & Subscription	—	—	—	—	1,644	—	—	
AAPC Holdings, LLC Equity	Healthcare & Pharmaceuticals	—	—	—	—	—	—	493	(22)
ATP Oil & Gas Corporation	Energy: Oil & Gas	—	—	—	—	—	—	57	(11)
Carestream Health Holdings, Inc.	Healthcare & Pharmaceuticals	—	—	—	—	4,099	53	93	
Centric Brands Inc.	Machinery (Non-Agrclt/Constr/Electr)	—	—	—	—	36,342	—	121	(13)
DxTx Pain and Spine LLC	Healthcare & Pharmaceuticals	—	—	—	—	158,166	258	258	(22)
Everyware Global, Inc.	Consumer goods: Durable	—	—	—	—	1,085,565	346	174	(16)
FP WRCA Coinvestment Fund VII, Ltd. - Class A	Capital Equipment	—	—	—	—	100	1,500	903	(3)(7)
Fusion Connect, Inc.	Telecommunications	—	—	—	—	121,871	866	—	(13)
LB NewHoldCo LLC	Hotel, Gaming & Leisure	—	—	—	—	96,523	1,441	1,442	(13)
Morae Global Holdings Inc. - Warrant	IT Consulting & Other Services	—	—	—	—	1	87	99	
Ohene Holdings B.V. - Warrant	High Tech Industries	—	—	—	—	4	—	—	(3)(7)
Qualtek LLC	High Tech Industries	—	—	—	—	150,262	1,277	—	(13)(15)
Roscoe Investors, LLC - Class A	Healthcare & Pharmaceuticals	—	—	—	—	10,000	1,000	425	
South Street Securities Holdings, Inc - Warrant	Banking, Finance, Insurance & Real Estate	—	—	—	—	3,966	455	403	
Sundance Holdings Group, LLC	Retail	—	—	—	—	14,603	—	69	(13)
World Business Lenders, LLC	Banking, Finance, Insurance & Real Estate	—	—	—	—	49,209	—	—	(7)
Total Common Stock and Membership Units							7,831	7,365	

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Investment (2), (4), (12), (14), (23), (24)	Industry	Interest Rate (1)	Reference Rate and Spread (1)	Floor (1)	Maturity	Par/Shares (++)	Cost	Fair Value	Footnotes
Derivatives - 0.0%(19)									
Advantage Capital Holdings LLC	Banking, Finance, Insurance & Real Estate	—	—	—	—	164	$ —	$ —	(7)(22)
HDNet Holdco LLC (Anthem Sports & Entertainment Inc.)	Media: Broadcasting & Subscription	—	—	—	—	0.2	31	—	(7)(19)
Total Derivatives							31	—	
Total Investments in Non-Control, Non-Affiliate Portfolio Companies							426,630	398,325	
Investments in Affiliate Portfolio Companies - 25.9%(17)									
Second Lien/Senior Secured Debt - 1.7%									
Northeast Metal Works LLC	Metals & Mining	8.00%	—	—	4/5/2028	4,500	4,500	3,560	
Total Second Lien/Senior Secured Debt							4,500	3,560	
Joint Ventures - 21.1%									
Series A-Great Lakes Funding II LLC	Joint Venture	—	—	—	—		44,000	45,012	(7)(9)(20)(26)
Total Joint Ventures							44,000	45,012	
Preferred Stock and Units - 2.6%									
BMP Slappey Holdco, LLC	Telecommunications	—	—	—	—	200,000	467	553	(21)
BMP Slappey Investment II	Telecommunications	—	—	—	—	88,946	208	246	(21)
GreenPark Infrastructure, LLC - Series A	Energy: Electricity	—	—	—	—	1,000	500	500	(22)
Northeast Metal Works LLC - Class O Preferred	Metals & Mining	—	—	—	—	4,500,000	4,500	4,182	(25)
Northeast Metal Works LLC - Preferred	Metals & Mining	—	—	—	—	2,368	—	—	(21)
Total Preferred Stock and Units							5,675	5,481	
Common Stock and Membership Units - 0.5%									
GreenPark Infrastructure, LLC - Series M-1	Energy: Electricity	—	—	—	—	500	171	171	(20)(22)
Kleen-Tech Acquisition, LLC	Services: Business	—	—	—	—	250,000	1,265	998	(21)
Total Common Stock and Membership Units							1,436	1,169	
Total Investments in Affiliate Portfolio Companies							55,611	55,222	
Investments in Controlled Afilliated Portfolio Companies - 6.7%(8)									
Subordinated Debt - 0.0%									
ProAir, LLC	Capital Equipment	17.75% PIK	—	—	1/31/2023	2,020	1,931	—	(5)
Tank Partners Equipment Holdings LLC	Energy: Oil & Gas	10.00% PIK	—	—	2/15/2022	511	416	43	(5)
Total Subordinated Debt							2,347	43	
Common Stock and Membership Units - 0.0%									
ProAir HoldCo, LLC	Capital Equipment	—	—	—	—	2,749,997	4,260	—	
Tank Partners Equipment Holdings LLC - Class A	Energy: Oil & Gas	—	—	—	—	49,000	6,228	—	(5)
Total Common Stock and Membership Units							10,488	—	
Joint Ventures - 6.7%									
KCAP Freedom 3 LLC	Joint Venture	—	—	—	—		27,415	14,275	(7)
Total Joint Ventures							27,415	14,275	
Asset Manager Affiliates - 0.0%									
Asset Management Company	Asset Management Company	—	—	—	—		17,791	—	(7)
Total Asset Manager Affiliates							17,791	—	
Total Investments in Controlled Affiliated Portfolio Companies							58,041	14,318	
Total Investments - 219.1%							$ 540,282	$ 467,865	

See accompanying notes to unaudited consolidated financial statements.

(1) 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 SOFR 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 December 31, 2023 loan. L loans are typically indexed to 12 month, 6 month, 3 month, 2 month or 1 month S rates. For each such loan, the Company has provided the weighted average annual stated interest rate in effect at December 31, 2023. As noted in the table above, 77.4% (based on par) of debt securities contain floors which range between 0.50% and 2.50%.

(2) Reflects the fair market value of all investments as of December 31, 2023 as determined in good faith using significant unobservable inputs by the Adviser in its role as "valuation designee" in accordance with Rule 2a-5 under the 1940 Act, pursuant to valuation policies and procedures that have been approved by the Company's board of directors (the "Board").

(3) Non-U.S. company or principal place of business outside the U.S.

(4) The aggregate cost of investments for federal income tax purposes is approximately $539.8 million. The aggregate gross unrealized appreciation is approximately $36.3 million, the aggregate gross unrealized depreciation is approximately $34.7 million, and the net unrealized depreciation is approximately $1.6 million.

(5) Loan or debt security is on non-accrual status and therefore is considered non-income producing.

(6) Held through Garrison Capital Equity Holdings II LLC and net of non-controlling member's interest of 17.5% pursuant to the Amended and Restated Limited Liability Company Agreement of Garrison Capital Equity Holdings II LLC.

(7) The investment is treated as a non-qualifying asset under Section 55(a) of the 1940 Act. Under the 1940 Act, we may not acquire any non-qualifying asset unless, at the time the acquisition is made, qualifying assets represent at least 70% of our total assets. As of December 31, 2023, qualifying assets represent 86.6% of the Company's total assets and non-qualifying assets represent 13.4% of the Company's total assets.

(8) As defined in the 1940 Act, the Company is deemed to be both an "Affiliated Person" and has "Control" of this portfolio company as the Company owns more than 25% of the portfolio company's outstanding voting securities or has the power to exercise control over management or policies of such portfolio company.

(9) Non-voting.

(10) CLO Subordinated Investments are entitled to periodic distributions which are generally equal to the remaining cash flow of the payments made by the underlying fund's investments less contractual payments to debt holders and fund expenses. The estimated annualized effective yield indicated is based upon a current projection of the amount and timing of these distributions. Such projections are updated on a quarterly basis and the estimated effective yield is adjusted prospectively.

(11) This investment is on non-accrual status and receives a 5% royalty interest on oil being produced on certain fields. All production payments received are being applied to the cost basis and are considered return of capital.

(12) All investments valued using unobservable inputs (Level III), unless otherwise noted.

(13) As of December 31, 2023, this investment is pledged to secure the Company's debt obligations.

(14) The Company's investments are generally acquired in private transactions exempt from registration under the Securities Act of 1933, as amended (the "Securities Act") and, therefore, are generally subject to limitations on resale, and may be deemed to be "restricted securities" under the Securities Act of 1933.

(15) This investment is classified as Level II.

(16) This investment is held by the Company's wholly-owned subsidiary Garrison Capital Equity Holdings XI LLC.

(17) Under the 1940 Act, the Company is deemed to be an "Affiliated Person" of, as defined in the 1940 Act, this portfolio company as the Company owns at least 5% of the portfolio company's outstanding voting securities or is under common control with such portfolio company.

(18) Non-income producing.

(19) Information related to the Company's derivatives is presented below as of December 31, 2023:

($ in thousands)

Description	Counterparty	Number of shares	Notional amount	Exercise price	Expiration date	Value
Call option	HDNet Holdco LLC	0.2	$ 8	0.01	N/A	$ -

Description	Counterparty	Number of shares	Notional amount	Exercise price	Expiration date	Value
Put option	Advantage Capital Holdings LLC	164	$ 563	20	N/A	$ -

(20) Debt security has an unfunded commitment in addition to the amounts shown in the Consolidated Schedule of Investments. See Note 8 for additional information on the Company's commitments and contingencies.

(21) This investment is owned by HCAP Equity Holdings, LLC, one of the Company's taxable blocker subsidiaries.

(22) This investment is held by PTMN Sub Holdings LLC, one of the company's taxable blocker subsidiaries.

(23) All debt investments are income producing, unless otherwise noted. Equity and warrant investments are non-income producing, unless otherwise noted.

(24) Percentages are based on net assets as of December 31, 2023.

(25) The equity investment is income producing, based on rate disclosed.

(26) The investment is held at the NAV of the underlying fund.

(++) Par amount is presented for debt investments, while the number of shares or units owned is presented for equity investments.

PORTMAN RIDGE FINANCE CORPORATION
CONSOLIDATED FINANCIAL HIGHLIGHTS
(in thousands, except share and per share amounts)
(Unaudited)

	For the Nine Months Ended September 30,	
	2024	2023[4]
Per Share Data:		
Net asset value, at beginning of period	$ 22.76	$ 24.23
Net investment income[1]	1.99	2.48
Net realized gain (loss) from investments[1]	(2.20)	(1.18)
Net change in unrealized appreciation (depreciation) on investments[1]	(0.15)	(0.88)
Tax (provision) benefit on realized and unrealized gains (losses) on investments[1]	0.06	0.07
Realized gain (loss) from extinguishment of debt[1]	(0.07)	(0.03)
Net increase (decrease) in net assets resulting from operations	$ (0.37)	$ 0.46
Net decrease in net assets resulting from distributions	(2.07)	(2.06)
Accretive effect of common stock repurchases[1]	0.06	0.02
Net increase (decrease) in net assets relating to stock-based transactions[6]	(0.02)	—
Net asset value, end of period	$ 20.36	$ 22.65
Total net asset value return[2]	(0.57)%	3.53%
Total market return[3]	13.35%	(7.31)%
Ratio/Supplemental Data:		
Per share market value at beginning of period	$ 18.19	$ 23.00
Per share market value at end of period	$ 18.55	$ 19.25
Shares outstanding at end of period	9,231,454	9,480,362
Net assets at end of period	$ 187,982	$ 214,755
Portfolio turnover rate[5]	11.94%	18.64%
Asset coverage ratio	170.28%	165.65%
Ratio of net investment income to average net assets (annualized)	12.23%	14.13%
Ratio of total expenses to average net assets (annualized)	19.52%	20.89%
Ratio of interest expense to average net assets (annualized)	10.71%	11.40%
Ratio of non-interest expenses to average net assets (annualized)	8.81%	9.50%

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

(2) Total net asset value return (not annualized) equals the change in the net asset value per share over the period plus distributions (including any return of capital), divided by the beginning net asset value per share.

(3) Total market return (not annualized) equals the change in market price, per share during the period plus distributions, divided by the beginning market price per share.

(4) Totals may not sum due to rounding.

(5) Portfolio turnover rate equals the lesser of year-to-date sales and paydowns over the average of the invested assets at fair value.

(6) Includes the accretive (dilutive) effects of the share issuance (at net asset value or in accordance with the DRIP).

See accompanying notes to unaudited consolidated financial statements.

1. ORGANIZATION

Portman Ridge Finance Corporation ("Portman Ridge" or the "Company"), formerly known as KCAP Financial, Inc., is an externally managed, non-diversified closed-end investment company that has elected to be regulated as a business development company ("BDC") under the Investment Company Act of 1940, as amended (the "1940 Act"). The Company was formed as a Delaware limited liability company on August 8, 2006 and, prior to the issuance of shares of the Company's common stock in its initial public offering ("IPO"), converted to a corporation incorporated in Delaware on December 11, 2006.

The Company originates, structures, and invests in secured term loans, bonds or notes and mezzanine debt primarily in privately-held middle market companies but may also invest in other investments such as loans to publicly-traded companies, high-yield bonds, and distressed debt securities (collectively the "Debt Securities Portfolio"). The Company also invests in debt and subordinated securities issued by collateralized loan obligation funds ("CLO Fund Securities"). In addition, from time to time the Company may invest in the equity securities of privately held middle market companies and may also receive warrants or options to purchase common stock in connection with its debt investments.

The Company has elected to be treated and intends to continue to qualify as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). To qualify as a RIC, the Company must, among other things, meet certain source-of-income, asset diversification and annual distribution requirements. As a RIC, the Company generally will not have to pay corporate-level U.S. federal income taxes on any income that it distributes in a timely manner to its stockholders.

On March 29, 2018, the Company's Board of Directors (the "Board"), including a "required majority" (as such term is defined in Section 57(o) of the 1940 Act) of the Board, approved the modified asset coverage requirements set forth in Section 61(a)(2) of the 1940 Act, as amended by the Small Business Credit Availability Act ("SBCA"). As a result, the Company's asset coverage requirement for senior securities changed from 200% to 150%, effective as of March 29, 2019.

During the third quarter of 2017, the Company formed a joint venture with Freedom 3 Opportunities LLC ("Freedom 3 Opportunities"), an affiliate of Freedom 3 Capital LLC, to create KCAP Freedom 3 LLC (the "F3C Joint Venture"). The F3C Joint Venture may originate loans from time to time and sell them to the fund capitalized by the F3C Joint Venture.

On November 8, 2018, the Company entered into an agreement with LibreMax Intermediate Holdings, LP ("LibreMax") under which Commodore Holdings, LLC ("Commodore"), a wholly-owned subsidiary of the Company, sold the Company's wholly-owned asset manager subsidiaries Katonah Debt Advisors, LLC ("Katonah Debt Advisors"), Trimaran Advisors, L.L.C. ("Trimaran Advisors"), and Trimaran Advisors Management, L.L.C. ("Trimaran Advisors Management" and, together with Katonah Debt Advisors and Trimaran Advisors, the "Disposed Manager Affiliates"), for a cash purchase price of approximately $37.9 million (the "LibreMax Transaction"). The LibreMax Transaction closed on December 31, 2018. As of September 30, 2024, the Company's remaining wholly-owned asset management subsidiaries (the "Asset Manager Affiliates") were comprised of Commodore, Katonah Management Holdings, LLC, Katonah X Management LLC, Katonah 2007-1 Management, LLC and KCAP Management, LLC. Prior to their sale in the LibreMax Transaction, the Disposed Manager Affiliates represented substantially all of the Company's investment in the Asset Manager Affiliates.

The Externalization Agreement

On December 14, 2018, the Company entered into a stock purchase and transaction agreement (the "Externalization Agreement") with BC Partners Advisors L.P. ("BCP"), an affiliate of BC Partners LLP, ("BC Partners"), through which Sierra Crest Investment Management LLC (the "Adviser"), an affiliate of BC Partners, became the Company's investment adviser pursuant to an investment advisory Agreement (the "Advisory Agreement") with the Company. At a special meeting of the Company's stockholders (the "Special Meeting") held on February 19, 2019, the Company's stockholders approved the Advisory Agreement. The transactions contemplated by the Externalization Agreement closed on April 1, 2019 (the "Closing"), and the Company commenced operations as an externally managed BDC managed by the Adviser on that date.

On the date of the Closing, the Company changed its name from KCAP Financial, Inc. to Portman Ridge Finance Corporation and on April 2, 2019, began trading on the NASDAQ Global Select Market under the symbol "PTMN."

About the Adviser

The Adviser is an affiliate of BC Partners. Subject to the overall supervision of the Board, the Adviser is responsible for managing the Company's business and activities, including sourcing investment opportunities, conducting research, performing diligence on potential investments, structuring the Company's investments, and monitoring the Company's portfolio companies on an ongoing basis through a team of investment professionals.

The Adviser seeks to invest on behalf of the Company in performing, well-established middle market businesses that operate across a wide range of industries (i.e., no concentration in any one industry). The Adviser employs fundamental credit analysis, targeting investments in businesses with relatively low levels of cyclicality and operating risk. The holding size of each position will generally be dependent upon a number of factors including total facility size, pricing and structure, and the number of other lenders in the facility. The Adviser has experience managing levered vehicles, both public and private, and seeks to enhance the Company's returns through the use of leverage with a prudent approach that prioritizes capital preservation. The Adviser believes this strategy and approach offers attractive risk/return with lower volatility given the potential for fewer defaults and greater resilience through market cycles.

During the fourth quarter of 2020, LibreMax Intermediate Holdings, LP ("LibreMax") sold its minority stake in the Adviser to a wholly-owned subsidiary of Mount Logan Capital Inc. ("Mount Logan"). An affiliate of BC Partners serves as administrator to Mount Logan.

GARS Transaction

On October 28, 2020, the Company completed its acquisition of Garrison Capital Inc., a publicly traded BDC ("GARS", and such transaction, the "GARS Acquisition"). To effect the acquisition, a wholly owned merger subsidiary of the Company merged with and into GARS, with GARS surviving the merger as the Company's wholly owned subsidiary. Immediately thereafter and as a single integrated transaction, GARS consummated a second merger, whereby GARS merged with and into the Company, with the Company surviving the merger. Under the terms of the merger agreement for the GARS Acquisition, dated June 24, 2020 (the "GARS Merger Agreement"), each share of common stock, par value $0.001 per share, of GARS (the "GARS Common Stock") issued and outstanding was converted into the right to receive (i) an amount in cash, without interest, equal to approximately $1.19 and (ii) approximately 1.917 shares of common stock, par value $0.01 per share, of the Company (plus any applicable cash in lieu of fractional shares). Each share of GARS Common Stock issued and outstanding received, as additional consideration funded by the Adviser, an amount in cash, without interest, equal to approximately $0.31.

HCAP Acquisition and Assumption and Redemption of HCAP Notes

On June 9, 2021, the Company completed its acquisition of Harvest Capital Credit Corporation, a publicly traded BDC ("HCAP", and such transaction, the "HCAP Acquisition"). To effect the acquisition, the Company's wholly owned merger subsidiary ("Acquisition Sub") merged with HCAP, with HCAP surviving the merger as the Company's wholly owned subsidiary. Immediately thereafter and as a single integrated transaction, HCAP consummated a second merger, whereby HCAP merged with and into the Company, with the Company surviving the merger. As a result of, and as of the effective time of, the second merger, HCAP's separate corporate existence ceased.

Under the terms of the merger agreement for the HCAP Acquisition, dated December 23, 2020 (the "HCAP Merger Agreement"), HCAP stockholders as of immediately prior to the effective time of the first merger (other than shares held by a subsidiary of HCAP or held, directly or indirectly, by the Company or Acquisition Sub, and all treasury shares (collectively, "Cancelled Shares")) received a combination of (i) $18.54 million in cash paid by the Company, (ii) 15,252,453 validly issued, fully paid and non-assessable shares of the Company's common stock, par value $0.01 per share, and (iii) an additional cash payment from the Adviser of $2.15 million in the aggregate. Shares of common stock issued and market price have not been adjusted to reflect the Reverse Stock Split.

With respect to the merger consideration from the Company, HCAP stockholders as of immediately prior to the effective time of the first merger (other than Cancelled Shares) were entitled, with respect to all or any portion of the shares of HCAP common stock they held as of the effective time of the first merger, to elect to receive the merger consideration in the form of cash (an "Election") or in the form of the Company's common stock, subject to certain conditions and limitations in the merger agreement. Any HCAP stockholder who did not validly make an Election was deemed to have elected to receive shares of the Company's common stock with respect to the merger consideration as payment for their shares of HCAP common stock. Each share of HCAP common stock (other than Cancelled Shares) with respect to which an Election was made was treated as an "Electing Share" and each share of HCAP Common Stock (other than a Cancelled Share) with respect to which an Election was not made or that was transferred after the election deadline on June 2, 2021 was treated as a "Non-Electing Share."

Pursuant to the conditions of and adjustment mechanisms in the HCAP Merger Agreement, 475,806 Electing Shares were converted to Non-Electing Shares for purposes of calculating the total mix of consideration to be paid to each Electing Share in order to ensure that the value of the aggregate cash consideration paid to holders of the Electing Shares equaled the aggregate cash consideration that HCAP received from the Company under the terms of the HCAP Merger Agreement. Accordingly, as a result of the Elections received from HCAP stockholders and any resulting adjustment under the terms of the HCAP Merger Agreement, each Electing Share received, in aggregate, approximately $7.43 in cash and 0.74 shares of the Company's common stock, while each Non-Electing Share received, in aggregate, approximately 3.86 shares of the Company's common stock.

On June 9, 2021, the Company entered into a third supplemental indenture (the "HCAP Third Supplemental Indenture") by and between the Company and U.S. Bank National Association, as trustee (the "Trustee"), effective as of the closing of the HCAP Acquisition. The HCAP Third Supplemental Indenture relates to the Company's assumption of $28.75 million in aggregate principal amount of HCAP's 6.125% Notes due September 15, 2022 (the "HCAP Notes").

Pursuant to the HCAP Third Supplemental Indenture, the Company expressly assumed the due and punctual payment of the principal of (and premium, if any) and interest, if any, on the HCAP Notes and the performance of HCAP's covenants under the base indenture, dated as of January 27, 2015, by and between HCAP and the Trustee, as supplemented by the second supplemental indenture, dated as of August 24, 2017, by and between HCAP and the Trustee. No change of control offer was required to be made in respect of the HCAP Notes in connection with the consummation of the HCAP Acquisition.

The HCAP Notes could be redeemed by the Company at any time at par value plus accrued and unpaid interest. On July 23, 2021, the Company redeemed the entire notional amount of $28.75 million of the HCAP Notes.

Reverse Stock Split

On August 23, 2021, the Company filed a Certificate of Amendment (the "Reverse Stock Split Certificate of Amendment") to the Company's Certificate of Incorporation with the Secretary of State of the State of Delaware to effect a 1-for-10 reverse stock split of the issued and outstanding (or held in treasury) shares of the Company's common stock, par value $0.01 per share (the "Reverse Stock Split"). The Reverse Stock Split became effective as of 12:01 a.m. (Eastern Time) on August 26, 2021.

As a result of the Reverse Stock Split, every ten shares of issued and outstanding common stock were automatically combined into one issued and outstanding share of common stock, without any change in the par value per share. No fractional shares were issued as a result of the Reverse Stock Split. Instead, any stockholder who would have been entitled to receive a fractional share as a result of the Reverse Stock Split received cash payments in lieu of such fractional shares (without interest and subject to backup withholding and applicable withholding taxes).

On August 23, 2021, the Company filed a Certificate of Amendment to decrease the number of authorized shares of common stock by one half of the reverse stock split ratio (the "Decrease Shares Certificate of Amendment") with the Secretary of State of the State of Delaware. The Decrease Shares Certificate of Amendment became effective as of 12:05 a.m. (Eastern Time) on August 26, 2021. Following the effectiveness of the Decrease Shares Certificate of Amendment, the number of authorized shares of common stock under the Company's Certificate of Incorporation was reduced from 100 million shares to 20 million shares.

The Reverse Stock Split Certificate of Amendment and the Decrease Shares Certificate of Amendment were approved by the Company's stockholders at its annual meeting held on June 7, 2021 and were approved by the Board on August 4, 2021.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles ("GAAP") for interim financial information. Accordingly, they do not include all of the information and footnotes required for annual consolidated financial statements. The unaudited interim consolidated financial statements ("consolidated financial statements") and notes thereto should be read in conjunction with the financial statements and notes thereto in the Company's Form 10-K for the year ended December 31, 2023, as filed with the U.S. Securities and Exchange Commission (the "Commission" or the "SEC"). The Company is an investment company and follows accounting and reporting guidance in Accounting Standards Codification ("ASC") topic 946 – Financial Services – Investment Companies. Certain prior year investment related disclosures have been reclassified to conform to the current period presentation.

The consolidated financial statements reflect all adjustments, both normal and recurring which, in the opinion of management, are necessary for the fair presentation of the Company's results of operations and financial condition for the periods presented. Furthermore, the preparation of the consolidated financial statements requires the Company to make significant estimates and assumptions including with respect to the fair value of investments that do not have a readily available market value. Actual results could differ from those estimates, and the differences could be material. The results of operations for the interim periods presented are not necessarily indicative of the operating results to be expected for the full year.

The Company consolidates the financial statements of its wholly-owned special purpose financing subsidiaries Portman Ridge Funding 2018-2 Ltd. ("PRF CLO 2018-2") (formerly known as Garrison Funding 2018-2 Ltd.), Great Lakes KCAP Funding I LLC, Kohlberg Capital Funding I LLC, KCAP Senior Funding I, LLC, KCAP Funding I Holdings, LLC, Great Lakes Portman Ridge Funding, LLC and HCAP ICC, LLC in its consolidated financial statements as they are operated solely for investment activities of the Company. The creditors of Great Lakes Portman Ridge Funding, LLC received security interests in the assets which are owned by them and such assets are not intended to be available to the creditors of Portman Ridge Finance Corporation., or any other affiliate. The Company also consolidates various subsidiaries (KCAP Coastal, LLC, PTMN Sub Holdings, LLC, OHA Funding, LP, Garrison Capital Equity Holdings I LLC, Garrison Capital Equity Holdings II, LLC, Garrison Capital Equity Holdings VIII LLC, Garrison Capital Equity Holdings XI LLC, GIG Rooster Holdings, LLC, HCAP Equity Holdings, LLC and PTMN Sub Holdings LLC) created primarily to provide specific tax treatment for the equity and other investments held by these entities.

In accordance with Article 6 of Regulation S-X under the Securities Act of 1933, as amended (the "Securities Act"), and the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Company does not consolidate portfolio company investments, including those in which it has a controlling interest.

The determination of the tax character of distributions is made on an annual (full calendar year) basis at the end of the year based upon our taxable income for the full year and the distributions paid during the full year. Therefore, an estimate of tax attributes made on a quarterly basis may not be representative of the actual tax attributes of distributions for a full year.

It is the Company's primary investment objective to generate current income and capital appreciation by lending directly to privately-held middle market companies.

During the three months ended September 30, 2024, the Company made approximately $3.0 million of investments and had approximately $14.6 million in repayments and sales, resulting in net repayments and sales of approximately $11.6 million for the period. During the three months ended September 30, 2023, the Company made approximately $10.4 million of investments and had approximately $23.8 million in repayments and sales, resulting in net repayment and sales of approximately $13.4 million for the period.

During the nine months ended September 30, 2024, the Company made approximately $54.1 million of investments and had approximately $82.2 million in repayments and sales, resulting in net repayment and sales of approximately $28.1 million for the period. During the nine months ended September 30, 2023, the Company made approximately $33.5 million of investments and had approximately $100.4 million in repayments and sales, resulting in net repayments and sales of approximately $66.9 million for the period.

As of September 30, 2024, our portfolio consisted of investments in 95 portfolio companies with a fair value of approximately $429.0 million. As of December 31, 2023, our portfolio consisted of investments in 100 portfolio companies with a fair value of approximately $467.9 million.

Recent Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board issued Accounting Standards Update 2023-07, Segment Reporting – Improvements to Reportable Segment Disclosures. The accounting standard update clarifies the segment disclosure requirements in Topic 280 and requires public entities to disclose significant segment expenses, provide all annual disclosures about a reportable segment's profit or loss and assets in interim periods, and clarify the reporting of additional measures of segment profit or loss. The amendments aim to improve consistency and comparability in segment reporting. The amendments are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The Company is currently evaluating the impact of adopting this accounting standard update.

Investments

Investment transactions are recorded on the applicable trade date. Realized gains or losses are determined using the specific identification method.

Valuation of Portfolio Investments. The Board has designated the Adviser as its "valuation designee" pursuant to Rule 2a-5 under the 1940 Act, and in that role the Adviser is responsible for performing fair value determinations relating to all of the Company's investments, including periodically assessing and managing any material valuation risks and establishing and applying fair value methodologies, in accordance with valuation policies and procedures that have been approved by the Board. The Board remains ultimately responsible for making fair value determinations under the 1940 Act and satisfies its responsibility through oversight of the valuation designee in accordance with Rule 2a-5. Debt and equity securities for which market quotations are readily available are generally valued at such market quotations. Debt and equity securities that are not publicly traded or whose market price is not readily available are valued by the Adviser based on detailed analyses prepared by management and, in certain circumstances, third parties with valuation expertise. Valuations are conducted by management on 100% of the investment portfolio at the end of each quarter. The Company follows the provisions of ASC 820: Fair Value Measurements and Disclosures ("ASC 820: Fair Value"). This standard defines fair value, establishes a framework for measuring fair value, and expands disclosures about assets and liabilities measured at fair value. ASC 820: Fair Value defines "fair value" as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Adviser utilizes one or more independent valuation firms to provide third party valuation consulting services. Each quarter the independent valuation firms perform third party valuations of the Company's investments in material illiquid securities such that they are reviewed at least once during a trailing 12-month period. These third-party valuation estimates are considered as one of the relevant data points in the Adviser's determination of fair value.

The Adviser may consider other methods of valuation than those set forth below to determine the fair value of Level III investments as appropriate in conformity with GAAP. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of the Company's investments may differ materially from the values that would have been used had a readily available market existed for such investments. Further, such investments may be generally subject to legal and other restrictions on resale or otherwise be less liquid than publicly traded securities. In addition, changes in the market environment and other events may occur over the life of the investments that may cause the value realized on such investments to be different from the currently assigned valuations.

The majority of the Company's investment portfolio is composed of debt and equity securities with unique contract terms and conditions and/or complexity that requires a valuation of each individual investment that considers multiple levels of market and asset specific inputs, which may include historical and forecasted financial and operational performance of the individual investment, projected cash flows, market multiples, comparable market transactions, the priority of the security compared with those of other securities for such issuers, credit risk, interest rates, and independent valuations and reviews.

Debt Securities. To the extent that the Company's investments are liquid and are priced or have sufficient price indications from normal course trading at or around the valuation date (financial reporting date), such pricing will be used to determine the fair value of the investments. Valuations from third party pricing services may be used as an indication of fair value, depending on the volume and reliability of the valuation, sufficient and reasonable correlation of bid and ask quotes, and, most importantly, the level of actual trading activity. However, if the Company has been unable to identify directly comparable market indices or other market guidance that correlate directly to the types of investments the Company owns, the Company will determine fair value using alternative methodologies such as available market data, as adjusted, to reflect the types of assets the Company owns, their structure, qualitative and credit attributes and other asset-specific characteristics.

The Company derives fair value for its illiquid investments that do not have indicative fair values based upon active trades primarily by using a present value technique that discounts the estimated contractual cash flows for the subject assets with discount rates imputed by broad market indices, bond spreads and yields for comparable issuers relative to the subject assets (the "Income Approach"). The Company also considers, among other things, recent loan amendments or other activity specific to the subject asset. Discount rates applied to estimated contractual cash flows for an underlying asset vary by specific investment, industry, priority and nature of the debt security (such as the seniority or security interest of the debt security) and are assessed relative to leveraged loan and high-yield bond indices, at the valuation date. The Company has identified these indices as benchmarks for broad market information related to its loan and debt securities. Because the Company has not identified any market index that directly correlates to the loan and debt securities held by the Company and therefore uses these benchmark indices, these market indices may require significant adjustment to better correlate such market data for the calculation of fair value of the investment under the Income Approach. Such adjustments require judgment and may be material to the calculation of fair value. Further adjustments to the discount rate may be applied to reflect other market conditions or the perceived credit risk of the borrower. When broad market indices are used as part of the valuation methodology, their use is subject to adjustment for many factors, including priority, collateral used as security, structure, performance and other quantitative and qualitative attributes of the asset being valued. The resulting present value determination is then weighted along with any quotes from observable transactions and broker/pricing quotes. If such quotes are indicative of actual transactions with reasonable trading volume at or near the valuation date that are not liquidation or distressed sales, relatively more reliance will be put on such quotes to determine fair value. If such quotes are not indicative of market transactions or are insufficient as to volume, reliability, consistency or other relevant factors, such quotes will be compared with other fair value indications and given relatively less weight based on their relevancy. Other significant assumptions, such as coupon and maturity, are asset-specific and are noted for each investment in the Consolidated Schedules of Investments included herein.

Equity Securities. The Company's equity securities in portfolio companies for which there is no liquid public market are carried at fair value based on the enterprise value of the portfolio company, which is determined using various factors, including EBITDA (earnings before interest, taxes, depreciation and amortization) and discounted cash flows from operations, less capital expenditures and other pertinent factors, such as recent offers to purchase a portfolio company's securities or other liquidation events. The determined fair values are generally discounted to account for restrictions on resale and minority ownership positions. In the event market quotations are readily available for the Company's equity securities in public companies, those investments may be valued using the Market Approach (as defined below). In cases where the Company receives warrants to purchase equity securities, a market standard Black-Scholes model is utilized.

The significant inputs used to determine the fair value of equity securities include prices, EBITDA and cash flows after capital expenditures for similar peer comparables and the investment entity itself. Equity securities are classified as Level III, when there is limited activity or less transparency around inputs to the valuation given the lack of information related to such equity investments held in nonpublic companies. Significant assumptions observed for comparable companies are applied to relevant financial data for the specific investment. Such assumptions, such as model discount rates or price/earnings multiples, vary by the specific investment, equity position and industry and incorporate adjustments for risk premiums, liquidity and company specific attributes. Such adjustments require judgment and may be material to the calculation of fair value.

Derivatives. The Company recognizes all derivative instruments as assets or liabilities at fair value in its financial statements. Derivative contracts entered into by the Company are not designated as hedging instruments, and as a result the Company presents changes in fair value and realized gains or losses through current period earnings. Derivative instruments are measured in terms of the notional contract amount and derive their value based upon one or more underlying instruments. Derivative instruments are subject to various risks similar to non-derivative instruments including market, credit, liquidity, and operational risks. The Company manages these risks on an aggregate basis as part of its risk management process. The derivatives may require the Company to pay or receive an upfront fee or premium. These upfront fees or premiums are carried forward as cost or proceeds to the derivatives. The Company generally records a realized gain or loss on the expiration, termination, or settlement of a derivative contract. The periodic payments for the securities Swap and Option Agreement (excluding collateral) are included as a realized gain or loss.

The Company values derivative contracts using various pricing models that take into account the terms of the contract (including notional amount and contract maturity) and observable and unobservable inputs such as interest rates and changes in fair value of the reference asset.

Asset Manager Affiliates. The Company sold all of its investment in the Disposed Manager Affiliates on December 31, 2018. Previously, the Company's investments in its wholly-owned Asset Manager Affiliates, were carried at fair value, which was primarily determined utilizing the discounted cash flow approach, which incorporated different levels of discount rates depending on the hierarchy of fees earned (including the likelihood of realization of senior, subordinate and incentive fees) and prospective modeled performance. Such valuation took into consideration an analysis of comparable asset management companies and the amount of assets under management. The Asset Manager Affiliates were classified as a Level III investment. Any change in value from period to period was recognized as net change in unrealized appreciation or depreciation.

CLO Fund Securities. The Company typically makes a non-controlling investment in the most junior class of securities of CLO Funds. The investments held by CLO Funds generally relate to non-investment grade credit instruments issued by corporations.

The Company's investments in CLO Fund Securities are carried at fair value, which is based either on (i) the present value of the net expected cash inflows for interest income and principal repayments from underlying assets and cash outflows for interest expense, debt pay-down and other fund costs for the CLO Funds that are approaching or past the end of their reinvestment period and therefore are selling assets and/or using principal repayments to pay down CLO Fund debt (or will begin to do so shortly), and for which there continue to be net cash distributions to the class of securities owned by the Company, a Discounted Cash Flow approach, (ii) a discounted cash flow model that utilizes prepayment and loss assumptions based on historical experience and projected performance, economic factors, the characteristics of the underlying cash flow and comparable yields for similar securities or preferred shares to those in which the Company has invested, or (iii) indicative prices provided by the underwriters or brokers who arrange CLO Funds, a Market Approach. The Company recognizes unrealized appreciation or depreciation on the Company's investments in CLO Fund Securities as comparable yields in the market change and/or based on changes in net asset values or estimated cash flows resulting from changes in prepayment or loss assumptions in the underlying collateral pool. As each investment in CLO Fund Securities ages, the expected amount of losses and the expected timing of recognition of such losses in the underlying collateral pool are updated and the revised cash flows are used in determining the fair value of the CLO Fund investment. The Company determines the fair value of its investments in CLO Fund Securities on a security-by-security basis.

Due to the individual attributes of each CLO Fund Security, they are classified as a Level III investment unless specific trading activity can be identified at or near the valuation date. When available, observable market information will be identified, evaluated and weighted accordingly in the application of such data to the present value models and fair value determination. Significant assumptions to the present value calculations include default rates, recovery rates, prepayment rates, investment/reinvestment rates and spreads and the discount rate by which to value the resulting underlying cash flows. Such assumptions can vary significantly, depending on market data sources which often vary in depth and level of analysis, understanding of the CLO market, detailed or broad characterization of the CLO market and the application of such data to an appropriate framework for analysis. The application of data points are based on the specific attributes of each individual CLO Fund Security's underlying assets, historic, current and prospective performance, vintage, and other quantitative and qualitative factors that would be evaluated by market participants. The Company evaluates the source of market data for reliability as an indicative market input, consistency amongst other inputs and results and also the context in which such data is presented.

For rated note tranches of CLO Fund Securities (those above the junior class) without transactions to support a fair value for the specific CLO Fund and tranche, fair value is based on discounting estimated bond payments at current market yields, which may reflect the adjusted yield on the leveraged loan index for similarly rated tranches, as well as prices for similar tranches for other CLO Funds and also other factors such as indicative prices provided by underwriters or brokers who arrange CLO Funds, and the default and recovery rates of underlying assets in the CLO Fund, as may be applicable. Such model assumptions may vary and incorporate adjustments for risk premiums and CLO Fund specific attributes.

Short-term investments. Short-term investments are generally comprised of money market accounts, time deposits, and U.S. treasury bills.

Joint Ventures. The Company carries investments in joint ventures (“Joint Ventures”) at fair value based upon the fair value of the investments held by the joint venture, or the net asset value as a practical expedient. See Note 4 below, for more information regarding the Joint Ventures.

Cash and Cash Equivalents

Cash and cash equivalents include short-term, highly liquid investments, readily convertible to known amounts of cash, with an original maturity of three months or less in accounts such as demand deposit accounts and certain overnight investment sweep accounts. The company records cash and cash equivalents at cost, which approximates fair value.

Restricted Cash

Restricted cash and cash equivalents generally consists of cash held for interest and principal payments on the Company’s borrowings.

Foreign Currency Translations

The accounting records of the Company are maintained in U.S. dollars. All assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the foreign exchange rate on the date of valuation. The Company does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. The Company’s investments in foreign securities may involve certain risks, including without limitation: foreign exchange restrictions, expropriation, taxation or other political, social or economic risks, all of which could affect the market and/or credit risk of the investment. In addition, changes in the relationship of foreign currencies to the U.S. dollar can significantly affect the value of these investments and therefore the earnings of the Company.

Investment Income

Interest Income. Interest income, including the amortization of premium and accretion of discount and accrual of payment-in-kind (“PIK”) interest, is recorded on the accrual basis to the extent that such amounts are expected to be collected. The Company generally places a loan or security on non-accrual status and ceases recognizing interest income on such loan or security when a loan or security becomes 90 days or more past due or if the Company otherwise does not expect the debtor to be able to service its debt obligations. For investments with PIK interest, which represents contractual interest accrued and added to the principal balance that generally becomes due at maturity, we will not accrue PIK interest if the portfolio company valuation indicates that the PIK interest is not collectible (i.e. via a partial or full non-accrual). Loans which are on partial or full non-accrual remain in such status until the borrower has demonstrated the ability and intent to pay contractual amounts due or such loans become current. As of September 30, 2024, nine of our debt investments were on non-accrual status with an aggregate amortized cost of $22.5 million and an aggregate fair value of $6.9 million, which represented 4.5% and 1.6% of the investment portfolio, respectively. As of December 31, 2023, seven of our debt investments were on non-accrual status with an aggregate amortized cost of $17.3 million and an aggregate fair value of $6.1 million, which represented 3.2% and 1.3% of the investment portfolio, respectively.

Investment Income on CLO Fund Securities. The Company generates investment income from its investments in the most junior class of securities issued by CLO Funds (typically preferred shares or subordinated securities). The Company’s CLO Fund junior class securities are subordinated to senior note holders who typically receive a stated interest rate of return based on a floating rate index, such as the Secured Overnight Financing Rate (“SOFR”) on their investment. The CLO Funds are leveraged funds and any excess cash flow or “excess spread” (interest earned by the underlying securities in the fund less payments made to senior note holders and less fund expenses and management fees) is paid to the holders of the CLO Fund’s subordinated securities or preferred shares.

GAAP-basis investment income on CLO equity investments is recorded using the effective interest method in accordance with the provisions of ASC 325-40, based on the anticipated yield and the estimated cash flows over the projected life of the investment. Yields are revised when there are changes in actual or estimated projected future cash flows due to changes in prepayments and/or re-investments, credit losses or asset pricing. Changes in estimated yield are recognized as an adjustment to the estimated yield prospectively over the remaining life of the investment from the date the estimated yield was changed. Accordingly, investment income recognized on CLO equity securities in the GAAP statement of operations differs from both the tax–basis investment income and from the cash distributions actually received by the Company during the period.

For non-junior class CLO Fund Securities, interest is earned at a fixed spread relative to the SOFR index.

Investment Income on Joint Ventures. The Company recognizes investment income on its investment in the Joint Ventures based upon its share of the estimated earnings and profits of the Joint Venture on the ex-dividend or ex-distribution date. The final determination of the tax attributes of distributions from the Joint Ventures is made on an annual (full calendar year) basis at the end of the year based upon taxable income and distributions for the full year. Therefore, any estimate of tax attributes of distributions made on an interim basis may not be representative of the actual tax attributes of distributions for the full year.

Fees and other income. Origination fees (to the extent services are performed to earn such income upon closing), amendment fees, consent fees, and other fees associated with investments in portfolio companies are recognized as income when they are earned. Prepayment penalties received by the Company for debt instruments repaid prior to maturity date are recorded as income upon receipt.

Debt Issuance Costs

Debt issuance costs represent fees and other direct costs incurred in connection with the Company’s borrowings. These amounts are capitalized, presented as a reduction of debt, and amortized using the effective interest method over the expected term of the borrowing.

Extinguishment of Debt

The Company derecognizes a liability if and only if it has been extinguished through delivery of cash, delivery of other financial assets, delivery of goods or services, or reacquisition by the Company of its outstanding debt securities whether the securities are cancelled or held. If the debt contains a cash conversion option, the Company allocates the consideration transferred and transaction costs incurred to the extinguishment of the liability component and the reacquisition of the equity component and recognize a gain or loss in the statement of operations.

Expenses

The Company is externally managed and in connection with the Advisory Agreement, pays the Adviser certain investment advisory fees and reimburses the Adviser and Administrator for certain expenses incurred in connection with the services they provide. See Note 5 "Related Party Transactions - Payment of Expenses under the Advisory and Administration Agreements."

Shareholder Distributions

Distributions to common stockholders are recorded on the ex-dividend date. The amount of distributions, if any, is determined by the Board each quarter. The Company has adopted a dividend reinvestment plan (the "DRIP") that provides for reinvestment of its distributions on behalf of its stockholders, unless a stockholder "opts out" of the DRIP to receive cash in lieu of having their cash distributions automatically reinvested in additional shares of the Company's common stock.

3. EARNINGS (LOSSES) PER SHARE

In accordance with the provisions of ASC 260, "Earnings per Share" ("ASC 260"), basic earnings per share is computed by dividing earnings available to common shareholders by the weighted average number of shares outstanding during the period. Other potentially dilutive common shares, and the related impact to earnings, are considered when calculating earnings per share on a diluted basis.

The following information sets forth the computation of basic and diluted net increase (decrease) in net assets per share for the three and nine months ended September 30, 2024 and 2023:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
($ in thousands, except share and per share amounts)	**2024**	**2023**	**2024**	**2023**
Net decrease in net assets resulting from operations – basic and diluted	$ (1,509)	$ 7,445	$ (3,395)	$ 4,386
Weighted average common stock outstanding – basic and diluted	9,244,033	9,505,172	9,295,008	9,533,835
Net decrease in net assets per share from operations – basic and diluted	$ (0.16)	$ 0.78	$ (0.37)	$ 0.46

4. INVESTMENTS

The following table shows the Company's portfolio by security type as of September 30, 2024 and December 31, 2023:

($ in thousands)	September 30, 2024			December 31, 2023		
Security Type	**Cost/Amortized Cost**	**Fair Value**	**Fair Value Percentage of Total Portfolio**	**Cost/Amortized Cost**	**Fair Value**	**Fair Value Percentage of Total Portfolio**
First Lien Debt	$ 338,616	$ 316,444	73.8 %	$ 351,858	$ 336,599	71.9 %
Second Lien Debt	36,758	28,885	6.7 %	50,814	41,254	8.8 %
Subordinated Debt	8,056	1,696	0.4 %	7,990	1,224	0.3 %
Collateralized Loan Obligations	7,881	6,786	1.6 %	9,103	8,968	1.9 %
Joint Ventures	64,153	52,288	12.2 %	71,415	59,287	12.7 %
Equity	29,493	22,879	5.3 %	31,280	20,533	4.4 %
Asset Manager Affiliates(1)	17,791	—	—	17,791	—	—
Derivatives	31	—	—	31	—	—
Total	$ 502,779	$ 428,978	100.0 %	$ 540,282	$ 467,865	100.0 %

(1) Represents the equity investment in the Asset Manager Affiliates.

The industry concentrations based on the fair value of the Company's investment portfolio as of September 30, 2024 and December 31, 2023 were as follows:

($ in thousands)	September 30, 2024			December 31, 2023		
Industry Classification	**Cost/Amortized Cost**	**Fair Value**	**Fair Value Percentage of Total Portfolio**	**Cost/Amortized Cost**	**Fair Value**	**Fair Value Percentage of Total Portfolio**
Services: Business	$ 63,140	$ 59,814	13.9 %	$ 58,997	$ 57,168	12.2 %
Healthcare & Pharmaceuticals	56,599	55,075	12.8 %	59,189	57,224	12.2 %
Joint Venture	64,153	52,288	12.2 %	71,415	59,287	12.7 %
Banking, Finance, Insurance & Real Estate	48,836	49,343	11.5 %	51,486	53,918	11.5 %
High Tech Industries	53,307	45,346	10.6 %	84,676	73,430	15.7 %
Consumer goods: Durable	24,713	21,653	5.0 %	16,431	13,898	3.0 %
Finance	19,053	19,098	4.5 %	18,884	18,972	4.1 %
Media: Broadcasting & Subscription	17,286	13,357	3.1 %	16,665	14,618	3.1 %
Machinery (Non-Agrclt/Constr/Electr)	11,592	12,452	2.9 %	9,836	10,097	2.2 %
Beverage, Food and Tobacco	12,544	11,764	2.8 %	12,220	11,444	2.4 %
Aerospace and Defense	11,423	11,448	2.7 %	11,130	11,256	2.4 %
Chemicals, Plastics and Rubber	9,956	9,458	2.2 %	9,738	9,836	2.1 %
Retail	9,538	8,077	1.9 %	9,334	8,732	1.9 %
Construction & Building	7,683	7,325	1.7 %	7,737	7,441	1.6 %
Transportation: Consumer	7,423	7,487	1.7 %	7,465	7,409	1.6 %
CLO Fund Securities	7,881	6,786	1.6 %	9,103	8,968	1.9 %
Healthcare, Education and Childcare	6,129	6,121	1.4 %	6,175	6,163	1.3 %
Metals & Mining	9,950	5,202	1.2 %	9,000	7,742	1.7 %
Transportation: Cargo	7,139	4,843	1.1 %	11,606	10,303	2.2 %
Telecommunications	3,813	3,239	0.8 %	5,268	4,389	0.9 %
Diversified Financial Services	2,952	2,973	0.7 %	—	—	0.0 %
Containers, Packaging and Glass	2,730	2,680	0.6 %	2,734	2,665	0.6 %
Hotel, Gaming & Leisure	7,006	2,429	0.6 %	8,358	3,948	0.8 %
Interactive Media & Services	2,568	2,589	0.6 %	2,663	2,662	0.6 %
Services: Consumer	2,670	2,660	0.6 %	—	—	0.0 %
IT Consulting & Other Services	2,185	2,291	0.5 %	2,213	2,259	0.5 %
Application Software	1,164	1,154	0.3 %	—	—	0.0 %
Capital Equipment	10,808	1,354	0.3 %	10,684	1,203	0.3 %
Energy: Electricity	671	672	0.2 %	671	671	0.1 %
Alternative Carriers	—	—	0.0 %	971	937	0.2 %
Asset Management Company[(1)]	17,791	—	0.0 %	17,791	—	0.0 %
Energy: Oil & Gas	76	—	0.0 %	6,721	100	0.0 %
Media: Diversified & Production	—	—	0.0 %	1,121	1,125	0.2 %
Total	$ 502,779	$ 428,978	100.0 %	$ 540,282	$ 467,865	100.0 %

(1) Represents the equity investment in the Asset Manager Affiliates.

Investments in CLO Fund Securities

The Company has made non-controlling investments in the most junior class of securities (typically preferred shares or subordinated securities) of CLO Funds. These securities also are entitled to recurring distributions which generally equal the net remaining cash flow of the payments made by the underlying CLO Fund's securities less contractual payments to senior bond holders, management fees and CLO Fund expenses. CLO Funds invest primarily in broadly syndicated non-investment grade loans, high-yield bonds and other credit instruments of corporate issuers. The underlying assets in each of the CLO Funds in which the Company has an investment are generally diversified secured or unsecured corporate debt. The CLO Funds are leveraged funds and any excess cash flow or "excess spread" (interest earned by the underlying securities in the CLO Funds less payments made to senior bond holders, fund expenses and management fees) is paid to the holders of the CLO Fund's subordinated securities or preferred shares.

The following table details investments in CLO Fund Securities as of September 30, 2024 and December 31, 2023:

($ in thousands)		September 30, 2024			December 31, 2023		
CLO Fund Securities	**Investment**	**Amortized Cost**	**Fair Value**	**Percentage Ownership(1)**	**Amortized Cost**	**Fair Value**	**Percentage Ownership(1)**
Catamaran CLO 2014-1 Ltd.	Collateralized Loan Obligations	$ 120	$ 120	22.2 %	$ 1,024	$ 904	22.2 %
Catamaran CLO 2018-1 Ltd.	Collateralized Loan Obligations	3,339	2,832	24.8 %	3,923	3,923	24.8 %
Dryden 30 Senior Loan Fund	Collateralized Loan Obligations	170	170	6.8 %	424	409	6.8 %
JMP Credit Advisors CLO IV Ltd.	Collateralized Loan Obligations	740	698	57.2 %	683	683	57.2 %
JMP Credit Advisors CLO V Ltd.	Collateralized Loan Obligations	3,512	2,966	57.2 %	3,049	3,049	57.2 %
Total		$ 7,881	$ 6,786		$ 9,103	$ 8,968	

(1) Represents percentage of class held at September 30, 2024 and December 31, 2023, respectively.

Affiliate Investments:

The following table details investments in affiliates at September 30, 2024 (dollars in thousands):

Investment(1)	Type of Investment	Industry Classification	Fair Value as of December 31, 2023	Purchases/ (Sales) of or Advances/ (Distributions)	Net Accretion	Transfers In/(Out) of Affiliates	Net Change in Unrealized Gain/(Loss)	Realized Gain/(Loss)	Fair Value as of September 30, 2024	Principal / Shares at September 30, 2024	Interest and Fee Income	Dividend Income
Controlled investments(3)												
Asset Management Company(2)	Asset Manager Affiliates	Asset Management Company	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Tank Partners Equipment Holdings, LLC - Class A Units(5)	Common Stock and Membership Units	Energy: Oil & Gas	—	—	—	—	6,228	(6,228)	—	—	—	—
Tank Partners Equipment Holdings, LLC	Subordinated Debt	Energy: Oil & Gas	43	—	—	—	373	(416)	—	—	—	—
ProAir Holdco, LLC(5)	Common Stock and Membership Units	Capital Equipment	—	—	—	—	—	—	—	2,749,997	—	—
ProAir, LLC	Subordinated Debt	Capital Equipment	—	—	—	—	—	—	—	2,020	—	—
KCAP Freedom 3, LLC(2)	Joint Ventures	Joint Venture	14,275	(1,579)	—	—	316	—	13,012	27,220	—	—
Total Controlled investments			$ 14,318	$ (1,579)	$ —	$ —	$ 6,917	$ (6,644)	$ 13,012		$ —	$ —
Non-controlled affiliated investments(4)												
Series A-Great Lakes Funding II LLC(2)(6)(7)	Joint Ventures	Joint Venture	$ 45,012	$ (5,683)	$ —	$ —	$ (53)	$ —	$ 39,276	$ 38,318	$ —	$ 5,122
GreenPark Infrastructure, LLC - Series A(5)	Preferred Stock and Units	Energy: Electricity	500	—	—	—	—	—	500	1,000	—	—
GreenPark Infrastructure, LLC - Series M-1(5)	Common Stock and Membership Units	Energy: Electricity	171	—	—	—	1	—	172	500	—	—
Kleen-Tech Acquisition, LLC (5)	Common Stock	Services: Business	998	—	—	—	492	—	1,490	250,000	—	—
Northeast Metal Works LLC - Preferred(5)	Preferred Stock and Units	Metals & Mining	—	—	—	—	—	—	—	2,368	—	—
Northeast Metal Works LLC - Class O Preferred(5)	Preferred Stock and Units	Metals & Mining	4,182	450	—	—	(3,359)	—	1,273	4,950,000	360	—
Northeast Metal Works LLC	Subordinated Debt	Metals & Mining	3,560	—	—	—	(131)	—	3,429	4,500	274	—
Northeast Metal Works LLC	Subordinated Debt	Metals & Mining	—	500	—	—	—	—	500	500	25	—
BMP Slappey Holdco, LLC(5)	Preferred Stock and Units	Telecommunications	553	—	—	—	73	—	626	200,000	—	—
BMP Slappey Investment II(5)	Preferred Stock and Units	Telecommunications	246	—	—	—	32	—	278	88,946	—	—
Princeton Medspa Partners, LLC(5)	Preferred Stock and Units	Healthcare & Pharmaceuticals	—	1,032	—	—	(45)	—	987	1,032	43	—
Princeton Medspa Partners, LLC - Warrant(5)	Common Stock and Membership Units	Healthcare & Pharmaceuticals	—	—	—	—	46	—	46	0	—	—
Princeton Medspa Partners, LLC - Put Option(2)	Derivatives	Healthcare & Pharmaceuticals	—	—	—	—	—	—	—	1,000,000	—	—
PMP OPCO, LLC ((Princeton Medspa Partners, LLC)(7)	First Lien/Senior Secured Debt	Healthcare & Pharmaceuticals	—	1,639	2	—	(10)	—	1,631	1,683	86	—
PMP OPCO, LLC (Princeton Medspa Partners, LLC) (Revolver)(7)	First Lien/Senior Secured Debt	Healthcare & Pharmaceuticals	—	(4)	—	—	—	—	(4)	—	1	—
EBSC Holdings LLC (Riddell, Inc.)(5)	Preferred Stock and Units	Consumer goods: Durable	—	2,075	—	—	21	—	2,096	2,100,969	101	—
Riddell, Inc.(7)	First Lien/Senior Secured Debt	Consumer goods: Durable	—	6,170	13	—	24	—	6,207	6,284	377	—
Total non-controlled affiliated investments			$ 55,222	$ 6,179	$ 15	$ —	$ (2,909)	$ —	$ 58,507		$ 1,267	$ 5,122
Total non-controlled affiliated and controlled investments			$ 69,540	$ 4,600	$ 15	$ —	$ 4,008	$ (6,644)	$ 71,519		$ 1,267	$ 5,122

(1) All investments valued using unobservable inputs (Level III), unless otherwise noted.

(2) Non-qualified asset for purposes of section 55(a) of the Investment Company Act of 1940.

(3) As defined in the 1940 Act, the Company is deemed to be both an “Affiliated Person” and has “Control” of this portfolio company as the Company owns more than 25% of the portfolio company’s outstanding voting securities or has the power to exercise control over management or policies of such portfolio company.

(4) Under the 1940 Act, the Company is deemed to be an “Affiliated Person” of, as defined in the 1940 Act, this portfolio company as the Company owns at least 5% of the portfolio company’s outstanding voting securities or is under common control with such portfolio company.

(5) Number of shares held.

(6) The investment is valued at the NAV of the underlying fund.

(7) Security has an unfunded commitment in addition to the amounts shown in the Consolidated Schedule of Investments. See Note 8 for additional information on the Company’s commitments and contingencies.

The following table details investments in affiliates at December 31, 2023 (dollars in thousands):

Investment[1]	Industry Classification	Fair Value as of December 31, 2022	Purchases/ (Sales) of or Advances/ (Distributions)	Net Accretion	Transfers In/(Out) of Affiliates	Net Change in Unrealized Gain/(Loss)	Realized Gain/(Loss)	Fair Value as of December 31, 2023	Principal / Shares at December 31, 2023	Interest and Fee Income	Dividend Income
Controlled investments[3]											
Asset Manager Affiliates[2]	Asset Management Company	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Tank Partners Equipment Holdings, LLC - Class A Units[6]	Energy: Oil & Gas	—	—	—	—	—	—	—	49,000	—	—
Tank Partners Equipment Holdings, LLC	Energy: Oil & Gas	43	—	—	—	—	—	43	511	—	—
Flight Lease VII [4][6]	Aerospace and Defense	242	(248)	—	—	39	(33)	—	—	—	—
ProAir, LLC[6]	Capital Equipment	—	—	—	—	—	—	—	2,749,997	—	—
ProAir, LLC	Capital Equipment	—	—	—	—	—	—	—	2,020	—	—
KCAP Freedom 3, LLC[2]	Joint Venture	18,668	—	—	—	(4,393)	—	14,275	27,220	—	2,184
Total controlled investments		$ 18,953	$ (248)	$ —	$ —	$ (4,354)	$ (33)	$ 14,318		$ —	$ 2,184
Non-controlled affiliated investments[5]											
Series A-Great Lakes Funding II LLC[2][6][7]	Joint Venture	$ 40,287	$ 2,565	$ —	$ —	$ 2,160	$ —	$ 45,012	$ 44,000	$ —	$ 6,764
GreenPark Infrastructure, LLC - Series A[6]	Energy: Electricity	500	—	—	—	—	—	500	1,000	—	—
GreenPark Infrastructure, LLC - Series M-1[6]	Energy: Electricity	171	—	—	—	—	—	171	500	—	—
Kleen-Tech Acquisition, LLC[6]	Services: Business	1,300	—	—	—	(302)	—	998	250,000	—	—
Northeast Metal Works LLC	Metals & Mining	13,445	(4,428)	—	(9,000)	1,107	(1,124)	—	—	377	—
Northeast Metal Works LLC - Preferred[6]	Metals & Mining	—	—	—	—	—	—	—	2,368	—	—
Northeast Metal Works LLC - Class O Preferred[6]	Metals & Mining	—	—	—	4,500	(318)	—	4,182	4,500,000	333	—
Northeast Metal Works LLC	Metals & Mining	—	—	—	4,500	(940)	—	3,560	4,500	270	—
BMP Slappey Holdco, LLC[6]	Telecommunications	464	—	—	—	89	—	553	200,000	—	—
BMP Slappey Investment II[6]	Telecommunications	206	—	—	—	40	—	246	88,946	—	—
Surge Hippodrome Partners LP[6]	Services: Business	811	(813)	—	—	(386)	388	—	—	—	—
Surge Hippodrome Holdings LLC[6]	Services: Business	484	(496)	—	—	(325)	337	—	—	—	—
Surge Hippodrome Holdings LLC	Services: Business	5,165	(5,460)	328	—	(33)	—	—	—	675	—
Navex Topco, Inc.	Electronics	7,604	(7,700)	310	—	(214)	—	—	—	804	—
Zest Acquisition Corp.	Healthcare, Education and Childcare	3,390	(3,501)	9	—	102	—	—	—	42	—
Total non-controlled affiliated investments		$ 73,827	$ (19,833)	$ 647	$ —	$ 980	$ (399)	$ 55,222		$ 2,501	$ 6,764
Total non-controlled affiliated and controlled investments		$ 92,780	$ (20,081)	$ 647	$ —	$ (3,374)	$ (432)	$ 69,540		$ 2,501	$ 8,948

(1) Fair value of this investment was determined using significant unobservable inputs, unless otherwise noted.

(2) Non-qualified asset for purposes of section 55(a) of the Investment Company Act of 1940.

(3) As defined in the 1940 Act, the Company is deemed to be both an “Affiliated Person” and has “Control” of this portfolio company as the Company owns more than 25% of the portfolio company’s outstanding voting securities or has the power to exercise control over management or policies of such portfolio company.

(4) As defined in the 1940 Act, the Company is deemed to be both an “Affiliated Person” and has “Control” of this portfolio company as the Company owns more than 25% of the portfolio company’s outstanding voting securities or has the power to exercise control over management or policies of such portfolio company.

(5) Under the 1940 Act, the Company is deemed to be an “Affiliated Person” of, as defined in the 1940 Act, this portfolio company as the Company owns at least 5% of the portfolio company’s outstanding voting securities or is under common control with such portfolio company.

(6) Number of shares held.

(7) The investment is valued at the NAV of the underlying fund.

(8) Security has an unfunded commitment in addition to the amounts shown in consolidated schedule of investments. See Note 8 for additional information on the Company's commitments and contingencies

Investments in Joint Ventures

For the three months ended September 30, 2024 and 2023, the Company recognized $1.7 million and $2.1 million, respectively, in investment income from its investments in Joint Ventures. For the nine months ended September 30, 2024 and 2023, the Company recognized $5.1 million and $6.9 million, respectively, in investment income from its investments in Joint Ventures. As of September 30, 2024 and December 31, 2023, the aggregate fair value of the Company's investments in Joint Ventures was approximately $52.3 million and $59.3 million, respectively.

KCAP Freedom 3 LLC

During the third quarter of 2017, the Company and Freedom 3 Opportunities LLC ("Freedom 3 Opportunities"), an affiliate of Freedom 3 Capital LLC, entered into an agreement to create KCAP Freedom 3 LLC (the "F3C Joint Venture"). The fund capitalized by the F3C Joint Venture invests primarily in middle-market loans and the F3C Joint Venture partners may source middle-market loans from time-to-time for the fund.

The Company owns a 62.8% equity investment in the F3C Joint Venture. The F3C Joint Venture is structured as an unconsolidated Delaware limited liability company. All portfolio and other material decisions regarding the F3C Joint Venture must be submitted to its board of managers, which is comprised of four members, two of whom were selected by the Company and two of whom were selected by Freedom 3 Opportunities, and must be approved by at least one member appointed by the Company and one appointed by Freedom 3 Opportunities. In addition, certain matters may be approved by the F3C Joint Venture's investment committee, which is comprised of one member appointed by the Company and one member appointed by Freedom 3 Opportunities.

The Company has determined that the F3C Joint Venture is an investment company under Accounting Standards Codification ("ASC"), Financial Services — Investment Companies ("ASC 946"), however, in accordance with such guidance, the Company will generally not consolidate its investment in a company other than a wholly owned investment company subsidiary or a controlled operating company whose business consists of providing services to the Company. The Company does not consolidate its interest in the F3C Joint Venture because the Company does not control the F3C Joint Venture due to allocation of the voting rights among the F3C Joint Venture partners.

The fair value of the Company's investment in the F3C Joint Venture as of September 30, 2024 and December 31, 2023 was $13.0 million and $14.3 million, respectively.

Series A – Great Lakes Funding II LLC

In August 2022, the Company invested in Series A – Great Lakes Funding II LLC (the "Great Lakes II Joint Venture," collectively with the F3C Joint Venture the "Joint Ventures"), a joint venture with an investment strategy to underwrite and hold senior, secured unitranche loans made to middle-market companies. The Company treats its investment in the Great Lakes II Joint Venture as a joint venture since an affiliate of the Adviser controls a 50% voting interest in the Great Lakes II Joint Venture. In connection with the launch of the Great Lakes II Joint Venture, the Company entered into a series of transactions pursuant to which the Company's prior investment in BCP Great Lakes Holdings LP, a vehicle formed as a co-investment vehicle to facilitate the participation of certain co-investors to invest, directly or indirectly, in BCP Great Lakes Funding, LLC (the "Prior Great Lakes Joint Venture"), and the corresponding assets held by the Prior Great Lakes Joint Venture in respect of the Company's investment in BCP Great Lakes Holdings LP, were transferred to the Great Lakes II Joint Venture in complete redemption of the Company's investment in BCP Great Lakes Holdings LP.

The Great Lakes II Joint Venture is a Delaware series limited liability company, and pursuant to the terms of the Great Lakes Funding II LLC Limited Liability Company Agreement (the "Great Lakes II LLC Agreement"), prior to the end of the investment period with respect to each series established under the Great Lakes II LLC Agreement, each member of the predecessor series would be offered the opportunity to roll its interests into any subsequent series of the Great Lakes II Joint Venture. The Company does not pay any advisory fees in connection with its investment in the Great Lakes II Joint Venture. Certain other funds managed by the Adviser or its affiliates have also invested in the Great Lakes II Joint Venture.

The fair value of the Company's investment in the Great Lakes II Joint Venture as of September 30, 2024 and December 31, 2023 was $39.3 million and $45.0 million, respectively. Fair value has been determined utilizing the practical expedient pursuant to ASC 820-10. Pursuant to the terms of the Great Lakes II LLC Agreement, the Company generally may not effect any direct or indirect sale, transfer, assignment, hypothecation, pledge or other disposition of or encumbrance upon its interests in the Great Lakes II Joint Venture, except that the Company may sell or otherwise transfer its interests with the consent of the managing members of the Great Lakes II Joint Venture or to an affiliate or a successor to substantially all of the assets of the Company.

As of September 30, 2024 and December 31, 2023, the Company had an unfunded commitment of $11.2 million and $5.5 million to the Great Lakes II Joint Venture, respectively.

Fair Value Measurements

The Company follows the provisions of ASC 820: Fair Value, which among other matters, requires enhanced disclosures about investments that are measured and reported at fair value. This standard defines fair value and establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value and expands disclosures about assets and liabilities measured at fair value. ASC 820: Fair Value defines "fair value" as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This fair value definition focuses on an exit price in the principle, or most advantageous market, and prioritizes, within a measurement of fair value, the use of market-based inputs (which may be weighted or adjusted for relevance, reliability and specific attributes relative to the subject investment) over entity-specific inputs. Market price observability is affected by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

ASC 820: Fair Value establishes the following three-level hierarchy, based upon the transparency of inputs to the fair value measurement of an asset or liability as of the measurement date:

Level I – Unadjusted quoted prices are available in active markets for identical investments as of the reporting date. The type of investments included in Level I include listed equities and listed securities. As required by ASC 820: Fair Value, the Company does not adjust the quoted price for these investments, even in situations where the Company holds a large position and a sale could reasonably affect the quoted price.

Level II – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date. Such inputs may be quoted prices for similar assets or liabilities, quoted markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full character of the financial instrument, or inputs that are derived principally from, or corroborated by, observable market information. Investments which are generally included in this category include illiquid debt securities and less liquid, privately held or restricted equity securities for which some level of recent trading activity has been observed.

Level III – Pricing inputs are unobservable for the investment and includes situations where there is little, if any, market activity for the investment. The inputs may be based on the Company's own assumptions about how market participants would price the asset or liability or may use Level II inputs, as adjusted, to reflect specific investment attributes relative to a broader market assumption. These inputs into the determination of fair value may require significant management judgment or estimation. Even if observable market data for comparable performance or valuation measures (earnings multiples, discount rates, other financial/valuation ratios, etc.) are available, such investments are grouped as Level III if any significant data point that is not also market observable (private company earnings, cash flows, etc.) is used in the valuation methodology.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and the Company considers factors specific to the investment. A majority of the Company's investments are classified as Level III. The Company evaluates the source of inputs, including any markets in which its investments are trading, in determining fair value. Inputs that are highly correlated to the specific investment being valued and those derived from reliable or knowledgeable sources will tend to have a higher weighting in determining fair value. The Company's fair value determinations may include factors such as an assessment of each underlying investment, its current and prospective operating and financial performance, consideration of financing and sale transactions with third parties, expected cash flows and market-based information, including comparable transactions, performance factors, and other investment or industry specific market data, among other factors.

The following table summarizes the fair value of investments by fair value hierarchy levels provided by ASC 820: Fair Value as of September 30, 2024 (unaudited) and December 31, 2023, respectively:

	As of September 30, 2024				
($ in thousands)	**Level I**	**Level II**	**Level III**	**NAV**	**Total**
First Lien Debt	$ —	$ 29,900	$ 286,544	$ —	$ 316,444
Second Lien Debt	—	8,570	20,315	—	28,885
Subordinated Debt	—	—	1,696	—	1,696
Equity	—	—	22,879	—	22,879
Collateralized Loan Obligations	—	—	6,786	—	6,786
Joint Ventures	—	—	13,012	39,276	52,288
Derivatives	—	—	—	—	—
Total	$ —	$ 38,470	$ 351,232	$ 39,276	$ 428,978

	As of December 31, 2023				
($ in thousands)	**Level I**	**Level II**	**Level III**	**NAV**	**Total**
First Lien Debt	$ —	$ 47,303	$ 289,295	$ —	$ 336,598
Second Lien Debt	—	18,022	23,232	—	41,254
Subordinated Debt	—	—	1,225	—	1,225
Equity	—	—	20,533	—	20,533
Collateralized Loan Obligations	—	—	8,968	—	8,968
Joint Ventures	—	—	14,275	45,012	59,287
Derivatives	—	—	—	—	—
Total	$ —	$ 65,325	$ 357,528	$ 45,012	$ 467,865

As a BDC, the Company is required to invest primarily in the debt and equity of non-public companies for which there is little, if any, market-observable information. As a result, a significant portion of the Company's investments at any given time will likely be deemed Level III investments. Investment values derived by a third-party pricing service are generally deemed to be Level III values. For those that have observable trades, the Company considers them to be Level II.

The fair value of the Company's investment in the Great Lakes II Joint Venture as of September 30, 2024 and December 31, 2023 was $39.3 million and $45.0 million, respectively. Fair value has been determined utilizing the practical expedient pursuant to ASC 820-10.

Subject to the limitations noted above, values derived for debt and equity securities using comparable public/private companies generally utilize market-observable data from such comparables and specific, non-public and non-observable financial measures (such as earnings or cash flows) for the private, underlying company/issuer. Such non-observable company/issuer data is typically provided on a monthly or quarterly basis, is certified as correct by the management of the company/issuer and/or audited by an independent accounting firm on an annual basis. Since such private company/issuer data is not publicly available it is not deemed market-observable data and, as a result, such investment values are grouped as Level III assets.

The Company's policy for determining transfers between levels is based solely on the previously defined three-level hierarchy for fair value measurement. Transfers between the levels of the fair value hierarchy are separately noted in the tables below and the reason for such transfer described in each table's respective footnotes. Certain information relating to investments measured at fair value for which the Company has used unobservable inputs to determine fair value is as follows:

($ in thousands)	For the Nine Months Ended September 30, 2024							
	First Lien Debt	Second Lien Debt	Subordinated Debt	Equity	Collateral Loan Obligations	Joint Ventures	Derivatives	Total
Balance, December 31, 2023	$ 289,295	$ 23,232	$ 1,225	$ 20,533	$ 8,968	$ 14,275	$ —	$ 357,528
Transfers out of Level III[1]	(7,018)	—	—	—	—	—	—	(7,018)
Transfers into Level III[2]	4,514	—	—	—	—	—	—	4,514
Net accretion	1,624	30	—	—	1,335	—	—	2,989
Purchases	53,697	1,165	944	5,720	—	—	—	61,526
Sales/Paydowns/Return of Capital	(48,790)	(3,961)	(459)	(864)	(1,316)	(1,580)	—	(56,970)
Realized gain (loss) included in earnings	(1,312)	(3)	(419)	(5,364)	(1,242)	—	—	(8,340)
Change in unrealized gain (loss) included in earnings	(5,466)	(148)	405	2,854	(959)	317	—	(2,997)
Balance, September 30, 2024	$ 286,544	$ 20,315	$ 1,696	$ 22,879	$ 6,786	$ 13,012	$ —	$ 351,232
Changes in unrealized gains (losses) included in earnings related to investments still held at reporting date	$ (4,316)	$ (150)	$ 33	$ (3,471)	$ (960)	$ 317	$ —	$ (8,547)

(1) Transfers out of Level III represent a transfer of $7.0 million relating to debt securities for which pricing inputs, other than their quoted prices in active markets were observable as of September 30, 2024.

(2) Transfers into Level III represent a transfer of $4.5 million relating to debt securities for which pricing inputs, other than their quoted prices in active markets were unobservable as of September 30, 2024.

($ in thousands)	For the Nine Months Ended September 30, 2023							
	First Lien Debt	Second Lien Debt	Subordinated Debt	Equity	Collateral Loan Obligations	Joint Ventures	Derivatives	Total
Balance, December 31, 2022	$ 359,648	$ 50,453	$ 43	$ 21,905	$ 20,453	$ 18,668	$ —	$ 471,170
Transfers out of Level III[1]	(8,332)	—	—	—	—	—	—	(8,332)
Transfers into Level III[2]	4,726	1,643	—	—	—	—	—	6,369
Net accretion	4,528	283	—	—	1,879	—	—	6,690
Purchases	29,486	649	—	478	—	—	—	30,613
Sales/Paydowns/Return of Capital	(66,247)	(22,656)	5,567	(2,258)	(1,741)	—	—	(87,335)
Realized gain (loss) included in earnings	323	(1,123)	—	2,599	(12,918)	—	—	(11,119)
Change in unrealized gain (loss) included in earnings	(2,115)	(775)	(4,313)	(3,535)	2,752	(3,488)	—	(11,474)
Balance, September 30, 2023	$ 322,017	$ 28,474	$ 1,297	$ 19,189	$ 10,425	$ 15,180	$ —	$ 396,582
Changes in unrealized gains (losses) included in earnings related to investments still held at reporting date	$ (6,150)	$ (1,815)	$ (4,314)	$ (1,743)	$ 2,752	$ (3,488)	$ —	$ (14,759)

(1) Transfers out of Level III represent a transfer of $8.3 million relating to debt securities for which pricing inputs, other than their quoted prices in active markets were observable as of September 30, 2023.

(2) Transfers into Level III represent a transfer of $6.4 million relating to debt securities for which pricing inputs, other than their quoted prices in active markets were unobservable as of September 30, 2023.

As of September 30, 2024 and December 31, 2023, the Company’s Level II portfolio investments were valued by third-party pricing services for which the prices are not adjusted and for which inputs are observable or can be corroborated by observable market data for substantially the full character of the financial instrument, or by inputs that are derived principally from, or corroborated by, observable market information. The fair value of the Company’s Level II portfolio investments was $38.5 million and $65.3 million as of September 30, 2024 and December 31, 2023, respectively.

As of September 30, 2024, the Company’s Level III portfolio investments had the following valuation techniques and significant inputs (dollars in thousands):

Type	Fair Value	Primary Valuation Techniques	Unobservable Inputs	Range of Inputs (Weighted Average)
First Lien Debt	$ 39,631	Enterprise Value	Average EBITDA Multiple	6.1x - 7.5x (6.5x)
			Expected Sale Proceeds	90.3x
			Average Settlement Value	0.4x - 1.4x (1.1x)
			Takeback Paper Price	$105.0
	246,913	Income Approach	Implied Discount Rate	6.1% - 23.8% (11.6%)
Second Lien Debt	178	Enterprise Valuation	Takeback Paper Price	$10.8
	20,137	Income Approach	Implied Discount Rate	10.6% - 22.4% (15.2%)
Subordinated Debt	484	Income Approach	Implied Discount Rate	14.8%
	1,212	Recovery analysis	Average Settlement Value	$47.1
Equity	22,661	Enterprise Value	Average EBITDA Multiple	0.4x - 18.0x (5.9x)
			Expected Sale Proceeds	90.3x
			Book value of equity (asset)	1.0x
			Time Horizon	$4.5-$5.2($4.7)
			Current Payment Terms (Par)	$7.3
	218	Income Approach	Implied Discount Rate	17.6%
Collateralized Loan Obligations	6,786	Discounted Cash Flow	Discount Rate	15.9% - 22.9% (19.2%)
			Probability of Default	1.8% - 2.5% (2.0%)
			Recovery Rate	65.0% - 75.0% (70.0%)
			Prepayment Rate	15.0% - 25.0% (20.0%)
Joint Ventures	13,012	Discounted Cash Flow	Discount Rate	18.1% - 19.7% (18.9%)
			Probability of Default	2.8% - 3.3% (3.0%)
			Recovery Rate	65.0% - 75.0% (70.0%)
			Prepayment Rate	15.0% - 25.0% (20.0%)
Derivatives	—	Enterprise Value	Average EBITDA Multiple	2.5x
Total Level III Investments	$ 351,232			

As of December 31, 2023, the Company’s Level III portfolio investments had the following valuation techniques and significant inputs (dollars in thousands):

Type	Fair Value	Primary Valuation Techniques	Unobservable Inputs	Range of Inputs (Weighted Average)
First Lien Debt	$ 8,846	Enterprise Value	Average EBITDA Multiple	0.4x - 0.4x (0.1x)
			Expected Sale Proceeds	97.6x
	275,179	Income Approach	Implied Discount Rate	5.3% - 40.7% (12.4%)
	5,270	Recent Transaction	Implied Discount Rate	13.8% - 14.2% (14.0%)
Second Lien Debt	300	Enterprise Value	Implied Discount Rate	9.5x - 9.5x (9.5x)
	22,932	Income approach	Implied Discount Rate	13.8% - 14.2% (14.0%)
Subordinated Debt	1,225	Enterprise Value	Average Settlement Value	61.0x - 61.0x (61.0x)
			Recovery Rate Multiple	0.1x - 0.1x (0.1x)
Collateralized Loan Obligations	8,968	Discounted Cash Flow	Discount Rate	18.4% - 25.2% (21.1%)
			Probability of Default	1.8% - 2.5% (2.0%)
			Recovery Rate	65.0% - 75.0% (70.0%)
			Prepayment Rate	15.0% - 25.0% (20.0%)
Joint Ventures	14,275	Discounted Cash Flow	Discount Rate	20.5% - 22.1% (21.3%)
			Probability of Default	2.8% - 3.3% (3.0%)
			Recovery Rate	65.0% - 75.0% (70.0%)
			Prepayment Rate	15.0% - 25.0% (20.0%)
Equity	19,805	Enterprise Value	Average EBITDA Multiple	5.0x - 18.0x (6.9x)
			Average EBITDA Multiple / WACC	0.4x - 3.7x (1.1x)
			Book Value of Equity	1.0x - 1.6x (1.6x)
	57	Income Approach	Implied Discount Rate	15.0% - 15.0% (15.0%)
	671	Recent Transaction	Implied Discount Rate	12.4% - 12.4% (12.4%)
Derivatives	—	Enterprise Value	Average EBITDA Multiple	2.5x - 2.5x (2.5x)
Total Level III Investments	$ 357,528			

The significant unobservable inputs used in the fair value measurement of the Company’s debt securities may include, among other things, broad market indices, the comparable yields of similar investments in similar industries, effective discount rates, average EBITDA multiples, and weighted average cost of capital. Significant increases or decreases in such comparable yields would result in a significantly lower or higher fair value measurement, respectively.

The significant unobservable inputs used in the fair value measurement of the Company’s equity securities include the EBITDA multiple of similar investments in similar industries and the weighted average cost of capital. Significant increases or decreases in such inputs would result in a significantly lower or higher fair value measurement.

Significant unobservable inputs used in the fair value measurement of the Company’s CLO Fund Securities include default rates, recovery rates, prepayment rates, spreads, and the discount rate by which to value the resulting underlying cash flows. Such assumptions can vary significantly, depending on market data sources which often vary in depth and level of analysis, understanding of the CLO market, detailed or broad characterization of the CLO market and the application of such data to an appropriate framework for analysis. The application of data points are based on the specific attributes of each individual CLO Fund Security’s underlying assets, historic, current and prospective performance, vintage, and other quantitative and qualitative factors that would be evaluated by market participants. The Company evaluates the source of market data for reliability as an indicative market input, consistency amongst other inputs and results and also the context in which such data is presented. Significant increases or decreases in probability of default and loss severity inputs in isolation would result in a significantly lower or higher fair value measurement, respectively. In general, a change in the assumption of the probability of default is accompanied by a directionally similar change in the assumption used for the loss severity in an event of default. Significant increases or decreases in the discount rate in isolation would result in a significantly lower or higher fair value measurement.

The Company's investment in the F3C Joint Venture is carried at fair value based upon the fair value of the investments held by the F3C Joint Venture.

The Company values derivative contracts using various pricing models that take into account the terms of the contract (including notional amount and contract maturity) and observable and unobservable inputs such as interest rates and changes in fair value of the reference asset.

The following table details derivative investments as of September 30, 2024 and December 31, 2023:

($ in thousands)	**September 30, 2024**			
Types of contracts	**Notional amounts**	**Derivative assets (liabilities)**	**Realized gain(loss)**	**Unrealized gain(loss)**
Call option[1]	$ 8	$ -	$ -	$ -
Put option[1]	1,563	-	-	-
Total	$ 1,571	$ -	$ -	$ -

(1) Net amount included in non-controlled/non- affiliated investments on the consolidated balance sheets

($ in thousands)	**December 31, 2023**			
Types of contracts	**Notional amounts**	**Derivative assets (liabilities)**	**Realized gain(loss)**	**Unrealized gain(loss)**
Call option[1]	$ 8	$ -	$ -	$ -
Put option[1]	563	-	-	-
Total	$ 571	$ -	$ -	$ -

(1) Net amount included in non-controlled/non- affiliated investments on the consolidated balance sheets

5. RELATED PARTY TRANSACTIONS

Advisory Agreement

The Adviser provides management services to the Company pursuant to the Advisory Agreement. Under the terms of the Advisory Agreement, the Adviser is responsible for the following:

- managing the Company's assets in accordance with our investment objective, policies and restrictions;
- determining the composition of the Company's portfolio, the nature and timing of the changes to the portfolio and the manner of implementing such changes;
- identifying, evaluating and negotiating the structure of the Company's investments;
- monitoring the Company's investments;
- determining the securities and other assets that the Company will purchase, retain or sell;
- assisting the Board with its valuation of the Company's assets;
- directing investment professionals of the Adviser to provide managerial assistance to the Company's portfolio companies;
- performing due diligence on prospective portfolio companies;
- exercising voting rights in respect of portfolio securities and other investments for the Company;
- serving on, and exercising observer rights for, boards of directors and similar committees of our portfolio companies; and
- providing the Company with such other investment advisory, research and related services as we may, from time to time, reasonably require for the investment of capital.

The Adviser's services under the Advisory Agreement are not exclusive, and it is free to furnish similar services to other entities so long as its services to the Company are not impaired.

Term

Unless earlier terminated as described below, the Investment Advisory Agreement will remain in effect from year-to-year if approved annually by a majority of the Board or by the holders of a majority of the outstanding shares, and, in each case, a majority of the independent directors.

The Advisory Agreement will automatically terminate within the meaning of the 1940 Act and related Securities and Exchange Commission ("SEC") guidance and interpretations in the event of its assignment. In accordance with the 1940 Act, without payment of any penalty, we may terminate the Advisory Agreement with the Adviser upon 60 days' written notice. The decision to terminate the agreement may be made by a majority of the Board or the stockholders holding a majority of the outstanding shares of our common stock. See "Advisory Agreement—Removal of Adviser" below. In addition, without payment of any penalty, the Adviser may generally terminate the Advisory Agreement upon 60 days' written notice and, in certain circumstances, the Adviser may only be able to terminate the Advisory Agreement upon 120 days' written notice.

Removal of Adviser

The Adviser may be removed by the Board or by the affirmative vote of a Majority of the Outstanding Shares. "Majority of the Outstanding Shares" means the lesser of (1) 67% or more of the outstanding shares of our common stock present at a meeting, if the holders of more than 50% of the outstanding shares of our common stock are present or represented by proxy or (2) a majority of outstanding shares of our common stock.

Compensation of Adviser

Pursuant to the terms of the Advisory Agreement, the Company pays the Adviser (i) a base management fee (the "Base Management Fee") and (ii) an incentive fee (the "Incentive Fee"). For the period from the date of the Advisory Agreement (the "Effective Date") through the end of the first calendar quarter after the Effective Date, the Base Management Fee will be calculated at an annual rate of 1.50% of the Company's gross assets, excluding cash and cash equivalents, but including assets purchased with borrowed amounts, as of the end of such calendar quarter. Subsequently, the Base Management Fee will be 1.50% of the Company's average gross assets, excluding cash and cash equivalents, but including assets purchased with borrowed amounts, at the end of the two most recently completed calendar quarters; provided, however, that the Base Management Fee will be 1.00% of the Company's average gross assets, excluding cash and cash equivalents, but including assets purchased with borrowed amounts, that exceed the product of (i) 200% and (ii) the value of the Company's net asset value at the end of the most recently completed calendar quarter.

The Incentive Fee consists of two parts: (1) a portion based on the Company's pre-incentive fee net investment income (the "Income-Based Fee") and (2) a portion based on the net capital gains received on the Company's portfolio of securities on a cumulative basis for each calendar year, net of all realized capital losses and all unrealized capital depreciation on a cumulative basis, in each case calculated from the Effective Date, less the aggregate amount of any previously paid capital gains Incentive Fee (the "Capital Gains Fee"). The Income-Based Fee is 17.50% of pre-incentive fee net investment income with a 7.00% hurdle rate. The Capital Gains Fee is 17.50%.

Pre-incentive fee net investment income means dividends (including reinvested dividends), interest and fee income accrued by the Company during the calendar quarter, minus operating expenses for the quarter (including the management fee, expenses payable under the administration agreement, and any interest expense and dividends paid on any issued and outstanding preferred stock, but excluding the incentive fee). Pre-incentive fee net investment income includes, in the case of investments with a deferred interest feature (such as original issue discount, debt instruments with payment-in-kind ("PIK") interest and zero coupon securities), accrued income that the Company may not have received in cash. The Adviser is not obligated to return the incentive fee it receives on PIK interest that is later determined to be uncollectible in cash. Pre-incentive fee net investment income does not include any realized capital gains, realized capital losses or unrealized capital appreciation or depreciation.

To determine the income incentive fee, pre-incentive fee net investment income is expressed as a rate of return on the value of our net assets at the end of the immediately preceding calendar quarter. Because of the structure of the incentive fee, it is possible that the Company may pay an incentive fee in a calendar quarter in which the Company incurs a loss. For example, if the Company receives pre-incentive fee net investment income in excess of the quarterly hurdle rate, the Company will pay the applicable incentive fee even if the Company has incurred a loss in that calendar quarter due to realized capital losses and unrealized capital depreciation. In addition, because the quarterly hurdle rate is calculated based on our net assets, decreases in the Company's net assets due to realized capital losses or unrealized capital depreciation in any given calendar quarter may increase the likelihood that the hurdle rate is reached and therefore the likelihood of the Company paying an incentive fee for the subsequent quarter. The Company's net investment income used to calculate this component of the incentive fee is also included in the amount of the Company's gross assets used to calculate the management fee because gross assets are total assets (including cash received) before deducting liabilities (such as declared dividend payments).

The second component of the incentive fee, the capital gains incentive fee, payable at the end of each calendar year in arrears, equals 17.50% of cumulative realized capital gains through the end of such calendar year commencing with the calendar year ending December 31, 2019, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, in each case calculated from the Effective Date, less the aggregate amount of any previously paid capital gains incentive fee for prior periods. The Company will accrue, but will not pay, a capital gains incentive fee with respect to unrealized appreciation because a capital gains incentive fee would be owed to the Adviser if the Company were to sell the relevant investment and realize a capital gain. In no event will the capital gains incentive fee payable pursuant to the Investment Advisory Agreement be in excess of the amount permitted by the Investment Advisers Act of 1940, as amended (the "Advisers Act") including Section 205 thereof.

The fees that are payable under the Investment Advisory Agreement for any partial period will be appropriately prorated.

Limitations of Liability and Indemnification

Under the Advisory Agreement, the Adviser, its officers, managers, partners, agents, employees, controlling persons, members and any other person or entity affiliated with the Adviser, including without limitation its managing member, will not be liable to the Company for acts or omissions performed in accordance with and pursuant to the Advisory Agreement, except those resulting from acts constituting criminal conduct, gross negligence, willful misfeasance, bad faith or reckless disregard of the duties that the Adviser owes to the Company under the Advisory Agreement. In addition, as part of the Advisory Agreement, the Company has agreed to indemnify the Adviser and each of its officers, managers, partners, agents, employees, controlling persons, members and any other person or entity affiliated with the Adviser, including without limitation its general partner, and the Administrator from and against any damages, liabilities, costs and expenses, including reasonable legal fees and other expenses reasonably incurred, in or by reason of any pending, threatened or completed action, suit, investigation or other proceeding (including an action or suit by or in the right of the Company or its security holders) arising out of or otherwise based upon the performance of any of the Adviser's duties or obligations under the Advisory Agreement or otherwise as an investment adviser of the Company, except where attributable to criminal conduct, gross negligence, willful misfeasance, bad faith or reckless disregard of such person's duties under the Advisory Agreement.

Board Approval of the Advisory Agreement

On December 12, 2018, the then-current Board of the Company held an in-person meeting to consider and approve the Advisory Agreement and related matters, and on April 1, 2019 the Company entered into the Advisory Agreement with the Adviser. The Board most recently determined to re-approve the Advisory Agreement at a meeting held on March 11, 2024. In reaching a decision to re-approve the Advisory Agreement, the Board was provided the information required to consider the Advisory Agreement, including: (a) the nature, quality and extent of the advisory and other services to be provided to the Company by the Adviser; (b) comparative data with respect to advisory fees or similar expenses paid by other BDCs with similar investment objectives; (c) the Company projected operating expenses and expense ratio compared to BDCs with similar investment objectives; (d) any existing and potential sources of indirect income to the Adviser from its relationship with the Company and the profitability of that relationship; (e) information about the services to be performed and the personnel performing such services under the Advisory Agreement; and (f) the organizational capability and financial condition of the Adviser and its affiliates.

The Board, including a majority of independent directors will oversee and monitor the Company's investment performance and annually reviews the compensation we pay to the Adviser.

Management fees for the three months ended September 30, 2024 and 2023, were approximately $1.6 million and $1.8 million, respectively. Management fees for the nine months ended September 30, 2024 and 2023, were approximately $5.0 million and $5.7 million, respectively. Incentive fees for the three months ended September 30, 2024 and 2023, were approximately $1.2 million and $1.5 million, respectively. Incentive fees for the nine months ended September 30, 2024 and 2023, were approximately $3.8 million and $5.0 million, respectively.

Administration Agreement

Under the terms of the administration agreement (the "Administration Agreement") between the Company and BC Partners Management LLC (the "Administrator"), the Administrator will perform, or oversee the performance of, required administrative services, which includes providing office space, equipment and office services, maintaining financial records, preparing reports to stockholders and reports filed with the SEC, and managing the payment of expenses and the performance of administrative and professional services rendered by others. The Company will reimburse the Administrator for services performed for us pursuant to the terms of the Administration Agreement. In addition, pursuant to the terms of the Administration Agreement, the Administrator may delegate its obligations under the Administration Agreement to an affiliate or to a third party and the Company will reimburse the Administrator for any services performed for it by such affiliate or third party.

Payments under the Administration Agreement are equal to an amount that reimburses the Administrator for its costs and expenses in performing its obligations and providing personnel and facilities (including rent, office equipment and utilities) for the Company's use under the Administration Agreement, including an allocable portion of the compensation paid to the Company's chief compliance officer and chief financial officer and their respective staff who provide services to the Company. The Board, including the independent directors, will review the general nature of the services provided by the Administrator as well as the related cost to the Company for those services and consider whether the cost is reasonable in light of the services provided.

Unless earlier terminated as described below, the Administration Agreement will remain in effect from year-to-year if approved annually by a majority of the Board or by the holders of a Majority of the Outstanding Shares, and, in each case, a majority of the independent directors. On April 1, 2019, the Board approved the Administration Agreement with the Administrator and the Board most recently determined to re-approve the Administration Agreement at a meeting held on March 11, 2024.

The Company may terminate the Administration Agreement, without payment of any penalty, upon 60 days' written notice. The decision to terminate the agreement may be made by a majority of the Board or the stockholders holding a Majority of the Outstanding Shares. In addition, the Adviser may terminate the Administration Agreement, without payment of any penalty, upon 60 days' written notice.

Administrative services expense for the three months ended September 30, 2024 and 2023, was $0.6 million and $0.6 million, respectively. Administrative services expense for the nine months ended September 30, 2024 and 2023, was $1.3 million and $1.9 million, respectively.

Payment of Expenses under the Advisory and Administration Agreements

Except as specifically provided below, all investment professionals and staffs of the Adviser, when and to the extent engaged in providing investment advisory and management services to the Company, and the compensation and routine overhead expenses (including rent, office equipment and utilities), of such personnel allocable to such services, is provided and paid for by the Adviser. The Company bears an allocable portion of the compensation paid by the Adviser (or its affiliates) to the Company's chief compliance officer and chief financial officer and their respective staffs (based on a percentage of time such individuals devote, on an estimated basis, to our business affairs). The Company also bears all other costs and expenses of our operations, administration and transactions, including, but not limited to (i) investment advisory fees, including management fees and incentive fees, to the Adviser, pursuant to the Advisory Agreement; (ii) an allocable portion of overhead and other expenses incurred by the Adviser (or its affiliates) in performing its administrative obligations under the Advisory Agreement, and (iii) all other expenses of our operations and transactions including, without limitation, those relating to:

- the cost of calculating the Company's net asset value, including the cost of any third-party valuation services;
- the cost of effecting any sales and repurchases of the Company's common stock and other securities;
- fees and expenses payable under any dealer manager or placement agent agreements, if any;
- administration fees payable under the Administration Agreement and any sub-administration agreements, including related expenses;
- debt service and other costs of borrowings or other financing arrangements;
- costs of hedging;
- expenses, including travel expense, incurred by the Adviser, or members of the investment team, or payable to third parties, performing due diligence on prospective portfolio companies and, if necessary, enforcing our rights;
- transfer agent and custodial fees;
- fees and expenses associated with marketing efforts;
- federal and state registration fees, any stock exchange listing fees and fees payable to rating agencies;
- federal, state and local taxes;
- independent directors' fees and expenses including certain travel expenses;
- costs of preparing financial statements and maintaining books and records and filing reports or other documents with the SEC (or other regulatory bodies) and other reporting and compliance costs, including registration and listing fees, and the compensation of professionals responsible for the preparation of the foregoing;
- the costs of any reports, proxy statements or other notices to stockholders (including printing and mailing costs), the costs of any stockholder or director meetings and the compensation of personnel responsible for the preparation of the foregoing and related matters;
- commissions and other compensation payable to brokers or dealers;
- research and market data;

- fidelity bond, directors and officers errors and omissions liability insurance and other insurance premiums;
- direct costs and expenses of administration, including printing, mailing, long distance telephone and staff;
- fees and expenses associated with independent audits, outside legal and consulting costs;
- costs of winding up our affairs;
- costs incurred by either the Administrator or us in connection with administering our business, including payments under the Administration Agreement;
- extraordinary expenses (such as litigation or indemnification);
- costs associated with reporting and compliance obligations under the 1940 Act and applicable federal and state securities laws; and
- costs associated with the Company's legacy lease.

Co-investment Exemptive Relief

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

On April 10, 2023, superseding a prior exemptive order granted on October 23, 2018, the SEC issued an order granting an application for exemptive relief to us and certain of our affiliates that allows BDCs managed by the Adviser, including us, to co-invest, subject to the satisfaction of certain conditions, in certain private placement transactions, with other funds managed by the Adviser or its affiliates, certain proprietary accounts of the Adviser or its affiliates and any future funds that are advised by the Adviser or its affiliated investment advisers.

Under the terms of the exemptive order, in order for the Company to participate in a co-investment transaction a "required majority" (as defined in Section 57(o) of the 1940 Act) of the Company's independent directors must conclude that (i) the terms of the proposed transaction, including the consideration to be paid, are reasonable and fair to the Company and its stockholders and do not involve overreaching with respect to the Company or its stockholders on the part of any person concerned, and (ii) the proposed transaction is consistent with the interests of the Company's stockholders and is consistent with the Company's investment objectives and strategies and certain criteria established by the Board.

6. BORROWINGS

The Company's debt obligations consist of the following:

($ in thousands)	**September 30, 2024**	**December 31, 2023**
2018-2 Secured Notes (net of original issue discount of $— and $712, respectively)	$ —	$ 124,971
4.875% Notes Due 2026 (net of deferred financing costs and original issue discount of $1,208 and $1,786, respectively)	106,792	106,214
Great Lakes Portman Ridge Funding LLC Revolving Credit Facility (net of deferred financing costs of $1,352 and $775, respectively)	158,126	91,225
	$ 264,918	$ 322,410

The weighted average stated interest rate and weighted average maturity on all our debt outstanding as of September 30, 2024 was 6.7% and 2.4 years, respectively, and as of December 31, 2023 were 7.0% and 3.7 years, respectively.

Notes Offering

On April 30, 2021, the Company issued $80 million in aggregate principal amount of unsecured 4.875% Notes due 2026 (the "4.875% Notes due 2026") in a private placement exempt from registration under the Section 4(a)(2) of the Securities Act. The 4.875% Notes due 2026 were not registered under the Securities Act or any state securities laws and may not be reoffered or resold in the United States absent registration or an applicable exemption from such registration requirements. The net proceeds to the Company were approximately $77.7 million, after deducting estimated offering expenses. The Company used the net proceeds of the offering to redeem in full its 6.125% Notes due 2022, to make investments in portfolio companies in accordance with its investment objectives, and for general corporate purposes.

On April 30, 2021, the Company and U.S. Bank National Association (the "Trustee") entered into a Supplemental Indenture (the "Third Supplemental Indenture"), which supplements that certain Base Indenture, dated as of October 10, 2012 (as may be further amended, supplemented or otherwise modified from time to time, the "Base Indenture" and, together with the Third Supplemental Indenture, the "Indenture"). The Third Supplemental Indenture relates to the Company's issuance of the 4.875% Notes due 2026.

The 4.875% Notes due 2026 will mature on April 30, 2026 and may be redeemed in whole or in part at the Company's option at any time or from time to time at the redemption prices set forth in the Indenture and bear interest at a rate of 4.875% per year payable semi-annually on April 30 and October 30 of each year. The 4.875% Notes due 2026 are general unsecured obligations of the Company that rank senior in right of payment to all of the Company's existing and future indebtedness that is expressly subordinated in right of payment to the 4.875% Notes due 2026, rank pari passu with all existing and future unsecured unsubordinated indebtedness issued by the Company, rank effectively junior to any of the Company's secured indebtedness (including unsecured indebtedness that the Company later secures) to the extent of the value of the assets securing such indebtedness, and rank structurally junior to all existing and future indebtedness (including trade payables) incurred by the Company's subsidiaries, financing vehicles or similar facilities.

The Indenture contains certain covenants, including covenants requiring the Company to comply with the asset coverage requirements of Sections 18(a)(1)(A) and 18(a)(1)(B) as modified by Section 61(a)(2) of the 1940 Act, whether or not it is subject to those requirements, and to provide financial information to the holders of the Notes and the Trustee if the Company is no longer subject to the reporting requirements under the Exchange Act. Additionally, the Company has agreed to use its commercially reasonable efforts to maintain a rating of the 4.875% Notes due 2026 from a rating agency, as long as the notes are outstanding. These covenants are subject to important limitations and exceptions that are described in the Indenture.

In addition, on the occurrence of a "change of control repurchase event," as defined in the Indenture, the Company will generally be required to make an offer to purchase the outstanding notes at a price equal to 100% of the principal amount of such notes plus accrued and unpaid interest to the repurchase date.

Sale of Additional 4.875% Notes due 2026

On June 23, 2021, the Company issued $28 million in aggregate principal amount of its 4.875% Notes due 2026 (the "New Notes") in a private placement exempt from registration under the Section 4(a)(2) of the Securities Act. The New Notes have not been registered under the Securities Act or any state securities laws and may not be reoffered or resold in the United States absent registration or an applicable exemption from such registration requirements. The net proceeds to the Company were approximately $27.4 million, after deducting estimated offering expenses. The Company intends to use the net proceeds of the offering to redeem in full its HCAP Notes (as defined below), make investments in portfolio companies in accordance with its investment objectives, and for general corporate purposes.

The New Notes were issued under the Indenture governing the 4.875% Notes due 2026. The New Notes were issued as "Additional Notes" under the Indenture and have identical terms to Company's $80.0 million of aggregate principal amount of 4.875% Notes due 2026 that were issued on April 30, 2021, other than the issue date. The New Notes will be treated as a single class of notes with the Company's existing 4.875% Notes due 2026 for all purposes under the Indenture.

In connection with the issuance of the 4.875% Notes Due 2026, (including the New Notes) the Company incurred approximately $2.4 million of original issue discount, and $1.2 million of debt offering costs, both of which are being amortized over the expected term of the facility on an effective yield method.

Exchange of 4.875% Notes due 2026

On October 5, 2021, the Company filed with the SEC a registration statement relating to an offer to exchange the 4.875% Notes due 2026 for new notes issued by the Company that are registered under the Securities Act (the "Exchange Offer"), which registration statement was declared effective on December 2, 2021. Upon the terms and subject to the conditions in the prospectus relating to the Exchange Offer, the Company accepted any existing 4.875% Notes due 2026 (the "Restricted Notes") validly tendered and not withdrawn prior to January 3, 2022, the expiration date of the Exchange Offer, and issued new 4.875% Notes due 2026 that have been registered under the Securities Act (the "Exchange Notes"). The form and terms of the Exchange Notes are substantially identical to those of the Restricted Notes, except that the transfer restrictions and registration rights relating to the Restricted Notes do not apply to the Exchange Notes, and the Exchange Notes do not provide for the payment of additional interest in the event of a registration default. In addition, the Exchange Notes bear a different CUSIP number than the Restricted Notes. The Exchange Notes are issued under and entitled to the benefits of the same indenture that authorized the issuance of the Restricted Notes.

On the expiration date of the Exchange Offer, all of the Restricted Notes had been validly tendered, and all of the outstanding Restricted Notes were exchanged for newly issued Exchange Notes.

Fair Value of 4.875% Notes due 2026.

The 4.875% Notes due 2026 were issued during the second quarter of 2021 and are carried at cost, net of unamortized discount of approximately $0.8 million and unamortized offering costs of approximately $0.4 million as of September 30, 2024. The fair value of the Company's outstanding 4.875% Notes due 2026 disclosed, but not carried, was approximately $100.5 million at September 30, 2024. The 4.875% Notes due 2026 were categorized as Level III under the ASC 820 Fair Value.

As of December 31, 2023, the 4.875% Notes due 2026 were carried net of unamortized discount of approximately $1.2 million and unamortized offering costs of approximately $0.6 million. The fair value of the 4.875% Notes due 2026 was approximated at carrying value on the consolidated balance sheets and the 4.875% Notes due 2026 were categorized as Level III under the ASC 820 Fair Value Hierarchy. The fair value of the Company's outstanding 4.875% Notes due 2026 was approximately $106.2 million at December 31, 2023.

The following table summarizes the interest expense, amortization of original issue discount, deferred financing costs, average outstanding balance, and average stated interest rate on the 4.875% Notes due 2026 for the three and nine months ended September 30, 2024 and 2023.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
($ in thousands)	**2024**	**2023**	**2024**	**2023**
Interest expense	$ 1,316	$ 1,316	$ 3,949	$ 3,949
Amortization of original issue discount	128	121	377	357
Deferred financing costs	68	64	201	191
Total interest and financing expenses	$ 1,512	$ 1,501	$ 4,527	$ 4,497
Average outstanding balance	$ 108,000	$ 108,000	$ 108,000	$ 108,000
Average stated interest rate	4.88 %	4.88 %	4.88 %	4.88 %

Revolving Credit Facility

On December 18, 2019, Great Lakes Portman Ridge Funding LLC ("GLPRF LLC"), our wholly-owned subsidiary, entered into a senior secured revolving credit facility (as amended, restated or otherwise modified from time to time, the "Revolving Credit Facility") with JPMorgan Chase Bank, National Association ("JPM"). JPM serves as administrative agent, U.S. Bank National Association serves as collateral agent, securities intermediary and collateral administrator, and we serve as portfolio manager under the Revolving Credit Facility.

GLPRF LLC is required to utilize a minimum of the commitments under the Revolving Credit Facility. Unused amounts below such minimum utilization amount accrue interest as if such amounts are outstanding as borrowings under the Revolving Credit Facility. In addition, GLPRF LLC pays a non-usage fee during the reinvestment period on the average daily unborrowed portion of the financing commitments in excess of such minimum utilization amount.

The initial principal amount of the Revolving Credit Facility was $115 million. The Revolving Credit Facility has an accordion feature, subject to the satisfaction of various conditions, which could bring total commitments under the Revolving Credit Facility to up to $215 million. Proceeds from borrowings under the Revolving Credit Facility may be used to fund portfolio investments by GLPRF LLC and to make advances under delayed draw term loans where GLPRF LLC is a lender.

GLPRF LLC's obligations to the lenders under the Revolving Credit Facility are secured by a first priority security interest in all of GLPRF LLC's portfolio of investments and cash. The obligations of GLPRF LLC under the Revolving Credit Facility are non-recourse to us, and our exposure under the Revolving Credit Facility is limited to the value of our investment in GLPRF LLC. In connection with the Revolving Credit Facility, GLPRF LLC has made certain customary representations and warranties and is required to comply with various covenants, reporting requirements and other customary requirements for similar facilities. The Revolving Credit Facility contains customary events of default for similar financing transactions, including if a change of control of GLPRF LLC occurs or if we are no longer the portfolio manager of GLPRF LLC.

On April 29, 2022, GLPRF LLC amended the Revolving Credit Facility with JPM as administrative agent. The amended agreement replaced three-month SOFR as the benchmark interest rate and reduced the applicable margin to 2.80% per annum from 2.85% per annum.

At December 31, 2023, GLPRF LLC was in compliance with all of its debt covenants and $92.0 million principal amount of borrowings was outstanding under the Revolving Credit Facility. The fair value of GLPRF LLC approximated its carrying value on the consolidated balance sheet and is categorized as Level III under the ASC 820 Fair Value Hierarchy.

On July 23, 2024, GLPRF LLC amended the Revolving Credit Facility with JPM as administrative agent. The amended agreement, among other things, (i) provided for a committed increase to the aggregate principal amount of the Revolving Credit Facility in an amount not to exceed $85.0 million, for a total commitment of $200.0 million, which increase became effective on August 20, 2024, (ii) provided for a committed seven-day bridge advance in an aggregate principal amount of $18,250,000, which advance became effective on August 20, 2024, (iii) reduced the applicable margin on the Revolving Credit Facility to 2.50% per annum, (iv) extended the period in which the Company may request advances under the Revolving Credit Facility to August 29, 2026, (v) extended the stated maturity of the Revolving Credit Facility to August 29, 2027, (vi) reduced the requirement to utilize a minimum of commitments under the Revolving Credit Facility to 70%, (vii) reduced the non-usage fee applicable during the reinvestment period to 0.55% per annum on the average daily unborrowed portion of the financing commitments in excess of the minimum utilization amount, (viii) extended the non-call period under the Revolving Credit Facility to April 29, 2025, and (ix) provided for certain fees to be paid to the administrative agent and the lenders in connection therewith.

At September 30, 2024, GLPRF LLC was in compliance with all of its debt covenants and there was approximately $159.5 million principal amount of borrowings was outstanding under the Revolving Credit Facility. The fair value of GLPRF LLC disclosed, but not carried, was approximately $160.3 million at September 30, 2024 and categorized as Level III under the ASC 820 Fair Value Hierarchy.

The following table summarizes the interest expense, deferred financing costs, average outstanding balance, and average stated interest rate on the Revolving Credit Facility for the three and nine months ended September 30, 2024 and 2023.

($ in thousands)	For the Three Months Ended September 30, 2024	For the Three Months Ended September 30, 2023	For the Nine Months Ended September 30, 2024	For the Nine Months Ended September 30, 2023
Interest expense	$ 2,537	$ 1,919	$ 6,401	$ 5,499
Deferred financing costs	108	83	274	249
Total interest and financing expenses	$ 2,645	$ 2,002	$ 6,675	$ 5,748
Average outstanding balance	$ 121,856	$ 90,935	$ 102,134	$ 91,650
Average stated interest rate	7.99 %	8.05 %	8.01 %	7.71 %

2018-2 Secured Notes:

On October 28, 2020, the Company completed the GARS Acquisition, pursuant to the terms and conditions of the GARS Merger Agreement. In connection therewith, the Company now consolidates the financial statements the 2018-2 CLO a $420.0 million par value CLO facility. On the date of the transaction the debt assumed was recognized at fair value, resulting in a $2.4 million discount which is amortized over the remaining term of the borrowings.

The CLO was executed by GF 2018-2 (the “Issuer”) and Portman Ridge Funding 2018-2 LLC (formerly known as Garrison Funding 2018-2 LLC, together with the Issuer, the “Co-Issuers”) who issued $312.0 million of senior secured notes (collectively referred to as the “2018-2 Secured Notes” individually defined above in the table) and $108.0 million of subordinated notes (the “2018-2 Subordinated Notes” and, together with the 2018-2 Secured Notes, the “2018-2 Notes”) backed by a diversified portfolio of primarily senior secured loans. The Company owns all $108.0 million of the 2018-2 Subordinated Notes and $18.3 million of the Class B-R Notes and serves as collateral manager for the Co-Issuers. The Company is entitled to receive interest from the Class B-R Notes, distributions from the 2018-2 Subordinated Notes and fees for serving as collateral manager in accordance with the CLO’s governing documents and to the extent funds are available for such purposes. However, as a result of retaining all of the 2018-2 Subordinated Notes, the Company consolidates the accounts of the Co-Issuers into its financial statements and all transactions between the Company and the Co-Issuers are eliminated on consolidation. As a result of this consolidation, the 2018-2 Secured Notes issued by the CLO is treated as the Company’s indebtedness, except any 2018-2 Secured Notes owned by the Company, which are eliminated in consolidation. The 2018-2 Notes are scheduled to mature on November 20, 2029, however the Co-Issuers may redeem the 2018-2 Notes on any business day after November 20, 2020. The indenture governing the 2018-2 Notes provides that, to the extent cash is available from cash collections, the holders of the 2018-2 Notes are to receive quarterly interest payments on the 20th day or, if not a business day, the next succeeding business day of February, May, August and November of each year until the stated maturity or earlier redemption. On July 18, 2019, $25.0 million outstanding of the aggregate $50.0 million Class A-1R-R Notes available under the CLO converted to Class A-1T-R Notes. On November 18, 2022, the Company drew $14.3 million of the $25.0 million unfunded Class A-1R-R Notes. The Reinvestment Period ended on November 20, 2022, and the remaining amount of the unfunded Class A1 R-R Notes terminated. During the first quarter of 2021, the Company redeemed approximately $88.0 million of the 2018-2 Secured Notes. In connection therewith, the Company recognized a realized loss on extinguishment of debt of approximately $0.9 million. During 2023, the Company redeemed approximately $52.5 million of the par value of 2018-2 Secured Notes. In connection therewith, the Company recognized a realized loss on extinguishment of approximately $0.4 million.

($ in thousands)

December 31, 2023	Amortized Carrying Value	Outstanding Principal at Par	Spread[4]	Rating[1]	Stated Maturity[2]
2018-2 Secured Notes:					
Class A-1R-R Notes	$ 12,818	$ 12,922	Reference Rate + 1.58%[3]	AAA(sf)	11/20/2029
Class A-1T-R Notes	39,369	39,411	Reference Rate + 1.58%	AAA(sf)	11/20/2029
Class A-2-R Notes	54,681	55,100	Reference Rate + 2.45%	AA (sf)	11/20/2029
Class B-R Notes	18,103	18,250	Reference Rate + 3.17%	A (sf)	11/20/2029
	$ 124,971	$ 125,683			

(1) Represents ratings from each of S&P and DBRS for the Class A-1R-R Notes and the Class A-1T-R Notes and from S&P for the Class A-2-R Notes and Class B-R Notes as of the closing of the CLO on October 18, 2018.

(2) The indenture governing our CLO permits the repricing or refinancing of the secured notes after November 20, 2020, which may result in the redemption of the outstanding notes occurring prior to their stated maturity.

(3) Interest may be indexed to either the CP Rate (as defined in the governing indenture) or Reference Rate.

(4) Reference Rate is defined as the sum of the Term SOFR Rate plus 0.26161%, or 5.63% as of December 31, 2023.

On August 20, 2024, an optional redemption of the CLO occurred and all rated notes were repaid in full. As of September 30, 2024, no 2018-2 Secured Notes were outstanding.

Accordingly, during the three and nine months ended September 30, 2024, the Company redeemed approximately $85.1 million and $125.7 million, respectively, of the par value of 2018-2 Secured Notes. In connection therewith, the Company recognized a realized loss on extinguishment of approximately $0.4 million and $0.7 million for the three and nine months ended September 30, 2024, respectively.

During the three and nine months ended September 30, 2023, the Company redeemed approximately $8.2 million and $38.7 million, respectively, of the par value of 2018-2 Secured Notes. In connection therewith, the Company recognized a realized loss on extinguishment of approximately $0.1 million and $0.3 million for the three and nine months ended September 30, 2023, respectively.

At December 31, 2023, the fair value of the 2018-2 Notes approximated their carrying value on the consolidated balance sheets and the 2018-2 Notes were categorized as Level III under the ASC 820 Fair Value Hierarchy.

The following table summarizes the interest expense, amortization of original issue discount, average outstanding balance, and average stated interest rate on the 2018-2 Secured Notes for the three and nine months ended September 30, 2024 and 2023.

($ in thousands)	For the Three Months Ended September 30, 2024	For the Three Months Ended September 30, 2023	For the Nine Months Ended September 30, 2024	For the Nine Months Ended September 30, 2023
Interest expense	$ 952	$ 2,813	$ 4,951	$ 8,706
Amortization of original issue discount	11	27	57	96
Total interest and financing expenses	$ 963	$ 2,840	$ 5,008	$ 8,802
Average outstanding balance	$ 47,159	$ 144,027	$ 81,937	$ 159,925
Average stated interest rate	8.07 %	7.69 %	7.99 %	7.16 %

Senior Securities

Information about the Company's senior securities is shown as of the dates indicated in the below table.

Class and Period	Total Amount Outstanding Exclusive of Treasury Securities(1)	Asset Coverage per Unit(2)	Involuntary Liquidating Preference per Unit(3)	Average Market Value per Unit(4)
($ in thousands)				
Fiscal 2013	$ 192,592	2,264	—	N/A
Fiscal 2014	223,885	2,140	—	N/A
Fiscal 2015	208,049	2,025	—	N/A
Fiscal 2016	180,881	2,048	—	N/A
Fiscal 2017	104,407	2,713	—	N/A
Fiscal 2018	103,763	2,490	—	N/A
Fiscal 2019(5)	156,978	1,950	—	N/A
Fiscal 2020(6)	377,910	1,560	—	N/A
Fiscal 2021(7)	352,434	1,780	—	N/A
Fiscal 2022(8)	378,163	1,601	—	N/A
Fiscal 2023(9)	325,683	1,646	—	N/A
September 30, 2024(10)	267,478	1,703	—	N/A

(1) Total amount of each class of senior securities outstanding at the end of the period presented.

(2) Asset coverage per unit is the ratio of the carrying value of PTMN's total consolidated assets, less all liabilities and indebtedness not represented by senior securities, to the aggregate amount of senior securities representing indebtedness. Asset coverage per unit is expressed in terms of dollar amounts per $1,000 of indebtedness.

(3) The amount to which such class of senior security would be entitled upon the involuntary liquidation of the issuer in preference to any security junior to it. The "—" indicates information which the SEC expressly does not require to be disclosed for certain types of senior securities.

(4) Not applicable, except with respect to the 7.375% Notes Due 2019 and the 6.125% Notes Due 2022, as other debt securities are not registered for public trading. For the years ended December 31, 2017, 2016, 2015, 2014, and 2013, the average market value per $1,000 of par value of the 7.375% Notes Due 2019 was $1,016.04, $1,000.00, $1,011.96, $1,037.72, and $1,032.96, respectively. For the years-ended December 31, 2020, 2019 and 2018 and for the period from August 14, 2017 (date of issuance) to December 31, 2017, the average market value per $1,000 of par value of the 6.125% Notes Due 2022 was $953.20, $1,009.93, $1,009.20 and $1,006.00, respectively. Average market value is computed by taking the daily average of the closing prices for the period.

(5) As of December 31, 2019, the Total Amount Outstanding Exclusive of Treasury Securities consisted of 6.125% Notes Due 2022 of $77,407 and Revolving Credit Facilities of $79,571.

(6) As of December 31, 2020, the Total Amount Outstanding Exclusive of Treasury Securities consisted of 6.125% Notes Due 2022 of $76,726, Revolving Credit Facilities of $49,321 and 2018-2 Secured Notes of $251,863.

(7) As of December 31, 2021, the Total Amount Outstanding Exclusive of Treasury Securities consisted of 4.875% Notes due 2026 of $108,000, Revolving Credit Facilities of $80,571 and 2018-2 Secured Notes of $163,863.

(8) As of December 31, 2022, the Total Amount Outstanding Exclusive of Treasury Securities consisted of 4.875% Notes due 2026 of $108,000, Revolving Credit Facilities of $92,000 and 2018-2 Secured Notes of $178,163.

(9) As of December 31, 2023, the Total Amount Outstanding Exclusive of Treasury Securities consisted of 4.875% Notes due 2026 of $108,000, Revolving Credit Facilities of $92,000 and 2018-2 Secured Notes of $125,683.

(10) As of September 30, 2024, the Total Amount Outstanding Exclusive of Treasury Securities consisted of 4.875% Notes due 2026 of $108,000 and Revolving Credit Facilities of $159,478.

7. DISTRIBUTABLE TAXABLE INCOME

Effective December 11, 2006, the Company elected to be treated as a RIC under the Code and adopted a December 31 tax-calendar year end. As a RIC, the Company is not subject to federal income tax on the portion of its taxable income and gains distributed currently to its stockholders as a dividend. The Company’s quarterly distributions, if any, are determined by the Board. The Company anticipates distributing substantially all of its taxable income and gains, within the Subchapter M rules, and thus the Company anticipates that it will not incur any federal or state income tax at the RIC level. As a RIC, the Company is also subject to a federal excise tax based on distributive requirements of its taxable income on a calendar year basis (e.g., calendar year 2021). Depending on the level of taxable income earned in a tax year, the Company may choose to carry forward taxable income in excess of current year distributions into the next tax year and pay a 4% excise tax on such income, to the extent required.

The Company may distribute taxable dividends that are payable in cash or shares of its common stock at the election of each stockholder. Under certain applicable provisions of the Code and the Treasury regulations, distributions payable in cash or in shares of stock at the election of stockholders are treated as taxable dividends. The Internal Revenue Service has published guidance with respect to publicly offered RICs indicating that this rule will apply even where the total amount of cash that may be distributed is limited to no more than 20% of the total distribution. Under this guidance, if too many stockholders elect to receive their distributions in cash, the cash available for distribution must be allocated among the stockholders electing to receive cash (with the balance of the distribution paid in stock). If the Company decides to make any distributions consistent with this guidance that are payable in part in its stock, taxable stockholders receiving such dividends will be required to include the full amount of the dividend (whether received in cash, shares of the Company’s stock, or a combination thereof) as ordinary income (or as long-term capital gain to the extent such distribution is properly reported as a capital gain dividend) to the extent of the Company’s current and accumulated earnings and profits for U.S. federal income tax purposes. As a result, a U.S. stockholder may be required to pay tax with respect to such dividends in excess of any cash received. If a U.S. stockholder sells the stock it receives in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of the Company’s stock at the time of the sale. Furthermore, with respect to non-U.S. stockholders, the Company may be required to withhold U.S. tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in stock. In addition, if a significant number of the Company’s stockholders determine to sell shares of its stock in order to pay taxes owed on dividends, it may put downward pressure on the trading price of the Company’s stock.

The following reconciles net increase (decrease) in net assets resulting from operations to taxable income for nine months ended September 30, 2024 and 2023:

($ in thousands)	For the Nine Months Ended September 30, 2024	2023
Net increase (decrease) in net assets resulting from operations	$ (3,395)	$ 4,386
Tax (benefit) provision on realized and unrealized gains (losses) on investments	(537)	(671)
Net change in unrealized (appreciation) depreciation on investments	1,384	8,428
Net realized (gain) loss	21,053	11,467
Book/tax differences on CLO equity investments	(956)	(1,110)
Book/tax differences related to mergers and partnership investments	730	(3,004)
Other book/tax differences	247	793
Taxable income before deductions for distributions	$ 18,526	$ 20,289
Taxable income before deductions for distributions per weighted average basic and diluted shares for the period	$ 1.99	$ 2.13

Dividends from Asset Manager Affiliates are recorded based upon a quarterly estimate of tax-basis earnings and profits of each Asset Manager Affiliate. Distributions in excess of the estimated tax-basis quarterly earnings and profits of each distributing Asset Manager Affiliate are recognized as tax-basis return of capital. The actual tax-basis earnings and profits and resulting dividend and/or return of capital for the year will be determined at the end of the tax year for each distributing Asset Manager Affiliate. For the three and nine months ended September 30, 2024, the Asset Manager Affiliates did not make any cash distributions to the Company.

Distributions to shareholders that exceed tax-basis distributable income (tax-basis net investment income and realized gains, if any) are reported as distributions of paid-in capital (i.e. return of capital). The tax character of distributions is made on an annual (full calendar-year) basis. The determination of the tax attributes of our distributions is made at the end of the year based upon our taxable income for the full year and the distributions paid during the full year. Therefore, a determination of tax attributes made on a quarterly basis may not be representative of the actual tax attributes of distributions for a full year.

At September 30, 2024, the Company had a net capital loss carryforward of $468.0 million to offset net capital gains. This net capital loss carryforward is not subject to expiration. A portion of the Company’s capital loss carryovers are subject to an annual use limitation under the Code and related regulations.

The Company has certain taxable subsidiaries which have elected to be taxed as corporations for U.S. tax purposes. For the nine months ended September 30, 2024, the taxable subsidiaries’ activity resulted in a benefit for income taxes of $0.5 million. As of September 30, 2024, the taxable subsidiaries have, in aggregate, $0.8 million of net deferred tax liabilities. A portion of the taxable subsidiaries’ net operating loss and capital loss carryovers are subject to an annual use limitation under the Code and related regulations.

ASC Topic 740 Accounting for Uncertainty in Income Taxes (“ASC 740”) provides guidance for how uncertain tax positions should be recognized, measured, presented, and disclosed in the consolidated financial statements. ASC 740 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company’s tax returns to determine whether the tax positions are “more-likely-than-not” of being sustained by the applicable tax authority. The Company recognizes the tax benefits of uncertain tax positions only where the position is "more likely than not" to be sustained assuming examination by tax authorities. Management has analyzed the Company's tax positions, and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on returns filed for open tax years (the last three fiscal years) or expected to be taken in the Company's current year tax return. The Company identifies its major tax jurisdictions as U.S. Federal and New York State, and the Company is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next 12 months. Management's determinations regarding ASC 740 may be subject to review and adjustment at a later date based upon factors including, but not limited to, an ongoing analysis of tax laws, regulations and interpretations thereof.

8. COMMITMENTS AND CONTINGENCIES

From time-to-time the Company is a party to financial instruments with off-balance sheet risk in the normal course of business in order to meet the needs of the Company's investment in portfolio companies. Such instruments include commitments to extend credit and may involve, in varying degrees, elements of credit risk in excess of amounts recognized on the Company's balance sheet. Prior to extending such credit, the Company attempts to limit its credit risk by conducting extensive due diligence, obtaining collateral where necessary and negotiating appropriate financial covenants. As of September 30, 2024, and December 31, 2023, the Company had $31.7 million and $28.6 million unfunded commitments, respectively.

The Company may, from time to time, enter into commitments to fund investments. These unfunded commitments are assessed for fair value in accordance with ASC 820. As of September 30, 2024 and December 31, 2023, the Company had the following outstanding commitments to fund investments in current portfolio companies:

($ in thousands) Portfolio Company	Investment	Par Value September 30, 2024	Par Value December 31, 2023
Accordion Partners LLC (Revolver)	First Lien Debt	$ 765	$ 1,531
AMCP Pet Holdings, Inc. (Revolver)	First Lien Debt	—	350
Anthem Sports & Entertainment Inc. (Revolver)	First Lien Debt	83	83
BetaNXT, Inc. (Revolver)	First Lien Debt	1,256	2,174
Bradshaw International Parent Corp. (Revolver)	First Lien Debt	615	922
CCMG Buyer, LLC (Care Connectors Medical Group) (Revolver)	First Lien Debt	500	—
Centric Brands Inc. (Revolver)	First Lien Debt	N/A	1,166
Colonnade Intermediate, LLC (Revolver)	First Lien Debt	—	68
Critical Nurse Staffing, LLC (Revolver)	First Lien Debt	2,000	2,000
Dentive, LLC(1)	First Lien Debt	513	430
Dentive, LLC (Revolver)	First Lien Debt	196	186
Epilog Partners SPV III, LLC (Care Connectors Medical Group)	Equity	87	—
Fortis Payment Systems, LLC(1)	First Lien Debt	492	—
GreenPark Infrastructure, LLC - Series M-1	Equity	1,829	1,829
H.W. Lochner, Inc. (Revolver)	First Lien Debt	—	4,142
IDC Infusion Services LLC(1)	First Lien Debt	1,065	1,065
Luminii LLC (Revolver)	First Lien Debt	172	172
Morae Global Corporation (Revolver)	First Lien Debt	208	208
Netwrix Corporation (Revolver)	First Lien Debt	1,148	1,148
Netwrix Corporation(1)	First Lien Debt	N/A	941
PhyNet Dermatology LLC(1)	First Lien Debt	690	690
PMP OPCO, LLC (Princeton Medspa Partners, LLC)(1)	First Lien Debt	1,125	—
PMP OPCO, LLC (Princeton Medspa Partners, LLC) (Revolver)	First Lien Debt	188	—
Riddell, Inc.(1)	First Lien Debt	636	—
Riskonnect Parent LLC(1)	First Lien Debt	5,000	—
Series A-Great Lakes Funding II LLC	Joint Ventures	11,156	5,473
TA/WEG Holdings, LLC(1)	First Lien Debt	N/A	758
TA/WEG Holdings, LLC (Revolver)	First Lien Debt	784	784
Tactical Air Support, Inc.(1)	First Lien Debt	N/A	286
VBC Spine Opco LLC (DxTx Pain and Spine LLC) (Revolver)	First Lien Debt	387	258
VBC Spine Opco LLC (DxTx Pain and Spine LLC)(1)	First Lien Debt	761	1,902
Total Unfunded Portfolio Company Commitments		$ 31,656	$ 28,566

(1) Delayed-draw term loan.

The Company is involved in litigation in the normal course of its operations and does not expect that the outcome of those litigations to have a material adverse impact to the Company's financial position or results of operations.

9. STOCKHOLDERS' EQUITY

The following tables detail the components of Stockholders' Equity for the nine months ended September 30, 2024 and 2023:

For the Nine Months Ended September 30, 2024				
($ in thousands)	**Common Stock**	**Capital in Excess of Par Value**	**Total Distributable (loss) earnings**	**Total Stockholders' Equity**
Balance, January 1, 2024	$ 94	$ 717,835	$ (504,411)	$ 213,518
Net investment income	—	—	6,226	6,226
Net change in unrealized appreciation on investments	—	—	71	71
Net realized (losses) from investment transactions and extinguishment of debt	—	—	(2,270)	(2,270)
Tax (provision) benefit on realized and unrealized gains (losses) on investments	—	—	459	459
Distributions to Stockholders	—	—	(6,444)	(6,444)
Reinvested Dividends	—	—	—	—
Stock-repurchase	(1)	(952)	—	(953)
Balance, March 31, 2024	$ 93	$ 716,883	$ (506,369)	$ 210,607
Net investment income	$ —	$ —	$ 6,477	$ 6,477
Net change in unrealized appreciation on investments	—	—	(5,966)	(5,966)
Net realized (losses) from investment transactions and extinguishment of debt	—	—	(6,961)	(6,961)
Tax (provision) benefit on realized and unrealized gains (losses) on investments	—	—	78	78
Distributions to Stockholders	—	—	(6,411)	(6,411)
Reinvested Dividends	—	158	—	158
Stock-repurchase	—	(1,553)	—	(1,553)
Balance, June 30, 2024	$ 93	$ 715,488	$ (519,152)	$ 196,429
Net investment income	$ —	$ —	$ 5,802	5,802
Net change in unrealized appreciation on investments	—	—	4,511	4,511
Net realized (losses) from investment transactions and extinguishment of debt	—	—	(11,822)	(11,822)
Tax (provision) benefit on realized and unrealized gains (losses) on investments	—	—	—	—
Distributions to Stockholders	—	—	(6,382)	(6,382)
Reinvested Dividends	—	82	—	82
Stock-repurchase	(1)	(637)	—	(638)
Balance, September 30, 2024	$ 92	$ 714,933	$ (527,043)	$ 187,982

For the Nine Months Ended September 30, 2023				
($ in thousands)	**Common Stock**	**Capital in Excess of Par Value**	**Total Distributable (loss) earnings**	**Total Stockholders' Equity**
Balance, January 1, 2023	$ 96	$ 736,784	$ (504,757)	$ 232,123
Net investment income	—	—	8,529	8,529
Net change in unrealized appreciation on investments	—	—	(5,960)	(5,960)
Net realized (losses) from investment transactions and extinguishment of debt	—	—	(3,085)	(3,085)
Tax (provision) benefit on realized and unrealized gains (losses) on investments	—	—	571	571
Distributions to Stockholders	—	—	(6,495)	(6,495)
Reinvested Dividends	—	215	—	215
Stock-repurchase	—	(792)	—	(792)
Balance, March 31, 2023	$ 96	$ 736,207	$ (511,197)	$ 225,106
Net investment income	$ —	$ —	$ 7,915	$ 7,915
Net change in unrealized appreciation on investments	—	—	(4,176)	(4,176)
Net realized (losses) from investment transactions and extinguishment of debt	—	—	(6,689)	(6,689)
Tax (provision) benefit on realized and unrealized gains (losses) on investments	—	—	(164)	(164)
Distributions to Stockholders	—	—	(6,579)	(6,579)
Reinvested Dividends	—	153	—	153
Stock-repurchase	(1)	(552)	—	(553)
Balance, June 30, 2023	$ 95	$ 735,808	$ (520,890)	$ 215,013
Net investment income	$ —	$ —	$ 7,166	$ 7,166
Net change in unrealized appreciation on investments	—	—	1,708	1,708
Net realized (losses) from investment transactions and extinguishment of debt	—	—	(1,693)	(1,693)
Tax (provision) benefit on realized and unrealized gains (losses) on investments	—	—	264	264
Distributions to Stockholders	—	—	(6,554)	(6,554)
Reinvested Dividends	—	73	-	73
Stock-repurchase	—	(1,222)	-	(1,222)
Balance, September 30, 2023	$ 95	$ 734,659	$ (519,999)	$ 214,755

On March 6, 2023, the Board of Directors of the Company approved a $10 million stock repurchase program (the "Stock Repurchase Program") for an approximately one-year period effective March 6, 2023 and terminating on March 31, 2024. Under this repurchase program, shares may be repurchased from time to time in open market transactions, in privately negotiated transactions or otherwise subject to any agreement to which we are party including any restrictions in the indenture for our 4.875% Notes due 2026. The timing and actual number of shares repurchased will depend on a variety of factors, including legal requirements, price, and economic and market conditions. This Stock Repurchase Program may be suspended or discontinued at any time. On March 11, 2024, the Board of Directors of the Company authorized a renewed stock repurchase program of up to $10 million (the "Renewed Stock Repurchase Program") for an approximately one-year period, effective March 11, 2024 and terminating on March 31, 2025. The terms and conditions of the Renewed Stock Repurchase Program are substantially similar to the prior Stock Repurchase Program. The Renewed Stock Repurchase Program may be suspended or discontinued at any time. Subject to these restrictions, we will selectively pursue opportunities to repurchase shares which are accretive to net asset value per share.

During the three months ended September 30, 2024 and 2023, the Company issued 4,388 and 3,685 shares, respectively, of common stock under its dividend reinvestment plan. During the nine months ended September 30, 2024 and 2023, the Company issued 12,488 and 22,079 shares, respectively, of common stock under its dividend reinvestment plan. The total number of shares of the Company's common stock outstanding as of September 30, 2024 and December 31, 2023, was 9,231,454 and 9,383,132 respectively.

During the three months ended September 30, 2024, the Company repurchased 33,429 shares under the Renewed Stock Repurchase program at an aggregate cost of approximately $0.6 million. During the nine months ended September 30, 2024, the Company repurchased 164,166 shares under the Renewed Stock Repurchase program at an aggregate cost of approximately $3.1 million. During the three months ended September 30, 2023, the Company repurchased 60,559 shares under the Stock Repurchase Program at an aggregate cost of approximately $1.2 million. During the nine months ended September 30, 2023, the Company repurchased 123,253 shares under the Stock Repurchase Program at an aggregate cost of approximately $2.6 million.

10. ACQUISITIONS OF GARRISON CAPITAL INC. AND HARVEST CAPITAL CREDIT CORPORATION

GARS acquisition

On October 28, 2020, the Company completed the GARS Acquisition, pursuant to the terms and conditions of the GARS Merger Agreement. To effect the acquisition, a wholly owned merger subsidiary of the Company merged with and into GARS, with GARS surviving the merger as the Company's wholly owned subsidiary. Immediately thereafter and as a single integrated transaction, GARS consummated a second merger, whereby GARS merged with and into the Company, with the Company surviving the merger. Under the terms of the GARS Merger Agreement, each share of GARS Common Stock issued and outstanding was converted into the right to receive (i) an amount in cash, without interest, equal to approximately $1.19 and (ii) approximately 1.917 shares of common stock, par value $0.01 per share, of the Company (plus any applicable cash in lieu of fractional shares). Each share of GARS Common Stock issued and outstanding received, as additional consideration funded by the Adviser, an amount in cash, without interest, equal to approximately $0.31. Shares of common stock issued and market price have not been adjusted to reflect the Reverse Stock Split.

The merger was accounted for in accordance with the asset acquisition method of accounting as detailed in ASC Topic 805-50. The fair value of the consideration paid, and transaction costs incurred to complete the merger by the Company, including $5.0 million of cash payment (deemed capital contribution) paid at closing directly to shareholders of GARS from the Adviser, was allocated to the GARS investments acquired, based on their relative fair values as of the date of acquisition. The fair value of the purchase consideration paid by the Company below the fair value of net assets acquired is considered the purchase discount. Immediately following the acquisition of GARS, the Company recorded GARS net assets at their respective fair values and, as a result, the purchase discount was allocated to the cost basis of the GARS investments acquired and was immediately recognized as unrealized gain on the Company's Consolidated Statement of Operations. The purchase discount was allocated to the acquired investments on a relative fair value basis and, for performing debt investments, will amortize over the life of the investments through interest income with a corresponding reversal of the unrealized appreciation on the GARS investments acquired through their maturity. Upon the sale of any of the GARS acquired investments, the Company will recognize a realized gain or a reduction in realized losses with a corresponding reversal of the unrealized losses.

($ in thousands)		
Common stock issued by the Company [1]	$	38,765
Cash consideration to GARS shareholders		24,100
Transaction costs (excluding offering costs $432)		1,168
Total purchase consideration	$	64,033
Assets acquired:		
Investments, at fair value (amortized cost of $277,380)	$	317,803
Cash		35,361
Interest receivable		1,871
Other assets		2,088
Total assets acquired	$	357,123
Liabilities assumed:		
Debt	$	251,213
Other liabilities		1,455
Total liabilities assumed	$	252,668
Net assets acquired	$	104,455
Total purchase discount	$	(40,422)

(1) Based on the market price at closing of $1.26 as of October 28, 2020 and the 30,765,640 shares of common stock issued by the Company in conjunction with the merger.

HCAP Acquisition and Assumption and Redemption of HCAP Notes

On June 9, 2021 the Company completed the HCAP Acquisition, pursuant to the terms and conditions of the HCAP Merger Agreement. To effect the acquisition, the Acquisition Sub merged with and into HCAP, with HCAP surviving the merger as the Company's wholly owned subsidiary. Immediately thereafter and as a single integrated transaction, HCAP consummated a second merger, whereby HCAP merged with and into the Company, with the Company surviving the merger. As a result of, and as of the effective time of, the second merger, HCAP's separate corporate existence ceased.

Under the terms of the HCAP Merger Agreement, HCAP stockholders as of immediately prior to the effective time of the first merger (other than shares held by a subsidiary of HCAP or held, directly or indirectly, by the Company or Acquisition Sub, and all treasury shares (collectively, "Cancelled Shares")) received a combination of (i) $18,537,512.65 in cash payable by Company, (ii) 15,252,453 validly issued, fully paid and non-assessable shares of the Company's common stock, par value $0.01 per share, and (iii) an additional cash payment from the Adviser of $2.15 million in the aggregate. Shares of common stock issued and market price have not been adjusted to reflect the Reverse Stock Split.

With respect to the merger consideration from the Company, HCAP stockholders as of immediately prior to the effective time of the first merger (other than Cancelled Shares) were entitled, with respect to all or any portion of the shares of HCAP common stock they held as of the effective time of the first merger, to elect to receive the merger consideration in the form of cash (an "Election") or in the form of the Company's common stock, subject to certain conditions and limitations in the merger agreement. Any HCAP stockholder who did not validly make an Election was deemed to have elected to receive shares of the Company's common stock with respect to the merger consideration as payment for their shares of HCAP common stock. Each share of HCAP common stock (other than Cancelled Shares) with respect to which an Election was made was treated as an "Electing Share" and each share of HCAP Common Stock (other than Cancelled Shares) with respect to which an Election was not made or that was transferred after the election deadline on June 2, 2021 was treated as a "Non-Electing Share."

Pursuant to the conditions of and adjustment mechanisms in the HCAP Merger Agreement, 475,806 Electing Shares were converted to Non-Electing Shares for purposes of calculating the total mix of consideration to be paid to each Electing Share in order to ensure that the value of the aggregate cash consideration paid to holders of the Electing Shares equaled the aggregate cash consideration that HCAP received from the Company under the terms of the HCAP Merger Agreement. Accordingly, as a result of the Elections received from HCAP stockholders and any resulting adjustment under the terms of the HCAP Merger Agreement, each Electing Share received, in aggregate, approximately $7.43 in cash and 0.74 shares of the Company's common stock, while each Non-Electing Share received, in aggregate, approximately 3.86 shares of the Company's common stock.

The HCAP Acquisition was accounted for in accordance with the asset acquisition method of accounting as detailed in ASC Topic 805-50. The fair value of the consideration paid, and transaction costs incurred to complete the merger by the Company, including $2.15 million of cash payment (deemed capital contribution) paid at closing directly to shareholders of HCAP from the Adviser, was allocated to the HCAP investments acquired, based on their relative fair values as of the date of acquisition. The fair value of the purchase consideration paid by the Company below the fair value of net assets acquired is considered the purchase discount. Immediately following the acquisition of HCAP, the Company recorded HCAP net assets at their respective fair values and, as a result, the purchase discount was allocated to the cost basis of the HCAP investments acquired and was immediately recognized as unrealized gain on the Company's Consolidated Statement of Operations. The purchase discount was allocated to the acquired investments on a relative fair value basis and, for performing debt investments, will amortize over the life of the investments through interest income with a corresponding reversal of the unrealized appreciation on the HCAP investments acquired through their maturity. Upon the sale of any of the HCAP acquired investments, the Company will recognize a realized gain or a reduction in realized losses with a corresponding reversal of the unrealized losses.

($ in thousands)		
Common stock issued by the Company [(1)]	$	37,063
Cash consideration to HCAP shareholders [(2)]		20,688
Transaction costs (excluding offering costs $519)		881
Total purchase consideration	$	58,632
Assets acquired:		
Investments, at fair value (amortized cost of $53,812)	$	57,621
Cash		32,119
Interest receivable		431
Other assets		2,665
Total assets acquired	$	92,836
Liabilities assumed:		
Debt	$	28,750
Other liabilities		1,645
Total liabilities assumed	$	30,395
Net assets acquired	$	62,441
Total purchase discount	$	(3,809)

(1) Based on the market price at closing of $2.43 as of June 9, 2021 and the 15,252,453 shares of common stock issued by the Company in conjunction with the merger.

(2) Approximately $18.5 million cash consideration paid by the Company plus $2.15 million cash payment paid at closing directly to shareholders of HCAP from the Adviser.

On June 9, 2021, the Company entered into the HCAP Third Supplemental Indenture, effective as of the closing of the HCAP Acquisition. The HCAP Third Supplemental Indenture relates to the Company's assumption of $28.75 million in aggregate principal amount of the HCAP Notes.

Pursuant to the HCAP Third Supplemental Indenture, the Company expressly assumed the due and punctual payment of the principal of (and premium, if any) and interest, if any, on the HCAP Notes and the performance of HCAP's covenants under the base indenture, dated as of January 27, 2015, by and between HCAP and the Trustee, as supplemented by the second supplemental indenture, dated as of August 24, 2017, by and between HCAP and the Trustee. No change of control offer was required to be made in respect of the HCAP Notes in connection with the consummation of the HCAP Acquisition.

The HCAP Notes could be redeemed by the Company at any time at par value plus accrued and unpaid interest. On July 23, 2021, the Company redeemed the entire notional amount of $28.75 million of the HCAP Notes.

11. SUBSEQUENT EVENTS

On November 7, 2024, the Company declared a cash distribution of $0.69 per share of common stock. The distribution is payable on November 29, 2024 to stockholders of record at the close of business on November 19, 2024.

The Company has evaluated events and transactions occurring subsequent to September 30, 2024, through the date of issuance, for items that should potentially be recognized or disclosed in these financial statements. Other than as described above, management has determined that there are no other material subsequent events that would require adjustment to, or disclosure in, these unaudited consolidated financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with our consolidated financial statements and related notes included in this Quarterly Report on Form 10-Q. This discussion contains forward-looking statements and involves numerous risks and uncertainties, including but not limited to those described in Part I, Item 1A of our annual report on Form 10-K for the year ended December 31, 2023 and Part II, Item 1A of this Form 10-Q of this Quarterly Report. Our actual results could differ materially from those anticipated by such forward-looking statements due to factors discussed under the "Risk Factors" section included in our SEC filings and "Note About Forward-Looking Statements" appearing elsewhere in this Form 10-Q.

GENERAL

We are an externally managed, non-diversified closed-end investment company that has elected to be regulated as a business development company ("BDC") under the Investment Company Act of 1940 (the "1940 Act"). Sierra Crest Investment Management LLC (the "Adviser") is an affiliate of BC Partners LLP ("BC Partners"). Subject to the overall supervision of the Board, the Adviser is responsible for managing our business and activities, including sourcing investment opportunities, conducting research, performing diligence on potential investments, structuring our investments, and monitoring our portfolio companies on an ongoing basis through a team of investment professionals.

We originate, structure, and invest in secured term loans, bonds or notes and mezzanine debt primarily in privately-held middle market companies but may also invest in other investments such as loans to publicly-traded companies, high-yield bonds, and distressed debt securities (collectively the "Debt Securities Portfolio"). We also invest in debt and subordinated securities issued by collateralized loan obligation funds ("CLO Fund Securities"). In addition, from time to time we may invest in the equity securities of privately held middle market companies and may also receive warrants or options to purchase common stock in connection with our debt investments.

In our Debt Securities Portfolio, our investment objective is to generate current income and, to a lesser extent, capital appreciation from the investments in senior secured term loans, mezzanine debt and selected equity investments in privately-held middle market companies. We define the middle market as comprising companies with EBITDA of $10 million to $50 million and/or total debt of $25 million to $150 million. We primarily invest in first and second lien term loans which, because of their priority in a company's capital structure, we expect will have lower default rates and higher rates of recovery of principal if there is a default and which we expect will create a stable stream of interest income. While there is no specific collateral associated with senior unsecured debt, such positions are senior in payment priority over subordinated debt investments. The investments in our Debt Securities Portfolio are all or predominantly below investment grade, and have speculative characteristics with respect to the issuer's capacity to pay interest and repay principal.

From time-to-time we have also made investments in CLO Fund Securities managed by other asset managers. Our collateralized loan obligation funds ("CLO Funds") typically invest in broadly syndicated loans, high-yield bonds and other credit instruments.

Our portfolio may include "covenant-lite" loans which generally refer to loans that do not have a complete set of financial maintenance covenants. Generally, "covenant-lite" loans provide borrower companies more freedom to negatively impact lenders because their covenants are incurrence-based, which means they are only tested and can only be breached following an affirmative action of the borrower, rather than by a deterioration in the borrower's financial condition. Accordingly, to the extent we invest in "covenant-lite" loans, we may have fewer rights against a borrower and may have a greater risk of loss on such investments as compared to investments in or exposure to loans with financial maintenance covenants.

We have elected to be treated for U.S. federal income tax purposes as a RIC under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code") and intend to operate in a manner to maintain our RIC status. As a RIC, we intend to distribute to our stockholders substantially all of our net ordinary taxable income and the excess of realized net short-term capital gains over realized net long-term capital losses, if any, for each year. To qualify as a RIC, we must, among other things, meet certain source-of-income and asset diversification requirements. Pursuant to this election, we generally will not have to pay corporate-level U.S. federal income taxes on any income that we timely distribute to our stockholders.

From time to time, we may seek to retire, repurchase, or exchange debt securities in open market purchases or by other means dependent on market conditions, liquidity, contractual obligations, and other matters. In addition, we evaluate strategic opportunities available to us, including mergers with unaffiliated funds and affiliated funds, divestures, spin-offs, joint ventures and other similar transactions from time to time. An example of an opportunity we are currently in the initial stages of evaluating is a potential merger with one or more of our affiliated 1940 Act funds, which may result in the use of an exchange ratio other than NAV-for-NAV (including but not limited to relative market price) in connection therewith.

The Externalization

On April 1, 2019 (the "Closing"), we became externally managed (the "Externalization") by the Adviser, pursuant to a stock purchase and transaction agreement (the "Externalization Agreement") with BC Partners Advisors L.P. ("BCP"), an affiliate of BC Partners. In connection with the Externalization, our stockholders approved an investment advisory agreement (the "Advisory Agreement") with the Adviser. See "-Advisory Agreement" below.

Pursuant to the Externalization Agreement with BCP, the Adviser became our investment adviser in exchange for a cash payment from BCP, or its affiliate, of $25 million, or $0.669672 per share of our common stock, directly to our stockholders. In addition, the Adviser (or its affiliate) will use up to $10 million of the incentive fee actually paid to the Adviser prior to the second anniversary of the Closing to buy newly issued shares of our common stock at the most recently determined net asset value per share of our common stock at the time of such purchase. In November 2020, the Adviser purchased approximately $570 thousand newly issued shares of our common stock in connection therewith, and in May 2021, the Adviser purchased approximately $4.0 million of newly issued shares of our common stock in connection therewith. In both cases, the shares were issued at the most recently determined net asset value per share of our common stock. The obligations of the Advisor to use incentive fees to purchase shares expired on April 1, 2021. For the period of one year from the first day of the first quarter following the quarter in which the Closing occurred, the Adviser will permanently forego up to the full amount of the incentive fees earned by the Adviser without recourse against or reimbursement by us, to the extent necessary in order to achieve aggregate net investment income per share of common stock for such one-year period to be at least equal to $0.40 per share, subject to certain adjustments. BCP and the Adviser's total financial commitment to the transactions contemplated by the Externalization Agreement was $35.0 million.

GARS Transaction

On October 28, 2020, we completed our acquisition of Garrison Capital Inc., a publicly traded BDC ("GARS", and such transaction, the "GARS Acquisition"). To effect the acquisition, our wholly owned merger subsidiary merged with and into GARS, with GARS surviving the merger as our wholly owned subsidiary. Immediately thereafter and as a single integrated transaction, GARS consummated a second merger, whereby GARS merged with and into us, with the Company surviving the merger.

In accordance with the terms of the merger agreement for the GARS Acquisition, dated June 24, 2020 (the "GARS Merger Agreement"), each share of common stock, par value $0.001 per share, of GARS (the "GARS Common Stock") issued and outstanding was converted into the right to receive (i) an amount in cash, without interest, equal to approximately $1.19 and (ii) approximately 1.917 shares of common stock, par value $0.01 per share, of the Company (plus any applicable cash in lieu of fractional shares). Each share of GARS Common Stock issued and outstanding received, as additional consideration funded by the Adviser, an amount in cash, without interest, equal to approximately $0.31. In connection with the closing of the GARS Acquisition, the Board approved an increase in the size of the Board from seven members to nine members, and appointed each of Matthew Westwood and Joseph Morea to serve on the Board.

HCAP Acquisition and Assumption and Redemption of HCAP Notes

On June 9, 2021 we completed our acquisition of Harvest Capital Credit Corporation, a publicly traded BDC ("HCAP", and such transaction, the "HCAP Acquisition"). To effect the acquisition, our wholly owned merger subsidiary ("Acquisition Sub") merged with and into HCAP, with HCAP surviving the merger as the Company's wholly owned subsidiary. Immediately thereafter and as a single integrated transaction, HCAP consummated a second merger, whereby HCAP merged with and into the Company, with the Company surviving the merger. As a result of, and as of the effective time of, the second merger, HCAP's separate corporate existence ceased.

Under the terms of the merger agreement for the HCAP Acquisition, dated December 23, 2020 (the "HCAP Merger Agreement"), HCAP stockholders as of immediately prior to the effective time of the first merger (other than shares held by a subsidiary of HCAP or held, directly or indirectly, by the Company or Acquisition Sub, and all treasury shares (collectively, "Cancelled Shares")) received a combination of (i) $18.54 million in cash paid by the Company, (ii) 15,252,453 validly issued, fully paid and non-assessable shares of the Company's common stock, par value $0.01 per share, and (iii) an additional cash payment from the Adviser of $2.15 million in the aggregate.

With respect to the merger consideration from the Company, HCAP stockholders as of immediately prior to the effective time of the first merger (other than Cancelled Shares) were entitled, with respect to all or any portion of the shares of HCAP common stock they held as of the effective time of the first merger, to elect to receive the merger consideration in the form of cash (an "Election") or in the form of our common stock, subject to certain conditions and limitations in the merger agreement. Any HCAP stockholder who did not validly make an Election was deemed to have elected to receive shares of the Company's common stock with respect to the merger consideration as payment for their shares of HCAP common stock. Each share of HCAP common stock (other than Cancelled Shares) with respect to which an Election was made was treated as an "Electing Share" and each share of HCAP Common Stock (other than Cancelled Shares) with respect to which an Election was not made or that was transferred after the election deadline on June 2, 2021 was treated as a "Non-Electing Share."

Pursuant to the conditions of and adjustment mechanisms in the HCAP Merger Agreement, 475,806 Electing Shares were converted to Non-Electing Shares for purposes of calculating the total mix of consideration to be paid to each Electing Share in order to ensure that the value of the aggregate cash consideration paid to holders of the Electing Shares equaled the aggregate cash consideration that HCAP received from the Company under the terms of the HCAP Merger Agreement. Accordingly, as a result of the Elections received from HCAP stockholders and any resulting adjustment under the terms of the HCAP Merger Agreement, each Electing Share received, in aggregate, approximately $7.43 in cash and 0.74 shares of the Company's common stock, while each Non-Electing Share received, in aggregate, approximately 3.86 shares of the Company's common stock.

On June 9, 2021, the Company entered into a third supplemental indenture (the "HCAP Third Supplemental Indenture") by and between the Company and U.S. Bank National Association, as trustee (the "Trustee"), effective as of the closing of the HCAP Acquisition. The HCAP Third Supplemental Indenture relates to the Company's assumption of $28.75 million in aggregate principal amount of HCAP's 6.125% Notes due September 15, 2022 (the "HCAP Notes").

Pursuant to the HCAP Third Supplemental Indenture, the Company expressly assumed the due and punctual payment of the principal of (and premium, if any) and interest, if any, on the HCAP Notes and the performance of HCAP's covenants under the base indenture, dated as of January 27, 2015, by and between HCAP and the Trustee, as supplemented by the second supplemental indenture, dated as of August 24, 2017, by and between HCAP and the Trustee. No change of control offer was required to be made in respect of the HCAP Notes in connection with the consummation of the HCAP Acquisition.

The HCAP Notes could be redeemed by the Company at any time at par value plus accrued and unpaid interest. On July 23, 2021, the Company redeemed the entire notional amount of $28.75 million of the HCAP Notes.

PORTFOLIO AND INVESTMENT ACTIVITY

Our primary investments are lending to and investing in middle-market businesses through investments in senior secured loans, junior secured loans, subordinated/mezzanine debt investments, and other equity investments, which may include warrants, investments in joint ventures, and investments in CLO Fund Securities.

Total portfolio investment activity (excluding activity in short-term investments) for the nine months ended September 30, 2024 (unaudited) and for the year ended December 31, 2023, was as follows:

($ in thousands)	First Lien Debt	Second Lien Debt	Subordinated Debt	Equity	Collateralized Loan Obligations	Joint Ventures	Derivatives	Total Portfolio
Fair Value at December 31, 2022	$ 401,113	$ 74,009	$ 43	$ 21,905	$ 20,453	$ 58,955	$ —	$ 576,478
Purchases / originations / draws	50,109	952	—	7,867	—	7,564	—	66,492
Pay-downs / pay-offs / sales	(117,244)	(32,968)	5,567	(8,770)	(2,097)	(4,999)	—	(160,511)
Net accretion of interest	6,332	650	—	—	1,998	—	—	8,980
Net realized gain (loss) on investments	(3,633)	(1,151)	—	3,334	(25,446)	—	—	(26,896)
Net change in unrealized appreciation (depreciation) on investments	(78)	(238)	(4,386)	(3,803)	14,060	(2,233)	—	3,322
Fair Value at December 31, 2023	$ 336,599	$ 41,254	$ 1,224	$ 20,533	$ 8,968	$ 59,287	$ —	$ 467,865
Purchases / originations / draws	49,924	1,261	943	4,973	-	2,742	—	59,843
Pay-downs / pay-offs / sales	(59,961)	(10,348)	(459)	(118)	(1,316)	(10,004)	—	(82,206)
Net accretion of interest	2,016	103	—	—	1,335	—	—	3,454
Net realized gain (loss) on investments	(5,222)	(5,070)	(417)	(6,644)	(1,241)	—	—	(18,594)
Net change in unrealized appreciation (depreciation) on investments	(6,912)	1,685	405	4,135	(960)	263	—	(1,384)
Fair Value at September 30, 2024	$ 316,444	$ 28,885	$ 1,696	$ 22,879	$ 6,786	$ 52,288	$ —	$ 428,978

The level of investment activity for investments funded and principal repayments for our investments can vary substantially from period to period depending on the number and size of investments that we invest in or divest of, and many other factors, including the amount and competition for the debt and equity securities available to middle market companies, the level of merger and acquisition activity for such companies and the general economic environment.

The following table shows the Company's portfolio by security type as of September 30, 2024, and December 31, 2023:

($ in thousands)	September 30, 2024			December 31, 2023		
Security Type	Cost/Amortized Cost	Fair Value	Fair Value Percentage of Total Portfolio	Cost/Amortized Cost	Fair Value	Fair Value Percentage of Total Portfolio
First Lien Debt	$ 338,616	$ 316,444	73.8 %	$ 351,858	$ 336,599	71.9 %
Second Lien Debt	36,758	28,885	6.7 %	50,814	41,254	8.8 %
Subordinated Debt	8,056	1,696	0.4 %	7,990	1,224	0.3 %
Collateralized Loan Obligations	7,881	6,786	1.6 %	9,103	8,968	1.9 %
Joint Ventures	64,153	52,288	12.2 %	71,415	59,287	12.7 %
Equity	29,493	22,879	5.3 %	31,280	20,533	4.4 %
Asset Manager Affiliates(1)	17,791	—	—	17,791	—	—
Derivatives	31	—	—	31	—	—
Total	$ 502,779	$ 428,978	100.0 %	$ 540,282	$ 467,865	100.0 %

(1) Represents the equity investment in the Asset Manager Affiliates.

The industry concentrations, based on the fair value of the Company's investment portfolio as of September 30, 2024, and December 31, 2023, were as follows:

($ in thousands)	September 30, 2024			December 31, 2023		
Industry Classification	Cost/Amortized Cost	Fair Value	Fair Value Percentage of Total Portfolio	Cost/Amortized Cost	Fair Value	Fair Value Percentage of Total Portfolio
Services: Business	$ 63,140	$ 59,814	13.9 %	$ 58,997	$ 57,168	12.2 %
Healthcare & Pharmaceuticals	56,599	55,075	12.8 %	59,189	57,224	12.2 %
Joint Venture	64,153	52,288	12.2 %	71,415	59,287	12.7 %
Banking, Finance, Insurance & Real Estate	48,836	49,343	11.5 %	51,486	53,918	11.5 %
High Tech Industries	53,307	45,346	10.6 %	84,676	73,430	15.7 %
Consumer goods: Durable	24,713	21,653	5.0 %	16,431	13,898	3.0 %
Finance	19,053	19,098	4.5 %	18,884	18,972	4.1 %
Media: Broadcasting & Subscription	17,286	13,357	3.1 %	16,665	14,618	3.1 %
Machinery (Non-Agrclt/Constr/Electr)	11,592	12,452	2.9 %	9,836	10,097	2.2 %
Beverage, Food and Tobacco	12,544	11,764	2.8 %	12,220	11,444	2.4 %
Aerospace and Defense	11,423	11,448	2.7 %	11,130	11,256	2.4 %
Chemicals, Plastics and Rubber	9,956	9,458	2.2 %	9,738	9,836	2.1 %
Retail	9,538	8,077	1.9 %	9,334	8,732	1.9 %
Construction & Building	7,683	7,325	1.7 %	7,737	7,441	1.6 %
Transportation: Consumer	7,423	7,487	1.7 %	7,465	7,409	1.6 %
CLO Fund Securities	7,881	6,786	1.6 %	9,103	8,968	1.9 %
Healthcare, Education and Childcare	6,129	6,121	1.4 %	6,175	6,163	1.3 %
Metals & Mining	9,950	5,202	1.2 %	9,000	7,742	1.7 %
Transportation: Cargo	7,139	4,843	1.1 %	11,606	10,303	2.2 %
Telecommunications	3,813	3,239	0.8 %	5,268	4,389	0.9 %
Diversified Financial Services	2,952	2,973	0.7 %	—	—	0.0 %
Containers, Packaging and Glass	2,730	2,680	0.6 %	2,734	2,665	0.6 %
Hotel, Gaming & Leisure	7,006	2,429	0.6 %	8,358	3,948	0.8 %
Interactive Media & Services	2,568	2,589	0.6 %	2,663	2,662	0.6 %
Services: Consumer	2,670	2,660	0.6 %	—	—	0.0 %
IT Consulting & Other Services	2,185	2,291	0.5 %	2,213	2,259	0.5 %
Application Software	1,164	1,154	0.3 %	—	—	0.0 %
Capital Equipment	10,808	1,354	0.3 %	10,684	1,203	0.3 %
Energy: Electricity	671	672	0.2 %	671	671	0.1 %
Alternative Carriers	—	—	0.0 %	971	937	0.2 %
Asset Management Company(1)	17,791	—	0.0 %	17,791	—	0.0 %
Energy: Oil & Gas	76	—	0.0 %	6,721	100	0.0 %
Media: Diversified & Production	—	—	0.0 %	1,121	1,125	0.2 %
Total	$ 502,779	$ 428,978	100.0 %	$ 540,282	$ 467,865	100.0 %

(1) Represents the equity investment in the Asset Manager Affiliates.

Debt Securities Portfolio

At September 30, 2024 and December 31, 2023, the weighted average contractual interest rate on our interest earning Debt Securities Portfolio was approximately 11.9% and 12.5%, respectively.

The debt investment portfolio (excluding our investments in the CLO Funds and Joint Ventures) at September 30, 2024 was spread across 28 different industries and 72 different portfolio companies with a fair value of approximately $347.0 million and average par balance per entity of approximately $2.7 million. As of September 30, 2024, nine of our investments were on non-accrual status. As of December 31, 2023, seven of our investments were on non-accrual status.

Asset Manager Affiliates

As of September 30, 2024, our remaining asset management affiliates (the "Asset Manager Affiliates") have limited operations and are expected to be liquidated. As of September 30, 2024, the Asset Manager Affiliates manage CLO Funds that invest in broadly syndicated loans, high yield bonds and other credit instruments.

CLO Fund Securities

We have made minority investments in the subordinated securities or preferred shares of CLO Funds managed by the Disposed Manager Affiliates and may selectively invest in securities issued by CLO Funds managed by other asset management companies. As of September 30, 2024 and December 31, 2023, the fair value of the CLO Fund Securities was $6.8 million and $9.0 million, respectively.

The CLO Funds invest primarily in broadly syndicated non-investment grade loans, high-yield bonds and other credit instruments of corporate issuers. The underlying assets in each of the CLO Fund Securities in which we have an investment are generally diversified secured or unsecured corporate debt.

The structure of CLO Funds, which are highly levered, is extremely complicated. Since we primarily invest in securities representing the residual interests of CLO Funds, our investments are much riskier than the risk profile of the loans by which such CLO Funds are collateralized. Our investments in CLO Funds may be riskier and less transparent to us and our stockholders than direct investments in the underlying loans. For a more detailed discussion of the risks related to our investments in CLO Funds, please see "Risk Factors — Risks Related to Our Investments — Our investments may be risky, and you could lose all or part of your investment" included in our annual report on Form 10-K for the year ended December 31, 2023.

Our CLO Fund Securities as of September 30, 2024 and December 31, 2023 were as follows:

($ in thousands)		**September 30, 2024**			**December 31, 2023**		
CLO Fund Securities	**Investment**	**Amortized Cost**	**Fair Value**	**Percentage Ownership[(1)]**	**Amortized Cost**	**Fair Value**	**Percentage Ownership[(1)]**
Catamaran CLO 2014-1 Ltd.	Collateralized Loan Obligations	$ 120	$ 120	22.2 %	$ 1,024	$ 904	22.2 %
Catamaran CLO 2018-1 Ltd.	Collateralized Loan Obligations	3,339	2,832	24.8 %	3,923	3,923	24.8 %
Dryden 30 Senior Loan Fund	Collateralized Loan Obligations	170	170	6.8 %	424	409	6.8 %
JMP Credit Advisors CLO IV Ltd.	Collateralized Loan Obligations	740	698	57.2 %	683	683	57.2 %
JMP Credit Advisors CLO V Ltd.	Collateralized Loan Obligations	3,512	2,966	57.2 %	3,049	3,049	57.2 %
Total		$ 7,881	$ 6,786		$ 9,103	$ 8,968	

(1) Represents percentage of class held at September 30, 2024 and December 31, 2023, respectively.

Investment in Joint Ventures

KCAP Freedom 3 LLC

During the third quarter of 2017, we and Freedom 3 Opportunities LLC ("Freedom 3 Opportunities"), an affiliate of Freedom 3 Capital LLC, entered into an agreement to create KCAP Freedom 3 LLC (the "F3C Joint Venture"). The fund capitalized by the F3C Joint Venture invests primarily in middle-market loans and the F3C Joint Venture partners may source middle-market loans from time-to-time for the fund.

We own a 62.8% economic interest in the F3C Joint Venture. The F3C Joint Venture is structured as an unconsolidated Delaware limited liability company. All portfolio and other material decisions regarding the F3C Joint Venture must be submitted to its board of managers, which is comprised of four members, two of whom were selected by us and two of whom were selected by Freedom 3 Opportunities, and must be approved by at least one member appointed by us and one appointed by Freedom 3 Opportunities. In addition, certain matters may be approved by the F3C Joint Venture's investment committee, which is comprised of one member appointed by us and one member appointed by Freedom 3 Opportunities.

We have determined that the F3C Joint Venture is an investment company under Accounting Standards Codification ("ASC"), Financial Services — Investment Companies ("ASC 946"), however, in accordance with such guidance, we will generally not consolidate our investment in a company other than a wholly owned investment company subsidiary or a controlled operating company whose business consists of providing services to us. We do not consolidate its interest in the F3C Joint Venture because we do not control the F3C Joint Venture due to allocation of the voting rights among the F3C Joint Venture partners.

The fair value of the Company's investment in the F3C Joint Venture as of September 30, 2024 and December 31, 2023 was $13.0 million and $14.3 million, respectively.

Series A – Great Lakes Funding II LLC

In August 2022, we invested in Series A – Great Lakes Funding II LLC (the "Great Lakes II Joint Venture," collectively with the F3C Joint Venture the "Joint Ventures"), a joint venture with an investment strategy to underwrite and hold senior, secured unitranche loans made to middle-market companies. We treat our investment in the Great Lakes II Joint Venture as a joint venture since an affiliate of the Adviser controls a 50% voting interest in the Great Lakes II Joint Venture. In connection with the launch of the Great Lakes II Joint Venture, we entered into a series of transactions pursuant to which our prior investment in BCP Great Lakes Holdings LP, a vehicle formed as a co-investment vehicle to facilitate the participation of certain co-investors to invest, directly or indirectly, in BCP Great Lakes Funding, LLC (the "Prior Great Lakes Joint

Venture”), and the corresponding assets held by the Prior Great Lakes Joint Venture in respect of our investment in BCP Great Lakes Holdings LP, were transferred to the Great Lakes II Joint Venture in complete redemption of our investment in BCP Great Lakes Holdings LP.

The Great Lakes II Joint Venture is a Delaware series limited liability company, and pursuant to the terms of the Great Lakes Funding II LLC Limited Liability Company Agreement (the “Great Lakes II LLC Agreement”), prior to the end of the investment period with respect to each series established under the Great Lakes II LLC Agreement, each member of the predecessor series would be offered the opportunity to roll its interests into any subsequent series of the Great Lakes II Joint Venture. We do not pay any advisory fees in connection with our investment in the Great Lakes II Joint Venture. Certain other funds managed by the Adviser or its affiliates have also invested in the Great Lakes II Joint Venture.

The fair value of our investment in the Great Lakes II Joint Venture as of September 30, 2024 and December 31, 2023, was $39.3 million and $45.0 million, respectively. Fair value has been determined utilizing the practical expedient pursuant to ASC 820-10. Pursuant to the terms of the Great Lakes II LLC Agreement, we generally may not effect any direct or indirect sale, transfer, assignment, hypothecation, pledge or other disposition of or encumbrance upon our interests in the Great Lakes II Joint Venture, except that we may sell or otherwise transfer our interests with the consent of the managing members of the Great Lakes II Joint Venture or to an affiliate or a successor to substantially all of our assets.

As of September 30, 2024 and December 31, 2023, we had an unfunded commitment of $11.2 million and $5.5 million to the Great Lakes II Joint Venture, respectively.

RESULTS OF OPERATIONS

The principal measure of our financial performance is the net increase (decrease) in net assets resulting from operations, which includes net investment income (loss) and net realized and unrealized appreciation (depreciation). Net investment income (loss) is the difference between our income from interest, distributions, fees, and other investment income and our operating expenses. Net realized gain (loss) on investments is the difference between the proceeds received from dispositions of portfolio investments and their amortized cost. Net change in unrealized appreciation (depreciation) on investments is the net change in the fair value of our investment portfolio.

Set forth below is a discussion of our results of operations for the three and nine months ended September 30, 2024 and 2023.

Revenue

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
($ in thousands)	**2024**	**2023**	**2024**	**2023**
INVESTMENT INCOME				
Interest income:				
Non-controlled/non-affiliated investments	$ 11,357	$ 13,283	$ 35,891	$ 42,915
Non-controlled affiliated investments	356	631	763	2,106
Total interest income	11,713	13,914	36,654	45,021
Payment-in-kind income:				
Non-controlled/non-affiliated investments	1,343	2,308	5,255	4,694
Non-controlled affiliated investments	209	113	504	293
Total payment-in-kind income	1,552	2,421	5,759	4,987
Dividend income:				
Non-controlled affiliated investments	1,669	1,429	5,122	4,677
Controlled affiliated investments	—	644	—	2,184
Total dividend income	1,669	2,073	5,122	6,861
Fees and other income:				
Non-controlled/non-affiliated investments	243	166	505	1,644
Non-controlled affiliated investments	—	—	—	14
Total fees and other income	243	166	505	1,658
Total investment income	$ 15,177	$ 18,574	$ 48,040	$ 58,527

Revenues consist primarily of investment income from interest and dividends on our investment portfolio and various ancillary fees related to our investment holdings. Investment income for the three months ended September 30, 2024 and 2023 was approximately $15.2 million and $18.6 million, respectively. Investment income for the nine months ended September 30, 2024 and 2023 was approximately $48.0 million and $58.5 million, respectively.

Interest from Investments in Debt Securities. We generate interest income from our investments in debt securities that consist primarily of senior and junior secured loans. Our Debt Securities Portfolio is spread across multiple industries and geographic locations and, as such, we are broadly exposed to market conditions and business environments. As a result, although our investments are exposed to market risks, we continuously seek to limit concentration of exposure in any particular sector or issuer.

The majority of investment income is attributable to interest income, inclusive of payment-in-kind income, on our Debt Securities Portfolio. For the three months ended September 30, 2024 and 2023, approximately $12.7 million and $15.8 million, respectively, of investment income was attributable to interest income, inclusive of payment-in-kind income, on our Debt Securities Portfolio. For the nine months ended September 30, 2024 and 2023, approximately $40.4 million and $48.1 million, respectively, of investment income was attributable to interest income, inclusive of payment-in-kind income, on our Debt Securities Portfolio.

At September 30, 2024 and December 31, 2023, the weighted average contractual interest rate on our interest earning Debt Securities Portfolio was approximately 11.9% and 12.5%, respectively.

Investment income is primarily dependent on the composition and credit quality of our investment portfolio. Generally, our Debt Securities Portfolio is expected to generate predictable, recurring interest income in accordance with the contractual terms of each loan. Corporate equity securities may pay a dividend and may increase in value for which a gain may be recognized; generally, such dividend payments and gains are less predictable than interest income on our loan portfolio.

Investment income is comprised of coupon interest, accretion of discount and accelerated accretion resulting from paydowns and other revenue earned from operations. Recent acquisitions of GARS (October 2020) and HCAP (June 2021) have had a significant positive impact on earnings as a result of amortization of purchase discount established at the time of the merger. The table below illustrates that impact:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
($ in thousands)	**2024**	**2023**	**2024**	**2023**
Interest income, excluding CLO income and purchase discount accretion	$ 11,434	$ 13,174	$ 35,109	$ 41,436
Purchase discount accretion	25	238	210	1,706
PIK income	1,552	2,421	5,759	4,987
CLO income	254	502	1,335	1,879
JV income	1,669	2,073	5,122	6,861
Fees and other income	243	166	505	1,658
Investment Income	$ 15,177	$ 18,574	$ 48,040	$ 58,527
Less: Purchase discount accretion	$ (25)	$ (238)	$ (210)	$ (1,706)
Core Investment Income	$ 15,152	$ 18,336	$ 47,830	$ 56,821

Core investment income excludes the impact of purchase discount accretion in connection with the GARS and HCAP mergers which is investment income as determined in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP"), excluding the impact of purchase discount accretion associated with the GARS and HCAP mergers. We believe presenting investment income excluding the impact of the GARS and HCAP merger-related purchase discount amortization and the related per share amount is useful and appropriate supplemental disclosure for analyzing our financial performance due to the unique circumstance giving rise to the purchase accounting adjustment. However, this measure is a non-U.S. GAAP measure and should not be considered as a replacement for net investment income and other earnings measures presented in accordance with U.S. GAAP. Instead, this measure should be reviewed only in connection with such U.S. GAAP measures in analyzing Portman Ridge's financial performance. A reconciliation of net investment income in accordance with U.S. GAAP to net investment income excluding the impact of purchase accounting is detailed in the table above.

Investment Income on Investments in CLO Fund Securities. For the three months ended September 30, 2024 and 2023, approximately $0.3 million and $0.5 million, respectively, of investment income was attributable to investments in CLO Fund Securities. For the nine months ended September 30, 2024 and 2023, approximately $1.3 million and $1.9 million, respectively, of investment income was attributable to investments in CLO Fund Securities. We generate investment income from our investments in the securities (typically preferred shares or subordinated securities) of CLO Funds. CLO Funds invest primarily in broadly syndicated non-investment grade loans, high-yield bonds and other credit instruments of corporate issuers. The underlying assets in each of the CLO Funds in which we have an investment are generally diversified secured or unsecured corporate debt. Our CLO Fund Securities that are subordinated securities or preferred shares ("junior securities") are subordinated to senior note holders who typically receive a return on their investment at a fixed spread relative to the SOFR index. The CLO Funds are leveraged funds and any excess cash flow or "excess spread" (interest earned by the underlying securities in the fund less payments made to senior bond holders and less fund expenses and management fees) is paid to the holders of the CLO Fund's subordinated securities or preferred shares. The level of excess spread from CLO Fund Securities can be impacted by the timing and level of the resetting of the benchmark interest rate for the underlying assets (which reset at various times throughout the quarter) in the CLO Fund and the related CLO Fund note liabilities (which reset at each quarterly distribution date); in periods of short-term and volatile changes in the benchmark interest rate, the levels of excess spread and resulting cash distributions to us can vary significantly.

Interest income on investments in CLO equity investments is recorded using the effective interest method in accordance with the provisions of ASC 325-40, Beneficial Interests in Securitized Financial Assets ("ASC 325-40"), based on the anticipated yield and the estimated cash flows over the projected life of the investment. Yields are revised when there are changes in actual or estimated projected future cash flows due to changes in prepayments and/or re-investments, credit losses or asset pricing. Changes in estimated yield are recognized as an adjustment to the estimated yield prospectively over the remaining life of the investment from the date the estimated yield was changed. Accordingly, investment income recognized on CLO equity securities in our U.S. generally accepted accounting principles ("GAAP") statement of operations differs from both the tax–basis investment income and from the cash distributions actually received by us during the period. As a RIC, we anticipate a timely distribution of our tax-basis taxable income.

Investments in Joint Ventures. For the three months ended September 30, 2024 and 2023, we recognized $1.7 million and $2.1 million, respectively, in investment income from our investments in Joint Ventures. For the nine months ended September 30, 2024 and 2023, we recognized $5.1 million and $6.9 million, respectively, in investment income from our investments in Joint Ventures. As of September 30, 2024, and December 31, 2023, the fair value of our investments in Joint Ventures was approximately $52.3 million and $59.3 million, respectively. The final determination of the tax attributes of distributions from Joint Ventures is made on an annual (full calendar year) basis at the end of the year based upon taxable income and distributions for the full year. Therefore, any estimate of tax attributes of distributions made on an interim basis may not be representative of the actual tax attributes of distributions for the full year.

Fees and other income. Origination fees (to the extent services are performed to earn such income upon closing), amendment fees, consent fees, and other fees associated with investments in portfolio companies are recognized as income when they are earned. Prepayment penalties received by the Company for debt instruments repaid prior to maturity date are recorded as income upon receipt. For the three months ended September 30, 2024 and 2023, approximately $0.2 million and $0.2 million, respectively, of investment income was attributable to fees and other income. For the nine months ended September 30, 2024 and 2023, approximately $0.5 million and $1.7 million, respectively, of investment income was attributable to fees and other income.

Expenses

($ in thousands)	For the Three Months Ended September 30, 2024	2023	For the Nine Months Ended September 30, 2024	2023
EXPENSES				
Management fees	$ 1,611	$ 1,844	$ 5,020	$ 5,666
Performance-based incentive fees	1,230	1,519	3,838	5,007
Interest and amortization of debt issuance costs	5,120	6,343	16,210	19,047
Professional fees	283	502	1,357	1,473
Administrative services expense	596	617	1,313	1,947
Directors' fees	143	138	466	469
Other general and administrative expenses	392	445	1,331	1,308
Total expenses	$ 9,375	$ 11,408	$ 29,535	$ 34,917

In connection with the Advisory Agreement, we pay the Adviser certain investment advisory fees and reimburse the Adviser and Administrator for certain expenses incurred in connection with the services they provide. We bear our allocable portion of the compensation paid by the Adviser (or its affiliates) to our chief compliance officer and chief financial officer and their respective staffs (based on a percentage of time such individuals devote, on an estimated basis, to our business affairs). We also bear all other costs and expenses of our operations, administration and transactions, including, but not limited to (i) investment advisory fees, including management fees and incentive fees, to the Adviser, pursuant to the Advisory Agreement; (ii) our allocable portion of overhead and other expenses incurred by the Adviser (or its affiliates) in performing its administrative obligations under the Advisory Agreement, and (iii) all other expenses of our operations and transactions including, without limitation, those relating to:

- the cost of calculating our net asset value, including the cost of any third-party valuation services;
- the cost of effecting any sales and repurchases of our common stock and other securities;
- fees and expenses payable under any dealer manager or placement agent agreements, if any;
- administration fees payable under the Administration Agreement and any sub-administration agreements, including related expenses;
- debt service and other costs of borrowings or other financing arrangements;
- costs of hedging;
- expenses, including travel expense, incurred by the Adviser, or members of the investment team, or payable to third parties, performing due diligence on prospective portfolio companies and, if necessary, enforcing our rights;
- transfer agent and custodial fees;
- fees and expenses associated with marketing efforts;
- federal and state registration fees, any stock exchange listing fees and fees payable to rating agencies;
- federal, state and local taxes;
- independent directors’ fees and expenses including certain travel expenses;
- costs of preparing financial statements and maintaining books and records and filing reports or other documents with the SEC (or other regulatory bodies) and other reporting and compliance costs, including registration and listing fees, and the compensation of professionals responsible for the preparation of the foregoing;
- the costs of any reports, proxy statements or other notices to stockholders (including printing and mailing costs), the costs of any stockholder or director meetings and the compensation of personnel responsible for the preparation of the foregoing and related matters;
- commissions and other compensation payable to brokers or dealers;
- research and market data;
- fidelity bond, directors and officers errors and omissions liability insurance and other insurance premiums;
- direct costs and expenses of administration, including printing, mailing, long distance telephone and staff;
- fees and expenses associated with independent audits, outside legal and consulting costs;
- costs of winding up our affairs;
- costs incurred by either the Administrator or us in connection with administering our business, including payments under the Administration Agreement;
- extraordinary expenses (such as litigation or indemnification); and
- costs associated with reporting and compliance obligations under the 1940 Act and applicable federal and state securities laws.

Total expenses for the three months ended September 30, 2024 and 2023 were approximately $9.4 million and $11.4 million, respectively. Total expenses for the nine months ended September 30, 2024 and 2023 were approximately $29.5 million and $34.9 million, respectively. The decrease in total expenses for the three and nine months ended September 30, 2024, in comparison to the prior year, was primarily driven by a decrease in average debt outstanding as well as lower incentive fees.

Management Fees and Incentive Fees. Management fees for the three months ended September 30, 2024 and 2023 were approximately $1.6 million and $1.8 million, respectively. Management fees for the nine months ended September 30, 2024 and 2023 were approximately $5.0 million and $5.7 million, respectively. Incentive fees for the three months ended September 30, 2024 and 2023 were approximately $1.2 million and $1.5 million, respectively. Incentive fees for the nine months ended September 30, 2024 and 2023 were approximately $3.8 million and $5.0 million, respectively.

Interest and Amortization of Debt Issuance Costs. Interest expense is dependent on the average outstanding balance on our borrowings and the base index rate for the period. Debt issuance costs represent fees and other direct costs incurred in connection with our borrowings. These amounts are capitalized and amortized over the expected term of the borrowing. For the three months ended September 30, 2024 and 2023, interest expense and amortization on debt issuance costs and discount for the period was approximately $5.1 million and $6.3 million, respectively, on average debt outstanding of $277.3 million and $343.0 million, respectively. For the nine months ended September 30, 2024 and 2023, interest expense and amortization on debt issuance costs and discount for the period was approximately $16.2 million and $19.0 million, respectively, on average debt outstanding of $292.1 million and $359.6 million, respectively.

Directors' Expense. Directors' expense for the three months ended September 30, 2024 and 2023 were approximately $0.1 million and $0.1 million, respectively. Directors' expense for the nine months ended September 30, 2024 and 2023 were approximately $0.5 million and $0.5 million, respectively

Professional Fees and General and Administrative Expenses. The balance of our expenses includes professional fees (primarily legal, accounting, valuation and other professional services), insurance costs, Administrative services expense under the Administration Agreement and general administrative and other costs.

For the three months ended September 30, 2024 and 2023, professional fees totaled approximately $0.3 million and $0.5 million, respectively. For the nine months ended September 30, 2024 and 2023, professional fees totaled approximately $1.4 million and $1.5 million, respectively.

For the three months ended September 30, 2024 and 2023, administrative services expense was approximately $0.6 million and $0.6 million, respectively. For the nine months ended September 30, 2024 and 2023, administrative services expense was approximately $1.3 million and $1.9 million, respectively.

For the three months ended September 30, 2024 and 2023, other general and administrative expenses, which includes insurance, technology and other office and administrative expenses, totaled approximately $0.4 million and $0.4 million, respectively. For the nine months ended September 30, 2024 and 2023, other general and administrative expenses, which includes insurance, technology and other office and administrative expenses, totaled approximately $1.3 million and $1.3 million, respectively.

Net Investment Income

For the nine months ended September 30, 2024, net investment income was approximately $18.5 million, or $1.99 per basic and diluted share, while tax-basis distributable income was approximately $18.5 million, or $1.99 per basic and diluted share. For the nine months ended September 30, 2023, net investment income was approximately $23.6 million, or $2.48 per basic and diluted share, while tax-basis distributable income was approximately $20.3 million, or $2.13 per basic and diluted share.

Net Realized Gain (Loss) on Investments

Investments are carried at fair value, with changes in fair value recorded as unrealized appreciation (depreciation) in the statement of operations. When an investment is sold or liquidated, any previously recognized unrealized appreciation (depreciation) is reversed and a corresponding amount is recognized as realized gain (loss). During the three and nine months ended September 30, 2024, the Company recognized $11.4 million and $20.4 million of net realized losses on our portfolio investments, respectively. During the three and nine months ended September 30, 2023, we recognized $1.6 million and $11.2 million of net realized losses on our portfolio investments, respectively.

Net Change in Unrealized Appreciation (Depreciation) on Investments

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
($ in thousands)	**2024**	**2023**	**2024**	**2023**
Net change in unrealized appreciation (depreciation) on:				
Non-controlled/non-affiliated investments	$ 5,430	$ 4,219	$ (5,392)	$ (4,316)
Non-controlled affiliated investments	(994)	(1,117)	(2,909)	(662)
Controlled affiliated investments	75	(1,394)	6,917	(3,450)
Total net change in unrealized gain (loss) from investment transactions	$ 4,511	$ 1,708	$ (1,384)	$ (8,428)

During the three months ended September 30, 2024, our total investments had net change in unrealized appreciation (depreciation) on investments of approximately $4.5 million . The net change in unrealized appreciation (depreciation) on investments is made up of approximately $0.2 million on equity securities, $(0.4) million on our Joint Ventures investments, and $4.7 million on our debt securities. During the three months ended September 30, 2023, our total investments had net change in unrealized appreciation (depreciation) of approximately $1.7 million. The net change in unrealized appreciation (depreciation) on investments was made up of approximately $1.1 million on CLO Fund Securities, $(1.6) million on equity securities, $(0.9) million on our Joint Ventures investments, and $3.1 million on our debt securities.

During the nine months ended September 30, 2024, our total investments had net change in unrealized appreciation (depreciation) of approximately $(1.4) million. The net change in unrealized appreciation (depreciation) on investments is made up of approximately $(1.0) million on CLO Fund Securities, $4.1 million on equity securities, $0.3 million on our Joint Ventures investments, and $(4.8) million on our debt securities. During the nine months ended September 30, 2023, our total investments had net change in unrealized appreciation (depreciation) of approximately $(8.4) million. The net change in unrealized appreciation (depreciation) on investments was made up of approximately $2.8 million on CLO Fund Securities, $(3.5) million on equity securities, $(3.4) million on our Joint Ventures investments, and $(4.3) million on our debt securities.

Net Change in Net Assets Resulting From Operations

The net increase (decrease) in net assets resulting from operations for the three months ended September 30, 2024, was $(1.5) million, or $(0.16) per basic and diluted share. The net increase (decrease) in net assets resulting from operations for the three months ended September 30, 2023, was $7.4 million, or $0.78 per basic and diluted share.The net increase (decrease) in net assets resulting from operations for the nine months ended September 30, 2024, was $(3.4) million, or $(0.37) per basic and diluted share. The net increase (decrease) in net assets resulting from operations for the nine months ended September 30, 2023, was $4.4 million, or $0.46 per basic and diluted share.

FINANCIAL CONDITION, LIQUIDITY, AND CAPITAL RESOURCES

Liquidity is a measure of our ability to meet potential cash requirements, including ongoing commitments to repay borrowings, fund and maintain investments, pay distributions to our stockholders and other general business needs. We recognize the need to have funds available for operating our business and to make investments. We seek to have adequate liquidity at all times to cover normal cyclical swings in funding availability and to allow us to meet irregular and unexpected funding requirements. We plan to satisfy our liquidity needs through normal operations with the goal of avoiding unplanned sales of assets or emergency borrowing of funds.

As of September 30, 2024 and December 31, 2023 the fair value of investments and cash were as follows:

($ in thousands)

Security Type	**September 30, 2024**	**December 31, 2023**
Cash and cash equivalents	$ 13,736	$ 26,912
Restricted Cash	13,039	44,652
First Lien Debt	316,444	336,599
Second Lien Debt	28,885	41,254
Subordinated Debt	1,696	1,224
Equity	22,879	20,533
Collateralized Loan Obligations	6,786	8,968
Asset Manager Affiliates	—	—
Joint Ventures	52,288	59,287
Derivatives	—	—
Total	$ 455,753	$ 539,429

Subject to market conditions, we intend to grow our portfolio of assets by raising additional capital, including through the prudent use of leverage available to us. As a BDC, we are limited in the amount of leverage we can incur under the 1940 Act. Effective March 29, 2019, we are allowed to borrow amounts such that our asset coverage, as defined in the 1940 Act, equals at least 150% after such borrowing. Because we also recognize the need to have funds available for operating our business and to make investments, we seek to have adequate liquidity at all times to cover normal cyclical swings in funding availability and to allow us to meet abnormal and unexpected funding requirements. As a result, we may hold varying amounts of cash and other short-term investments from time-to-time for liquidity purposes.

Borrowings

We use borrowed funds, known as “leverage,” to make investments and to attempt to increase returns to our shareholders by reducing our overall cost of capital. As a BDC, we are limited in the amount of leverage we can incur under the 1940 Act. We are only allowed to borrow amounts such that our asset coverage, as defined in the 1940 Act, equals at least 150% after such borrowing. As of September 30, 2024, we had approximately $267.5 million of par value of outstanding borrowings and our asset coverage ratio of total assets to total borrowings was 170%, compliant with the minimum asset coverage level of 150% generally required for a BDC by the 1940 Act. We may also borrow amounts of up to 5% of the value of our total assets for temporary purposes.

The Small Business Credit Availability Act (the “SBCA”) has modified the 1940 Act by allowing a BDC to increase the maximum amount of leverage it may incur from an asset coverage ratio of 200% to an asset coverage ratio of 150%, if certain requirements are met. On March 29, 2018, the Board, including a “required majority” (as such term is defined in Section 57(o) of the 1940 Act) of its Board, approved the modified asset coverage requirements set forth in Section 61(a)(2) of the 1940 Act, as amended by the SBCA. As a result, our asset coverage requirements for senior securities changed from 200% to 150%, effective as of March 29, 2019.

Outstanding Notes

During the second quarter of 2021, we issued $108.0 million aggregate principal amount of our 4.875% Notes due 2026. The net proceeds for the 4.875% Notes due 2026, after the payment of underwriting expenses, were approximately $104.6 million. Interest on the 4.875% Notes due 2026 is paid semi-annually on April 30 and October 30, at a rate of 4.875%. The 4.875% Notes due 2026 mature on April 30, 2026 and are general unsecured obligations. The indenture governing the 4.875% Notes Due 2026 contains certain restrictive covenants, including compliance with certain provisions of the 1940 Act relating to borrowing and dividends. At September 30, 2024, there was approximately $108.0 million of principal amount outstanding, and we were in compliance with all of our debt covenants on the 4.875% Notes due 2026.

Revolving Credit Facility

On December 18, 2019, Great Lakes Portman Ridge Funding LLC (“GLPRF LLC”), a wholly-owned subsidiary of the Company, entered into a senior secured revolving credit facility (as amended, restated or otherwise modified from time to time, the “Revolving Credit Facility”) with JPMorgan Chase Bank, National Association (“JPM”). JPM serves as administrative agent, U.S. Bank National Association serves as collateral agent, securities intermediary and collateral administrator, and the Company serves as portfolio manager under the Revolving Credit Facility.

GLPRF LLC is required to utilize a minimum of the commitments under the Revolving Credit Facility. Unused amounts below such minimum utilization amount accrue interest as if such amounts are outstanding as borrowings under the Revolving Credit Facility. In addition, GLPRF LLC pays a non-usage fee during the reinvestment period on the average daily unborrowed portion of the financing commitments in excess of such minimum utilization amount.

The initial principal amount of the Revolving Credit Facility was $115 million. The Revolving Credit Facility has an accordion feature, subject to the satisfaction of various conditions, which could bring total commitments under the Revolving Credit Facility to up to $215 million. Proceeds from borrowings under the Revolving Credit Facility may be used to fund portfolio investments by GLPRF LLC and to make advances under delayed draw term loans where GLPRF LLC is a lender.

On April 29, 2022, GLPRF LLC amended the Revolving Credit Facility with JPM as administrative agent. The amended agreement replaced three-month SOFR as the benchmark interest rate and reduced the applicable margin to 2.80% per annum from 2.85% per annum.

On July 23, 2024, GLPRF LLC amended the Revolving Credit Facility with JPM as administrative agent. The amended agreement, among other things, (i) provided for a committed increase to the aggregate principal amount of the Revolving Credit Facility in an amount not to exceed $85.0 million, for a total commitment of $200.0 million, which increase became effective on August 20, 2024, (ii) provided for a committed seven-day bridge advance in an aggregate principal amount of $18,250,000, which advance became effective on August 20, 2024, (iii) reduced the applicable margin on the Revolving Credit Facility to 2.50% per annum, (iv) extended the period in which the Company may request advances under the Revolving Credit Facility to August 29, 2026, (v) extended the stated maturity of the Revolving Credit Facility to August 29, 2027, (vi) reduced the requirement to utilize a minimum of commitments under the Revolving Credit Facility to 70%, (vii) reduced the non-usage fee applicable during the reinvestment period to 0.55% per annum on the average daily unborrowed portion of the financing commitments in excess of the minimum utilization amount, (viii) extended the non-call period under the Revolving Credit Facility to April 29, 2025, and (ix) provided for certain fees to be paid to the administrative agent and the lenders in connection therewith.

GLPRF LLC’s obligations to the lenders under the Revolving Credit Facility are secured by a first priority security interest in all of GLPRF LLC’s portfolio of investments and cash. The obligations of GLPRF LLC under the Revolving Credit Facility are non-recourse to the Company, and the Company’s exposure under the Revolving Credit Facility is limited to the value of the Company’s investment in GLPRF LLC.

In connection with the Revolving Credit Facility, GLPRF LLC has made certain customary representations and warranties and is required to comply with various covenants, reporting requirements and other customary requirements for similar facilities. The Revolving Credit Facility contains customary events of default for similar financing transactions, including if a change of control of GLPRF LLC occurs or if the Company is no longer the portfolio manager of GLPRF LLC. Upon the occurrence and during the continuation of an event of default, JPM may declare the outstanding advances and all other obligations under the Revolving Credit Facility immediately due and payable.

The occurrence of an event of default (as described above) or a market value event (as defined in the Revolving Credit Facility) triggers a requirement that GLPRF LLC obtain the consent of JPM prior to entering into certain sales or dispositions with respect to portfolio assets, and the occurrence of a market value event triggers the right of JPM to direct GLPRF LLC to enter into sales or dispositions with respect to any portfolio assets, in each case in JPM's sole discretion.

At September 30, 2024, GLPRF LLC was in compliance with all of its debt covenants and there was approximately $159.5 million principal amount of borrowings was outstanding under the Revolving Credit Facility.

2018-2 Secured Notes

On October 28, 2020, the Company completed the GARS Acquisition, pursuant to the terms and conditions of the GARS Merger Agreement. In connection therewith, the Company now consolidates the financial statements the 2018-2 CLO a $420.0 million par value CLO facility. On the date of the transaction the debt assumed was recognized at fair value, resulting in a $2.4 million discount which is amortized over the remaining term of the borrowings.

The CLO was executed by GF 2018-2 (the "Issuer") and Portman Ridge Funding 2018-2 LLC (formerly known as Garrison Funding 2018-2 LLC, together with the Issuer, the "Co-Issuers") who issued $312.0 million of senior secured notes (collectively referred to as the "2018-2 Secured Notes") and $108.0 million of subordinated notes (the "2018-2 Subordinated Notes" and, together with the 2018-2 Secured Notes, the "2018-2 Notes") backed by a diversified portfolio of primarily senior secured loans. The Company owns all $108.0 million of the par value of the 2018-2 Subordinated Notes and $18.3 million of the par value of the Class B-R Notes and serves as collateral manager for the Co-Issuers. The Company is entitled to receive interest from the Class B-R Notes, distributions from the 2018-2 Subordinated Notes and fees for serving as collateral manager in accordance with the CLO's governing documents and to the extent funds are available for such purposes. However, as a result of retaining all of the 2018-2 Subordinated Notes, the Company consolidates the accounts of the Co-Issuers into its financial statements and all transactions between the Company and the Co-Issuers are eliminated on consolidation. As a result of this consolidation, the 2018-2 Secured Notes issued by the CLO is treated as the Company's indebtedness, except any 2018-2 Secured Notes owned by the Company, which are eliminated in consolidation. The 2018-2 Notes are scheduled to mature on November 20, 2029, however the Co-Issuers may redeem the 2018-2 Notes on any business day after November 20, 2020. The indenture governing the 2018-2 Notes provides that, to the extent cash is available from cash collections, the holders of the 2018-2 Notes are to receive quarterly interest payments on the 20th day or, if not a business day, the next succeeding business day of February, May, August and November of each year until the stated maturity or earlier redemption. On July 18, 2019, $25.0 million outstanding of the aggregate $50.0 million Class A-1R-R Notes available under the CLO converted to Class A-1T-R Notes. On November 18, 2022, the Company drew $14.3 million of the $25 million unfunded Class A-1 R-R Notes. The Reinvestment Period ended on November 20, 2022, and the remaining amount of the unfunded Class A-1 R-R Notes terminated. During the first quarter of 2021, the Company redeemed approximately $88.0 million of the 2018-2 Secured Notes. In connection therewith, the Company recognized a realized loss on extinguishment of debt of approximately $0.9 million. During 2023, the Company redeemed approximately $52.5 million of the par value of the 2018-2 Secured Notes. In connection therewith, the Company recognized a realized loss on extinguishment of approximately $0.4 million.

On August 20, 2024, an optional redemption of the CLO occurred and all rated notes were repaid in full. As of September 30, 2024, no 2018-2 Secured Notes were outstanding.

Accordingly, during the three months ended September 30, 2024, the Company redeemed approximately $85.1 million of the par value of 2018-2 Secured Notes. In connection therewith, the Company recognized a realized loss on extinguishment of approximately $0.4 million.

During the nine months ended September 30, 2024, the Company redeemed approximately $125.7 million of the par value of 2018-2 Secured Notes. In connection therewith, the Company recognized a realized loss on extinguishment of approximately $0.7 million.

Stockholder Distributions

We intend to continue to make quarterly distributions to our stockholders. To avoid certain excise taxes imposed on RICs, we generally endeavor to distribute during each calendar year an amount at least equal to the sum of:

- 98% of our ordinary net taxable income for the calendar year;
- 98.2% of our capital gains, if any, in excess of capital losses for the one-year period ending on October 31 of the calendar year; and
- any net ordinary income and net capital gains for the preceding year that were not distributed during such year and on which we do not pay corporate tax.

We may choose to carry forward taxable income in excess of current year distributions into the next tax year and pay a 4% excise tax on such income, to the extent required.

The amount of our declared distributions, as evaluated by management and approved by our Board, is based primarily on our evaluation of our net investment income and distributable taxable income.

We may distribute taxable dividends that are payable in cash or shares of our common stock at the election of each stockholder. Under certain applicable provisions of the Code and the Treasury regulations, distributions payable in cash or in shares of stock at the election of stockholders are treated as taxable dividends. The Internal Revenue Service has published guidance indicating that this rule will apply even where the total amount of cash that may be distributed is limited to no more than 20% of the total distribution. Under this guidance, if too many stockholders elect to receive their distributions in cash, the cash available for distribution must be allocated among the stockholders electing to receive cash (with the balance of the distribution paid in stock). If we decide to make any distributions consistent with this guidance that are payable in part in our stock, taxable stockholders receiving such dividends will be required to include the full amount of the dividend (whether received in cash, shares of our stock, or a combination thereof) as ordinary income (or as long-term capital gain to the extent such distribution is properly reported as a capital gain dividend) to the extent of our current and accumulated earnings and profits for U.S. federal income tax purposes. As a result, a U.S. stockholder may be required to pay tax with respect to such dividends in excess of any cash received. If a U.S. stockholder sells the stock it receives in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our stock at the time of the sale. Furthermore, with respect to non-U.S. stockholders, we may be required to withhold U.S. tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in stock. In addition, if a significant number of our stockholders determine to sell shares of our stock in order to pay taxes owed on dividends, it may put downward pressure on the trading price of our stock.

We are also prohibited by the 1940 Act and the indenture governing our 4.875% Notes due 2026 from declaring dividends (except a dividend payable in our stock) or making distributions on our common stock, or purchasing any such stock, if, at the time of declaration or at the time of any such purchase, our asset coverage, as defined in the 1940 Act, is below the threshold specified in Section 18(a)(1)(B) as modified by Section 61(a)(2) of the 1940 Act or any successor provisions thereto of the 1940 Act, after deducting the amount of such dividend, distribution or purchase price, as the case may be, and giving effect, in each case (i) to any exemptive relief granted to us by the SEC and (ii) to any no-action relief granted by the SEC to another BDC (or to the Company if it determines to seek such similar no-action or other relief) permitting the BDC to declare any cash dividend or distribution notwithstanding the prohibition contained in Section 18(a)(1)(B) as modified by Section 61(a)(1) of the 1940 Act in order to maintain its status as a RIC under the Code. In any such event, we would be prohibited from making distributions required in order to maintain our status as a RIC unless made in accordance with any such exemptive or no-action relief granted by the SEC.

The following table sets forth the quarterly distributions paid by us since 2021.

	Distribution	Declaration Date	Record Date	Pay Date
2024:				
Third quarter	$ 0.69	8/8/2024	8/22/2024	8/30/2024
Second quarter	0.69	5/8/2024	5/21/2024	5/31/2024
First quarter	0.69	3/13/2024	3/25/2024	4/2/2024
Total declared in 2024	$ 2.07			
2023:				
Fourth quarter	$ 0.69	11/8/2023	11/20/2023	11/30/2023
Third quarter	0.69	8/8/2023	8/22/2023	8/31/2023
Second quarter	0.69	5/10/2023	5/22/2023	5/31/2023
First quarter	0.68	3/9/2023	3/20/2023	3/31/2023
Total declared in 2023	$ 2.75			
2022:				
Fourth quarter	$ 0.67	11/8/2022	11/24/2022	12/13/2022
Third quarter	0.63	8/9/2022	8/16/2022	9/2/2022
Second quarter	0.63	5/10/2022	5/24/2022	6/7/2022
First quarter	0.63	3/10/2022	3/21/2022	3/30/2022
Total declared in 2022	$ 2.56			
2021:				
Fourth quarter	$ 0.62	11/3/2021	11/15/2021	11/30/2021
Third quarter	0.60	8/4/2021	8/17/2021	8/31/2021
Second quarter	0.60	5/6/2021	5/19/2021	6/1/2021
First quarter	0.60	2/12/2021	2/22/2021	3/2/2021
Total declared in 2021	$ 2.42			

Stock Repurchase Program

On March 6, 2023, the Board of Directors of the Company approved a $10 million stock repurchase program (the "Stock Repurchase Program") for an approximately one-year period, effective March 6, 2023 and terminating on March 31, 2024. Under this repurchase program, shares may be repurchased from time to time in open market transactions, in privately negotiated transactions or otherwise subject to any law or agreement to which we are party including any restrictions under the 1940 Act and in the indenture for our 4.875% Notes due 2026. The timing and actual number of shares repurchased will depend on a variety of factors, including legal requirements, price, and economic and market conditions. This Stock Repurchase Program may be suspended or discontinued at any time. On March 11, 2024, the Board of Directors of the Company authorized a renewed stock repurchase program of up to $10 million (the "Renewed Stock Repurchase Program") for an approximately one-year period, effective March 11, 2024 and terminating on March 31, 2025. The terms and conditions of the Renewed Stock Repurchase Program are substantially similar to the prior Stock Repurchase Program. The Renewed Stock Repurchase Program may be suspended or discontinued at any time. Subject to these restrictions, we will selectively pursue opportunities to repurchase shares which are accretive to net asset value per share.

During the three months ended September 30, 2024, the Company repurchased 33,429 shares under the Renewed Stock Repurchase Program at an aggregate cost of approximately $0.6 million. During the three months ended September 30, 2023, the Company repurchased 60,559 shares under the Stock Repurchase Program at an aggregate cost of approximately $1.2 million. During the nine months ended September 30, 2024, the Company repurchased 164,166 shares under the Renewed Stock Repurchase Program at an aggregate cost of approximately $3.1 million. During the nine months ended September 30, 2023, the Company repurchased 123,253 shares under the Stock Repurchase Program at an aggregate cost of approximately $2.6 million.

OFF-BALANCE SHEET ARRANGEMENTS

From time-to-time we are a party to financial instruments with off-balance sheet risk in the normal course of business in order to meet the needs of our investment in portfolio companies. Such instruments include commitments to extend credit and may involve, in varying degrees, elements of credit risk in excess of amounts recognized on our balance sheet. Prior to extending such credit, we attempt to limit our credit risk by conducting extensive due diligence, obtaining collateral where necessary and negotiating appropriate financial covenants. As of September 30, 2024, and December 31, 2023, we had approximately $31.7 million and $28.6 million commitments to fund investments, respectively. We may also enter into derivative contracts with off-balance sheet risk in connection with its investing activities.

CONTRACTUAL OBLIGATIONS

The following table summarizes our contractual cash obligations and other commercial commitments as of September 30, 2024:

($ in thousands)	Payments Due by Period				
Contractual Obligations	**Total**	**Less than two years**	**2 - 3 years**	**4 - 5 years**	**More than 5 years**
Long-term debt obligations	$ 267,478	$ 108,000	$ 159,478	$ —	$ —

CRITICAL ACCOUNTING POLICIES

The consolidated financial statements are based on the selection and application of critical accounting policies, which require management to make significant estimates and assumptions. Critical accounting policies are those that are both important to the presentation of our financial condition and results of operations and require management's most difficult, complex, or subjective judgments. Our critical accounting policies are those applicable to the basis of presentation, valuation of investments, and certain revenue recognition matters as discussed below. See Note 2 to our consolidated financial statements, "Significant Accounting Policies — Investments" contained elsewhere herein.

Valuation of Portfolio Investments

The most significant estimate inherent in the preparation of our consolidated financial statements is the valuation of investments and the related amounts of unrealized appreciation and depreciation of investments recorded.

Value, as defined in Section 2(a)(41) of 1940 Act, is (1) the market price for those securities for which a market quotation is readily available and (2) for all other securities and assets, fair value as determined in good faith by our Adviser pursuant to procedures approved by our Board. In December 2020, the SEC adopted Rule 2a-5 under the 1940 Act, which permits a BDC's board of directors to designate its investment adviser as a valuation designee to determine the fair value for its investment portfolio, subject to the active oversight of the board. Our Board has designated our Adviser as its "valuation designee" pursuant to Rule 2a-5 under the 1940 Act, and in that role our Adviser is responsible for performing fair value determinations relating to all of the Company's investments, including periodically assessing and managing any material valuation risks and establishing and applying fair value methodologies, in accordance with valuation policies and procedures that have been approved by the Board. Our Board remains ultimately responsible for making fair value determinations under the 1940 Act and satisfies its responsibility through oversight of the valuation designee in accordance with Rule 2a-5. Our valuation policy is intended to provide a consistent basis for determining the fair value of the portfolio based on the nature of the security, the market for the security and other considerations including the financial performance and enterprise value of the portfolio company. Because of the inherent uncertainty of valuation, the Adviser determined values may differ significantly from the values that would have been used had a ready market existed for the investments, and the differences could be material.

Pursuant to ASC 946: Financial Services — Investment Companies ("ASC 946"), we reflect our investments on our balance sheet at their determined fair value with unrealized gains and losses resulting from changes in fair value reflected as a component of unrealized gains or losses on our statements of operations. Fair value is the amount that would be received to sell the investments in an orderly transaction between market participants at the measurement date (i.e., the exit price).

See Note 4 to the consolidated financial statements for the additional information about the level of market observability associated with investments carried at fair value.

We follow the provisions of ASC 820: Fair Value Measurements and Disclosures ("ASC 820: Fair Value"), which among other matters, requires enhanced disclosures about investments that are measured and reported at fair value. This standard defines fair value and establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value and expands disclosures about assets and liabilities measured at fair value. ASC 820: Fair Value defines "fair value" as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This fair value definition focuses on an exit price in the principle, or most advantageous market, and prioritizes, within a measurement of fair value, the use of market-based inputs (which may be weighted or adjusted for relevance, reliability and specific attributes relative to the subject investment) over entity-specific inputs. Market price observability is affected by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. Subsequent to the adoption of ASC 820: Fair Value, the FASB has issued various staff positions clarifying the initial standard (see Note 2 to the consolidated financial statements: "Significant Accounting Policies — Investments").

ASC 820: Fair Value establishes the following three-level hierarchy, based upon the transparency of inputs to the fair value measurement of an asset or liability as of the measurement date:

- Level I –Unadjusted quoted prices are available in active markets for identical investments as of the reporting date. The type of investments included in Level I include listed equities and listed securities. As required by ASC 820: Fair Value, we do not adjust the quoted price for these investments, even in situations where we hold a large position and a sale could reasonably affect the quoted price.

- Level II –Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date. Such inputs may be quoted prices for similar assets or liabilities, quoted markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full character of the financial instrument, or inputs that are derived principally from, or corroborated by, observable market information. Investments which are generally included in this category include illiquid debt securities and less liquid, privately held or restricted equity securities, for which some level of recent trading activity has been observed.

- Level III – Pricing inputs are unobservable for the investment and includes situations where there is little, if any, market activity for the investment. The inputs may be based on our own assumptions about how market participants would price the asset or liability or may use Level II inputs, as adjusted, to reflect specific investment attributes relative to a broader market assumption. These inputs into the determination of fair value may require significant management judgment or estimation. Even if observable market data for comparable performance or valuation measures (earnings multiples, discount rates, other financial/valuation ratios, etc.) are available, such investments are grouped as Level III if any significant data point that is not also market observable (private company earnings, cash flows, etc.) is used in the valuation methodology.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. We assess of the significance of a particular input to the fair value measurement in its entirety requires judgment, and we consider factors specific to the investment. The majority of our investments are classified as Level III. We evaluate the source of inputs, including any markets in which its investments are trading, in determining fair value. Inputs that are backed by actual transactions, those that are highly correlated to the specific investment being valued and those derived from reliable or knowledgeable sources will tend to have a higher weighting in determining fair value. Our fair value determinations may include factors such as an assessment of each underlying investment, its current and prospective operating and financial performance, consideration of financing and sale transactions with third parties, expected cash flows and market-based information, including comparable transactions, performance factors, and other investment or industry specific market data, among other factors.

We have valued our investments, in the absence of observable market prices, using the valuation methodologies described below applied on a consistent basis. For some investments, little market activity may exist; management's determination of fair value is then based on the best information available in the circumstances, and may incorporate management's own assumptions and involves a significant degree of management's judgment.

Our investments in CLO Fund Securities are carried at fair value, which is based either on (i) the present value of the net expected cash inflows for interest income and principal repayments from underlying assets and the cash outflows for interest expense, debt paydown and other fund costs for the CLO Funds which are approaching or past the end of their reinvestment period and therefore are selling assets and/or using principal repayments to pay-down CLO Fund debt, and for which there continue to be net cash distributions to the class of securities we own, or (ii) a discounted cash flow model that utilizes prepayment and loss assumptions based on historical experience and projected performance, economic factors, the characteristics of the underlying cash flow and comparable yields for similar securities or preferred shares to those in which we have invested, or (iii) indicative prices provided by the underwriters or brokers who arrange CLO Funds. We recognize unrealized appreciation or depreciation on our investments in CLO Fund Securities as comparable yields in the market change and/or based on changes in net asset values or estimated cash flows resulting from changes in prepayment or loss assumptions in the underlying collateral pool. As each investment in CLO Fund Securities ages, the expected amount of losses and the expected timing of recognition of such losses in the underlying collateral pool are updated and the revised cash flows are used in determining the fair value of the CLO Fund Securities. We determine the fair value of our investments in CLO Fund Securities on a security-by-security basis.

Our investments in our wholly-owned Asset Manager Affiliates are carried at fair value, which is primarily determined utilizing a discounted cash flow model which incorporates different levels of discount rates depending on the hierarchy of fees earned (including the likelihood of realization of senior, subordinate and incentive fees) and prospective modeled performance ("Discounted Cash Flow"). Such valuation takes into consideration an analysis of comparable asset management companies and a percentage of assets under management. The Asset Manager Affiliates are classified as a Level III investment (as described above). Any change in value from period to period is recognized as net change in unrealized appreciation or depreciation.

We carry investments in joint ventures at fair value based upon the fair value of the investments held by the joint venture.

Fair values of other investments for which market prices are not observable are determined by reference to public market or private transactions or valuations for comparable companies or assets in the relevant asset class and/or industry when such amounts are available. Generally, these valuations are derived by multiplying a key performance metric of the investee company or asset (e.g., EBITDA) by the relevant valuation multiple observed for comparable companies or transactions, adjusted by management for differences between the investment and the referenced comparable. Such investments may also be valued at cost for a period of time after an acquisition as the best indicator of fair value. If the fair value of such investments cannot be valued by reference to observable valuation measures for comparable companies, then the primary analytical method used to estimate the fair value is a discounted cash flow method and/or cap rate analysis. A sensitivity analysis is applied to the estimated future cash flows using various factors depending on the investment, including assumed growth rates (in cash flows), capitalization rates (for determining terminal values) and appropriate discount rates to determine a range of reasonable values or to compute projected return on investment.

For bond rated note tranches of CLO Fund securities (those above the junior class) without transactions to support a fair value for the specific CLO Fund and tranche, fair value is based on discounting estimated bond payments at current market yields, which may reflect the adjusted yield on the leveraged loan index for similarly rated tranches, as well as prices for similar tranches for other CLO Funds and also other factors such as indicative prices provided by underwriters or brokers who arrange CLO Funds, and the default and recovery rates of underlying assets in the CLO Fund, as may be applicable. Such model assumptions may vary and incorporate adjustments for risk premiums and CLO Fund specific attributes.

We derive fair value for our illiquid loan investments that do not have indicative fair values based upon active trades primarily by using the Income Approach, and also consider recent loan amendments or other activity specific to the subject asset as described above. Other significant assumptions, such as coupon and maturity, are asset-specific and are noted for each investment in the Schedules of Investments.

The determination of fair value using this methodology takes into consideration a range of factors, including but not limited to the price at which the investment was acquired, the nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance and financing transactions subsequent to the acquisition of the investment. This valuation methodology involves a significant degree of our judgment.

Our Adviser may consider other methods of valuation to determine the fair value of investments as appropriate in conformity with GAAP.

Interest Income

Interest income, including amortization of premium and accretion of discount and accrual payment-in-kind ("PIK") interest, is recorded on the accrual basis to the extent that such amounts are expected to be collected. We generally place a loan on non-accrual status and cease recognizing interest income on such loan or security when a loan or security becomes 90 days or more past due or if we otherwise do not expect the debtor to be able to service its debt obligations. For investments with PIK interest, which represents contractual interest accrued and added to the principal balance that generally becomes due at maturity, we will not accrue PIK interest if the portfolio company valuation indicates that the PIK interest is not collectible (i.e. via a partial or full non-accrual). Loans which are on partial or full non-accrual remain in such status until the borrower has demonstrated the ability and intent to pay contractual amounts due or such loans become current. As of September 30, 2024, nine of our investments were on non-accrual status.

Investment Income on CLO Fund Securities

We receive distributions from our investments in the most junior class of securities of CLO Funds (typically preferred shares or subordinated securities). Our CLO Fund junior class securities are subordinated to senior note holders who typically receive a return on their investment at a fixed spread relative to the SOFR index. The CLO Funds are leveraged funds and any excess cash flow or "excess spread" (interest earned by the underlying securities in the fund less payments made to senior note holders and less fund expenses and management fees) is paid to the holders of the CLO Fund's subordinated securities or preferred shares. The level of excess spread from CLO Fund Securities can be impacted from the timing and level of the resetting of the benchmark interest rate for the underlying assets (which reset at various times throughout the quarter) in the CLO Fund and the related CLO Fund note liabilities (which reset at each quarterly distribution date); in periods of short-term and volatile changes in the benchmark interest rate, the levels of excess spread and distributions to us can vary significantly. In addition, the failure of CLO Funds in which we invest to comply with certain financial covenants may lead to the temporary suspension or deferral of cash distributions to us.

GAAP-basis investment income on CLO equity investments is recorded using the effective interest method in accordance with the provisions of ASC 325-40, based on the anticipated yield and the estimated cash flows over the projected life of the investment. Yields are revised when there are changes in actual or estimated projected future cash flows due to changes in prepayments and/or re-investments, credit losses or asset pricing. Changes in estimated yield are recognized as an adjustment to the estimated yield prospectively over the remaining life of the investment from the date the estimated yield was changed. Accordingly, investment income recognized on CLO equity securities in the GAAP statement of operations differs from both the tax-basis investment income and from the cash distributions actually received by us during the period. For U.S. tax purposes, these CLO equity investments are treated as PFICs. Taxable income is provided on a PFIC statement, where income and capital gains are determined based on the U.S. shareholder's proportionate ownership of the PFIC.

For non-junior class CLO Fund Securities interest is earned at a fixed spread relative to the SOFR index.

Payment in Kind Interest

We may have loans in our portfolio that contain a PIK provision. PIK interest, computed at the contractual rate specified in each loan agreement, is added to the principal balance of the loan and recorded as interest income. To maintain our RIC status, this non-cash source of income must be distributed to stockholders in the form of cash dividends, even though we have not yet collected any cash.

Fees and other income

Origination fees (to the extent services are performed to earn such income upon closing), amendment fees, consent fees, and other fees associated with investments in portfolio companies are recognized as income when they are earned. Prepayment penalties received by the Company for debt instruments repaid prior to maturity date are recorded as income upon receipt. Commitment and facility fees are generally recognized as income over the life of the underlying loan, whereas due diligence, structuring, transaction service and management service fees are generally recognized as income when the services are rendered.

United States Federal Income Taxes

We have elected to be treated as a RIC and intend to continue to qualify for the tax treatment applicable to RICs under Subchapter M of the Code and, among other things, intend to make the required distributions to our stockholders as specified therein. In order to qualify for tax treatment as a RIC, the Company is required to timely distribute to its stockholders at least 90% of investment company taxable income, as defined by the Code, for each year. Depending on the level of taxable income earned in a tax year, we may choose to carry forward taxable income in excess of current year distributions into the next tax year and pay a 4% excise tax on such income, to the extent required.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Our business activities contain elements of market risks. We consider our principal market risks to be fluctuations in interest rates and the valuations of our investment portfolio. Managing these risks is essential to our business. Accordingly, we have systems and procedures designed to identify and analyze our risks, to establish appropriate policies and thresholds and to continually monitor these risks and thresholds by means of administrative and information technology systems and other policies and processes.

Interest Rate Risk

Interest rate risk is defined as the sensitivity of our current and future earnings to interest rate volatility, variability of spread relationships, the difference in re-pricing intervals between our assets and liabilities and the effect that interest rates may have on our cash flows. Changes in the general level of interest rates can affect our net interest income, which is the difference between the interest income earned on interest earning assets and our interest expense incurred in connection with our interest-bearing debt and liabilities. Changes in interest rates can also affect, among other things, our ability to acquire and originate loans and securities and the value of our investment portfolio.

Our investment income is affected by fluctuations in various interest rates, including SOFR and prime rates. As of September 30, 2024, approximately 91.2% of our Debt Securities Portfolio were either floating rate with a spread to an interest rate index such as SOFR or the prime rate. 88.5% of these floating rate loans contain floors ranging between 0.50% and 5.25%. We generally expect that future portfolio investments will predominately be floating rate investments. As of September 30, 2024, we had $267.5 million (par value) of borrowings outstanding at a current weighted average interest rate of 6.7%, of which $108.0 million par value had a fixed rate and $159.5 million par value has a floating rate.

Because we borrow money to make investments, our net investment income is dependent upon the difference between our borrowing rate and the rate we earn on the invested proceeds borrowed. In periods of rising or lowering interest rates, the cost of the portion of our debt associated with our fixed rate borrowings would remain the same, while the interest rate on borrowings under the Revolving Credit Facility would fluctuate with changes in interest rates.

Generally, we would expect that an increase in the base rate index for our floating rate investment assets would increase our gross investment income and that a decrease in the base rate index for such assets would decrease our gross investment income (in either case, such increase/decrease may be limited by interest rate floors/minimums for certain investment assets).

We have analyzed the potential impact of changes in interest rates on interest income net of interest expense. Assuming that our balance sheet at September 30, 2024 was to remain constant and no actions were taken to alter the existing interest rate sensitivity, the table below illustrates the impact on net investment income on our Debt Securities Portfolio for various hypothetical increases in interest rates:

	Impact on net investment income from a change in interest rates at:		
($ in thousands)	**1%**	**2%**	**3%**
Increase in interest rate	$ 1,732	$ 3,501	$ 5,270
Decrease in interest rate	$ (1,712)	$ (3,425)	$ (5,072)

As shown above, net investment income assuming a 1% increase in interest rates would increase by approximately $1.7 million on an annualized basis. If the increase in rates was more significant, such as 2% or 3%, the net effect on net investment income would be an increase of approximately $3.5 million and $5.3 million, respectively.

On an annualized basis, a decrease in interest rates of 1% would result in a decrease in net investment income of approximately $1.7 million. A decrease in interest rates of 2% and 3% would result in a decrease in net investment income of approximately $3.4 million and $5.1 million, respectively. The effect on net investment income from declines in interest rates is impacted by interest rate floors on certain of our floating rate investments, as there is no floor on our floating rate debt facility and the 2018-2 Secured Notes.

Although management believes that this measure is indicative of sensitivity to interest rate changes on our Debt Securities Portfolio, it does not adjust for potential changes in credit quality, size and composition of the assets on the balance sheet and other business developments that could affect a net change in assets resulting from operations or net income. Accordingly, no assurances can be given that actual results would not materially differ from the potential outcome simulated by this estimate.

Portfolio Valuation

We carry our investments at fair value, as determined in good faith by our Adviser pursuant to valuation procedures approved by our Board. Investments for which market quotations are generally readily available are generally valued at such market quotations. Investments for which there is not a readily available market value are valued at fair value as determined in good faith by our Adviser under a valuation policy and consistently applied valuation process. However, due to the inherent uncertainty of determining the fair value of investments that cannot be marked to market, the fair value of our investments may differ materially from the values that would have been used had a ready market existed for such investments. In addition, changes in the market environment and other events that may occur over the life of the investments may cause the value realized on these investments to be different than the valuations that are assigned. The types of factors that we may take into account in fair value pricing of our investments include, as relevant, the nature and realizable value of any collateral, third party valuations, the portfolio company's ability to make payments and its earnings and discounted cash flow, the markets in which the portfolio company does business, comparison to publicly-traded securities, recent sales of or offers to buy comparable companies, and other relevant factors.

The Adviser has engaged an independent valuation firm to provide third party valuation consulting services. Each quarter, the independent valuation firm will perform third party valuations on the Company's material investments in illiquid securities such that they are reviewed at least once during a trailing 12-month period. These third-party valuation estimates were considered as one of the relevant data inputs in the Company's determination of fair value. The Adviser intends to continue to engage an independent valuation firm in the future to provide certain valuation services, including the review of certain portfolio assets, as part of the quarterly and annual year-end valuation process.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company's management, under the supervision and with the participation of various members of management, including its Chief Executive Officer ("CEO") and its Chief Financial Officer ("CFO"), has evaluated the effectiveness of its disclosure controls and procedures (as defined in Rule 13a-15(e) or Rule 15d-15(e) of the Exchange Act) as of the end of the period covered by this report. Based upon that evaluation, the Company's CEO and CFO have concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Acts recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosures as of the end of the period covered by this report.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting during the quarter ended September 30, 2024 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

The Company is not currently a party to any material legal proceedings except as set forth below.

HCAP and certain of its officers and directors as well as JMP Group LLC were named as defendants in two putative stockholder class action lawsuits, both filed in the Court of Chancery in the State of Delaware, captioned Stewart Thompson v. Joseph Jolson, et al., Case No. 2021-0164 and Ronald Tornese v. Joseph Jolson, et al., Case No. 2021-0167 (the “Delaware Actions”). The complaints in the Delaware Actions allege certain breaches of fiduciary duties against the defendants as well as aiding and abetting claims against JMP Group LLC and HCAP’s Chief Executive Officer concerning HCAP’s proposed merger with the Company and Acquisition Sub that resulted in the merger with and into the Company.

On June 9, 2021, HCAP merged with and into the Company with the Company as the surviving corporation. As a result, the Company became responsible for any claims against HCAP as well as for any advancement and/or indemnification owed to the former officers and directors of HCAP. On or about May 10, 2022, plaintiffs in the Delaware Actions filed a consolidated amended complaint seeking damages against defendants for allegedly breaching their fiduciary duties in connection with the proposed merger. On or about May 31, 2022, defendants moved to dismiss the Delaware Actions.

Thereafter, in December 2022, plaintiffs in the Delaware Actions again amended their complaint, and defendants again moved to dismiss the Delaware Action. On June 7, 2023, the Court heard oral argument on defendants’ motions to dismiss. The Court dismissed all claims against HCAP’s former independent directors but denied the motions of the remaining defendants.

On February 26, 2024, the parties in the Delaware Actions entered into a stipulation of settlement pursuant to which all claims will be dismissed with prejudice, subject to approval by the Court. On July 2, 2024, the Court held a settlement hearing and approved the settlement. The claims asserted against the defendants were dismissed with prejudice. The Company will not be responsible for paying any portion of the settlement amount, either directly or through indemnification of former officers or directors of HCAP.

Item 1A. Risk Factors

There have been no material changes during the quarter ended September 30, 2024 to the risk factors that were included in our Annual Report on Form 10-K for the year ended December 31, 2023.

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

Other than the shares issued pursuant to our dividend reinvestment plan ("DRIP"), we did not engage in any sales of unregistered securities during the nine months ended September 30, 2024, except as previously reported by us on our current reports on Form 8-K. We issued a total of 12,488 shares of common stock under our dividend reinvestment plan ("DRIP") during the nine months ended September 30, 2024 . This issuance was not subject to the registration requirements of the Securities Act. For the nine months ended September 30, 2024, the aggregate value of the shares of our common stock issued under our DRIP was approximately $0.2 million.

The following table sets forth information regarding recent repurchases of shares of our common stock.

	Total Number of Shares Purchased	Average Price Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(1)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program (Dollars in Thousands)(1)
January 1, 2024 through January 31, 2024	38,735	$ 18.58	38,735	$ 5,600
February 1, 2024 through February 28, 2024	5,657	$ 19.01	5,657	$ 5,493
March 1, 2024 though March 31, 2024	6,623	$ 18.90	6,623	$ 9,875
April 1, 2024 through April 30, 2024	27,609	$ 19.23	27,609	$ 9,344
May 1, 2024 through May 31, 2024	27,799	$ 19.76	27,799	$ 8,795
June 1, 2024 through June 30, 2024	24,314	$ 19.48	24,314	$ 8,321
July 1, 2024 through July 31, 2024	16,471	$ 19.67	16,471	$ 7,997
August 1, 2024 through August 31, 2024	807	$ 18.61	807	$ 7,982
September 1, 2024 through September 30, 2024	16,151	$ 18.47	16,151	$ 7,684
Total	**164,166**		**164,166**	

(1) On March 6, 2023, the Board of Directors of the Company approved a $10 million stock repurchase program for an approximately one-year period, effective March 6, 2023 and terminating on March 31, 2024. Under this repurchase program, shares could be repurchased from time to time in open market transactions, in privately negotiated transactions or otherwise subject to any law or agreement to which we were party including any restrictions under the 1940 Act and in the indentures for our debt securities. On March 11, 2024, the Board of Directors of the Company authorized a renewed stock repurchase program of up to $10 million (the "Renewed Stock Repurchase Program") for an approximately one-year period, effective March 11, 2024 and terminating on March 31, 2025. Under this repurchase program, shares may be repurchased from time to time in open market transactions, in privately negotiated transactions or otherwise subject to any law or agreement to which we are party including any restrictions in the 1940 Act or the indenture for our 4.875% Notes due 2026. The timing and actual number of shares repurchased will depend on a variety of factors, including legal requirements, price, and economic and market conditions. This Renewed Stock Repurchase Program may be suspended or discontinued at any time. Subject to these restrictions, we will selectively pursue opportunities to repurchase shares which are accretive to net asset value per share.

As permitted by our policies and procedures governing transactions in our securities by our directors, executive officers and other employees, from time to time some of these persons may establish plans or arrangements complying with Rule 10b5-1 under the Exchange Act, and similar plans and arrangements relating to our common stock.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

During the three months ended September 30, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

Reference is made to the Exhibit List filed as a part of this report beginning on page E-1. Each of such exhibits is incorporated by reference herein.

Exhibit Index

Exhibit Number	Description of Document
3.1	Form of Certificate of Incorporation of Company (incorporated by reference to the Exhibit A included in Pre-Effective Amendment No. 1 on Form N-2, as filed on October 6, 2006).
3.1.1	Certificate of Amendment to Certificate of Incorporation of Portman Ridge Finance Corporation (incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K, as filed on April 2, 2019).
3.1.2	Certificate of Amendment to Certificate of Incorporation of Portman Ridge Finance Corporation (the Reverse Stock Split Certificate of Amendment) (incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K filed on August 26, 2021).
3.1.3	Certificate of Amendment to Certificate of Incorporation of Portman Ridge Finance Corporation (the Decrease Shares Certificate of Amendment) (incorporated by reference to Exhibit 3.2 of the Current Report on Form 8-K filed on August 26, 2021).
3.2	Third Amended and Restated Bylaws of Portman Ridge Finance Corporation, dated as of July 20, 2021 (incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K, as filed on July 21, 2021).
10.1	Loan and Security Agreement Conformed Through the Second Amendment dated as of July 23, 2024 among Great Lakes Portman Ridge Funding LLC, The Lenders Party Hereto, The Collateral Administrator, Collateral Agent ad Securities Intermediary Party Hereto, JPMorgan Chase Bank, National Association, as Administrative Agent and Portman Ridge Finance Corporation, as Portfolio Manager (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed on July 29, 2024).
31.1*	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Chief Executive Officer Pursuant to 18 U. S. C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Chief Financial Officer Pursuant to 18 U. S. C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document (filed herewith)
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents (filed herewith)
104	Cover Page Interactive Data File (embedded within the Inline XBRL document) (filed herewith)

* Submitted herewith.

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.

PORTMAN RIDGE FINANCE CORPORATION

Date: November 7, 2024 By /s/ Edward Goldthorpe
Edward Goldthorpe
President and Chief Executive Officer
(Principal Executive Officer)

Date: November 7, 2024 By /s/ Brandon Satoren
Brandon Satoren
Chief Financial Officer
(Principal Financial and Accounting Officer)

* * * * *

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULE 13a-14(a) and 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Edward Goldthorpe, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2024 of Portman Ridge Finance 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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

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

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

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

Date: November 7, 2024

By: /s/ Edward Goldthorpe

Edward Goldthorpe
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULE 13a-14(a) and 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Brandon Satoren, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2024 of Portman Ridge Finance 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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

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

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

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

Date: November 7, 2024

By: /s/ Brandon Satoren

Brandon Satoren
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE, AS ADOPTED PURSUANT
TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the accompanying Quarterly Report of Portman Ridge Finance Corporation (the "Company") on Form 10-Q for the quarter ended September 30, 2024 (the "Report"), I, Edward Goldthorpe, President and Chief Executive Officer of the Company, 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 Company.

Date: November 7, 2024

By: /s/ Edward Goldthorpe

Edward Goldthorpe
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

**CERTIFICATION PURSUANT TO
SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE, AS ADOPTED PURSUANT
TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the accompanying Quarterly Report of Portman Ridge Finance Corporation, (the "Company") on Form 10-Q for the quarter ended September 30, 2024 (the "Report"), I, Brandon Satoren, Chief Financial Officer of the Company, 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 Company.

Date: November 7, 2024

By: /s/ Brandon Satoren

Brandon Satoren
Chief Financial Officer
(Principal Financial and Accounting Officer)