

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

FORM 10-K

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

For the fiscal year ended December 31, 2019

OR

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

For the transition period from _____ to _____

Commission File No. 000-54899

TCG BDC, INC.

(Exact name of Registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

80-0789789
(I.R.S. Employer
Identification Number)

520 Madison Avenue, 40th Floor, New York, NY 10022
(Address of principal executive office) (Zip Code)
(212) 813-4900
(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	CGBD	The Nasdaq Global Select Market

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

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

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

The aggregate market value of the registrant's common stock at June 30, 2019, based on the closing price of the common stock on that date of \$15.24 on The Nasdaq Global Select Market, held by those persons deemed by the registrant to be non-affiliates was approximately \$932,411,482.

The number of shares of the registrant's common stock, \$0.01 par value per share, outstanding at February 25, 2020 was 57,181,623.

Documents Incorporated by Reference: Portions of the registrant's Proxy Statement for its 2019 Annual Meeting of Stockholders to be filed not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K are incorporated by reference into Part III of this Form 10-K.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

We have included or incorporated by reference in this Form 10-K, and from time to time our management may make, “forward-looking statements”. These forward-looking statements are not historical facts, but instead relate to future events or the future performance or financial condition of TCG BDC, Inc. (together with its consolidated subsidiaries, “we,” “us,” “our,” “TCG BDC” or the “Company”). These statements are based on current expectations, estimates and projections about us, our current or prospective portfolio investments, our industry, our beliefs, and our assumptions. The forward-looking statements contained in this Form 10-K and the documents incorporated by reference herein involve a number of risks and uncertainties, including statements concerning:

- our, or our portfolio companies’, future business, operations, operating results or prospects;
- the return or impact of current and future investments;
- the general economy and its impact on the industries in which we invest;
- the impact of any protracted decline in the liquidity of credit markets on our business;
- the impact of fluctuations in interest rates on our business;
- our future operating results;
- the impact of changes in laws, policies or regulations (including the interpretation thereof) affecting our operations or the operations of our portfolio companies;
- 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 alternative debt markets and additional debt and equity capital;
- our contractual arrangements and relationships with third parties;
- uncertainty surrounding the financial stability of the United States, Europe and China;
- the social, geopolitical, financial, trade and legal implications of Brexit;
- the financial condition of and ability of our current and prospective portfolio companies to achieve their objectives;
- competition with other entities and our affiliates for investment opportunities;
- the speculative and illiquid nature of our investments;
- the use of borrowed money to finance a portion of our investments;
- our expected financings and investments;
- the adequacy of our cash resources and working capital;
- the timing, form and amount of any dividend distributions;
- the timing of cash flows, if any, from the operations of our portfolio companies;
- the ability to consummate acquisitions;
- the ability of our investment adviser to locate suitable investments for us and to monitor and administer our investments;
- currency fluctuations could adversely affect the results of our investments in foreign companies, particularly to the extent that we receive payments denominated in foreign currency rather than U.S. dollars;
- the ability of The Carlyle Group Employee Co., L.L.C. to attract and retain highly talented professionals that can provide services to our investment adviser and administrator;
- our ability to maintain our status as a business development company; and
- our intent to satisfy the requirements of a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended.

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We use words such as “anticipates,” “believes,” “expects,” “intends,” “will,” “should,” “may,” “plans,” “continue,” “believes,” “seeks,” “estimates,” “would,” “could,” “targets,” “projects,” “outlook,” “potential,” “predicts” and variations of these words and similar expressions to identify forward-looking statements, although not all forward-looking statements include these words. Our actual results and condition could differ materially from those implied or expressed in the forward-looking statements for any reason, including the factors set forth in “Risk Factors” in Part I, Item 1A of and elsewhere in this Form 10-K.

We have based the forward-looking statements included in this Form 10-K on information available to us on the date of this Form 10-K, and we assume no obligation to update any such forward-looking statements. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that we may make directly to you or through reports that we have filed or in the future may file with the Securities and Exchange Commission (the “SEC”), including our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K.

PART I

In this annual report, except where the context suggests otherwise:

- the terms “we,” “us,” “our,” “Company” and “TCG BDC” refer to TCG BDC, Inc., a Maryland corporation and its consolidated subsidiaries;
- the term “SPV” refers to TCG BDC SPV LLC, our wholly owned and consolidated subsidiary;
- the term “2015-1 Issuer” refers to Carlyle Direct Lending CLO 2015-1R LLC (formerly known as Carlyle GMS Finance MM CLO 2015-1 LLC), our wholly owned and consolidated subsidiary;
- the term “Carlyle” refers to The Carlyle Group Inc. (formerly, The Carlyle Group L.P.) (NASDAQ: CG) and its affiliates and its consolidated subsidiaries (other than portfolio companies of its affiliated funds);
- the term “CDL” refers to the Carlyle Direct Lending platform, which is Carlyle’s direct lending business unit that operates within the broader Carlyle Global Credit segment;
- the terms “CGCA” and “Administrator” refer to Carlyle Global Credit Administration L.L.C., our administrator, a wholly owned and consolidated subsidiary of Carlyle;
- the terms “CGCIM” and “Investment Adviser” refer to Carlyle Global Credit Investment Management L.L.C., our investment adviser, a wholly owned and consolidated subsidiary of Carlyle;
- the term “Credit Fund” refers to Middle Market Credit Fund, LLC, an unconsolidated limited liability company, in which we own a 50% economic interest and co-manage with Credit Partners USA LLC, and its wholly owned and consolidated subsidiaries; and
- references to “this Form 10-K” are to our Annual Report on Form 10-K for the year ended December 31, 2019.

Item 1. Business

We are an externally managed specialty finance company whose primary focus is making directly originated loans to middle market companies. We are managed by our Investment Adviser, a wholly owned subsidiary of The Carlyle Group Inc. We have elected to be regulated as a business development company (“BDC”) under the Investment Company Act of 1940, as amended (together with the rules and regulations promulgated thereunder, the “Investment Company Act”). In addition, we have elected to be treated, and intend to continue to comply with the requirements to qualify annually, as a regulated investment company (“RIC”) under the Internal Revenue Code of 1986, as amended (together with the rules and regulations promulgated thereunder, the “Code”). We commenced investment operations in May 2013 and closed our initial public offering in June 2017.

Our investment objective is to generate current income and capital appreciation primarily through debt investments in U.S. middle market companies. Our core investment strategy focuses on lending to U.S. middle market companies, which we define as companies with approximately \$25 million to \$100 million of earnings before interest, taxes, depreciation and amortization (“EBITDA”), which we believe is a useful proxy for cash flow. We complement this core strategy with additive, diversifying assets including, but not limited to, specialty lending investments. We seek to achieve our investment objective primarily through direct origination of secured debt instruments, including first lien senior secured loans (which may include stand-alone first lien loans, first lien/last out loans and “unitranche” loans) and second lien senior secured loans (collectively, “Middle Market Senior Loans”), with the balance of our assets invested in higher yielding investments (which may include unsecured debt, mezzanine debt and investments in equities).

We invest primarily in loans to middle market companies whose debt, if rated, is rated below investment grade, and, if not rated, would likely be rated below investment grade if it were rated (that is, below BBB- or Baa3, which is often referred to as “junk”). Exposure to below investment grade instruments involves certain risks, including speculation with respect to the borrower’s capacity to pay interest and repay principal. See Item 1A of this Form 10-K “*Risk Factors—Risks Related to Our Investments—Our investments are risky and speculative*”.

We generate revenues primarily in the form of interest income from the investments we hold. In addition, we generate income from dividends on direct equity investments, capital gains on the sales of loans and debt and equity securities and various loan origination and other fees.

In conducting our investment activities, we believe that we benefit from the significant scale and resources of Carlyle, including our Investment Adviser and its affiliates.

Formation Transactions and Corporate Structure

We were formed in February 2012 as a Maryland corporation structured as an externally managed, non-diversified closed-end investment company. On May 2, 2013, we elected to be regulated as a BDC under the Investment Company Act and commenced substantial investment operations upon the completion of our initial closing of equity capital commitments. In addition, for U.S. federal income tax purposes, we have elected to be treated as a RIC under the Code commencing with our taxable year ended December 31, 2013.

Effective on March 15, 2017, we changed our name from “Carlyle GMS Finance, Inc.” to “TCG BDC, Inc.” On June 19, 2017, we closed our initial public offering, issuing 9,454,200 shares of our common stock (including shares issued pursuant to the exercise of the underwriters’ over-allotment option on July 5, 2017) at a public offering price of \$18.50 per share. Shares of common stock of TCG BDC began trading on the Nasdaq Global Select Market under the symbol “CGBD” on June 14, 2017.

Our Investment Adviser

Our investment activities are managed by our Investment Adviser. The principal executive offices of our Investment Adviser are located at 520 Madison Avenue, 40th Floor, New York, NY 10022, with additional offices in Chicago, Boston and Los Angeles. Our Investment Adviser is responsible for sourcing potential investments, conducting research and due diligence on prospective investments, analyzing and structuring investments and monitoring investments on an ongoing basis.

Our Investment Adviser is served by origination, capital markets, underwriting and portfolio management teams comprised of experienced investment professionals across Carlyle's Global Credit segment, as defined below. Our investment approach is focused on long-term credit performance and principal preservation. Our Investment Adviser’s investment team utilizes a rigorous, systematic, and consistent investment process, refined over Carlyle’s 32-year history investing in private markets across multiple cycles, designed to achieve enhanced risk-adjusted returns.

Our Investment Adviser’s five-person investment committee is responsible for reviewing and approving our investment opportunities. The members of the investment committee have experience investing through different credit cycles. The investment committee is led by Mark Jenkins, a Managing Director and Head of Global Credit at Carlyle.

Our Investment Adviser also serves, and may serve in the future, as investment adviser to other existing and future affiliated BDCs that have investment objectives similar to our investment objectives.

Our Investment Adviser entered into a personnel agreement with The Carlyle Group Employee Co., L.L.C. (“Carlyle Employee Co.”), an affiliate of our Investment Adviser, pursuant to which Carlyle Employee Co. provides our Investment Adviser with access to investment professionals that comprise our Investment Adviser’s investment team. As of December 31, 2019, our Investment Adviser’s investment team included a team of 125 investment professionals across the Global Credit segment. The five members of our Investment Adviser’s investment committee have an average of over 25 years of industry experience. In addition, our Investment Adviser and its investment team are supported by a team of finance, operations and administrative professionals currently employed by Carlyle Employee Co., a wholly owned subsidiary of Carlyle.

Our Investment Adviser, its investment professionals, our executive officers and directors, and other current and future principals of our Investment Adviser serve or may serve as investment advisers, officers, directors or principals of entities or investment funds that operate in the same or a related line of business as we do and/or investment funds, accounts and other similar arrangements advised by Carlyle. An affiliated investment fund, account or other similar arrangement currently formed or formed in the future and managed by our Investment Adviser or its affiliates may have overlapping investment objectives and strategies with our own and, accordingly, may invest in asset classes similar to those targeted by us. As a result, our Investment Adviser and/or its affiliates may face conflicts of interest arising out of the investment advisory activities of our Investment Adviser and other operations of Carlyle. See “—*Allocation of Investment Opportunities and Potential Conflicts of Interest*” and “*Risk Factors—Risks Related to Our Business and Structure—There are significant potential conflicts of interest, including the management of other investment funds and accounts by our Investment Adviser, which could impact our investment returns*” in Part I, Item 1A of this Form 10-K for more information.

Our Administrator

CGCA, a Delaware limited liability company, serves as our Administrator. Pursuant to an administration agreement between us and the Administrator (the “Administration Agreement”), our Administrator provides services to us and we reimburse our Administrator for its costs and expenses and our allocable portion of overhead incurred by our Administrator in

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performing its obligations under the Administration Agreement, including our allocable portion of the compensation of certain of our officers and staff. In addition, our Administrator has entered into a sub-administration agreement with Carlyle Employee Co. (the “Carlyle Sub-Administration Agreement”), which provides our Administrator with access to personnel. Our Administrator has also entered into a sub-administration agreement with State Street Bank and Trust Company (“State Street” and such agreement, the “State Street Sub-Administration Agreement” and, together with the Carlyle Sub-Administration Agreement, the “Sub-Administration Agreements”), pursuant to which State Street provides for certain administrative and professional services. State Street also serves as our custodian.

Carlyle

Our Investment Adviser and Administrator are affiliates of Carlyle. Carlyle is a global investment firm with deep industry expertise that deploys private capital across four business segments: Corporate Private Equity, Real Assets, Global Credit and Investment Solutions. With \$224 billion of assets under management (“AUM”) as of December 31, 2019, Carlyle’s purpose is to invest wisely and create value on behalf of its investors, portfolio companies and the communities in which we live and invest. Carlyle employs more than 1,775 employees, including 671 investment professionals in 32 offices across six continents, and serves more than 2,600 active carry fund investors from 94 countries.

Established in 1999 with its first high yield fund, Carlyle’s Global Credit segment advises a group of 64 active funds that span the credit spectrum: liquid credit, illiquid credit, and real assets credit. Taken together, these various capital sources provide the opportunity for Carlyle to offer highly customizable and creative financing solutions to borrowers to meet their specific capital needs. In 2019, Carlyle hired several new senior investment professionals to expand Global Credit’s investment breadth and geographical presence.

Primary areas of focus for Carlyle’s Global Credit segment include:

- *Loans and Structured Credit.* The structured credit funds invest primarily in performing senior secured bank loans through structured vehicles and other investment vehicles. In 2019, in addition to multiple resets and refinancings, Carlyle closed three new U.S. CLOs and two CLOs in Europe with a total of \$1.8 billion and \$0.9 billion, respectively, or AUM at December 31, 2019. As of December 31, 2019, Carlyle’s loans and structured credit team advised 49 structured credit funds and two carry funds in the United States, Europe, and Asia totaling, in the aggregate, approximately \$27 billion in AUM.
- *Direct Lending.* Carlyle’s direct lending business includes Carlyle’s BDCs, which invest primarily in first lien loans (which include unitranche, “first out” and “last out” loans) and second lien loans of middle market companies, typically defined as companies with annual EBITDA ranging from \$25 million to \$100 million, which often lack access to the broadly syndicated loan and bond markets. In 2019, Carlyle expanded its direct lending capabilities by adding personnel to bolster its underwriting capabilities. As of December 31, 2019, Carlyle’s direct lending investment team advised six funds consisting of two BDCs (including CGBD) and four separately managed accounts, totaling, in the aggregate, approximately more than \$5 billion in AUM.
- *Opportunistic Credit.* Carlyle’s opportunistic credit team invests primarily in highly-structured and privately-negotiated capital solutions supporting corporate borrowers through secured loans, senior subordinated debt, mezzanine debt, convertible notes, and other debt like instruments, as well as preferred and common equity in such borrowers. The team will also look to invest in special situations (i.e., event-driven opportunities that exhibit hybrid credit and equity features) as well as market dislocations (i.e., primary and secondary market investments in liquid debt instruments that arise as a result of temporary market volatility). As of December 31, 2019, Carlyle’s opportunistic credit team advised one fund and one separately managed account totaling, in the aggregate, more than \$3 billion in AUM.
- *Distressed Credit.* The distressed credit funds generally invest in liquid and illiquid securities and obligations, including secured debt, senior and subordinated unsecured debt, convertible debt obligations, preferred stock and public and private equity of financially distressed companies in defensive and asset-rich industries. In certain investments, these funds may seek to restructure pre-reorganization debt claims into controlling positions in the equity of the reorganized companies. As of December 31, 2019, Carlyle’s distressed credit team advised three funds totaling, in the aggregate, approximately \$3 billion in AUM.
- *Aircraft Financing and Servicing.* Carlyle Aviation Partners, Ltd. (“Carlyle Aviation Partners”) is Carlyle’s multi-strategy investment platform that is engaged in commercial aviation aircraft financing and investment and providing investment management services related to the commercial aviation industry. As of December 31, 2019, Carlyle Aviation Partners had approximately \$7 billion in AUM across four active carry funds, securitization vehicles and liquid strategies.

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- *Energy Credit.* Carlyle’s energy credit team invests primarily in privately-negotiated mezzanine debt investments in North American energy and power projects and companies. As of December 31, 2019, Carlyle’s energy credit team advised two funds with approximately \$3 billion in AUM.
- *Capital Solutions.* Carlyle Capital Solutions (“CCS”) is Carlyle’s loan syndication and capital markets business that launched in 2018. The primary focus of Carlyle Capital Solutions is to originate and syndicate loans and underwrite securities of both third parties and Carlyle portfolio companies.

Strategic Relationships

From time to time, we may establish strategic relationships that may diversify our product offering, increase our scale, enhance our origination capabilities or provide other benefits. To this end, in early 2016, we agreed to co-invest with Credit Partners USA LLC (“Credit Partners”), a wholly owned subsidiary of PSP Investments Holding USA LLC, an affiliate of a large Canadian pension fund, to form Credit Fund, a joint venture primarily focused on investing in first lien loans to middle market companies. Since its inception and through December 31, 2019, Credit Fund has invested in over \$2.2 billion (before any repayments or exits) of senior secured loans. We and Credit Partners each have 50% economic ownership of Credit Fund and have commitments to fund, from time to time, capital of up to \$400 million each. See “—Competitive Strengths—Strategic Relationships.”

Competitive Strengths

Carlyle Global Credit’s key competitive strengths are based on Carlyle’s integrated platform, which allows it to mitigate competition and thereby improve our ability to deliver on the expectations of shareholders. The following characteristics distinguish Carlyle’s capabilities:

Market Leading Direct Origination Platform. We have access to Carlyle Global Credit’s large direct origination platform, including a dedicated financial sponsor coverage team and the sourcing capabilities of other investment professionals on the platform who regularly generate attractive investment opportunities for the Company. Through these integrated efforts the origination team generates, and expects to continue to generate, a significant amount of differentiated, directly originated deal flow from which to select attractive investment opportunities.

Broad Product Capabilities. Carlyle Global Credit offers a broad range of leveraged finance products to the marketplace, which allows us to invest across the entire capital structure, as well as via specialty products such as asset-based loans. These integrated and differentiated capabilities make our investment highly relevant to borrowers, as Carlyle Global Credit can construct comprehensive, tailored financing solutions. By doing so, Carlyle Global Credit is able to more frequently assert greater control over structure, price and terms of investments, which we can leverage in seeking to generate attractive risk-adjusted returns for our stockholders.

Scaled Capital Base. With \$49 billion of AUM, we believe Carlyle Global Credit’s hold sizes are among the largest in the market. Carlyle Global Credit’s ability to deploy comparatively larger amounts of capital delivers certainty of execution for borrowers and mitigates the threat of competition, resulting in the ability to drive terms and generate attractive investment opportunities. In addition, scaled capital deployment allows Carlyle Global Credit to establish leadership positions in financing transactions, which results in improved informational access and incremental influence and control in debt financings.

Depth of Expertise. We benefit from our Investment Adviser’s utilization of the broader resources of Carlyle, which includes access to Carlyle’s relationships and institutional knowledge from over three decades of private market investing. Our Investment Adviser’s dedicated, sector aligned underwriting teams have significant experience and tenure. These teams leverage Carlyle’s broader resources – over 670 investment professionals, 45 operating executives, information obtained through direct ownership of over 265 companies, lending relationships with over 700 companies, and in-house government affairs and economic research teams – to generate differentiated diligence insights and inform fundamental credit selection. As a firm, Carlyle seeks to bring the collective power of the global platform with respect to individual investments. We believe this integrated and collaborative approach allows us to move faster, and with higher conviction, than many of our competitors.

Rigorous Investment Process Conducted by Experienced Investment Team. Carlyle employs a robust, iterative and heavily documented underwriting process. Our Investment Adviser’s investment team comprises investment professionals who have extensive middle market lending experience. As of December 31, 2019, the investment team included a team of 125 investment professionals across the Global Credit segment. The five members of our Investment Adviser’s investment committee have an average of over 25 years of industry experience. We believe the breadth and depth of the investment team’s experience in sourcing, structuring, executing, and monitoring a broad range of investments provides us with a significant competitive advantage in building a high quality portfolio of investments.

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Defensive Investment Approach. Our portfolio has been defensively constructed, and is highly diversified by borrower, industry sector, sponsor relationships and other metrics. As of December 31, 2019, we had a portfolio of 136 investments in 112 portfolio companies across 28 industries and 63 unique sponsors. As of December 31, 2019, approximately 99.7% of our debt investments bore interest at floating rates, primarily subject to interest rate floors, and 78.3% of our portfolio was invested in first lien debt investments (including 3.7% first lien/last out loans).

Market Opportunity

We believe the middle market lending environment provides attractive investment opportunities as a result of a combination of the following factors:

Favorable Market Environment. We believe the middle market remains one of the most attractive investment areas due to its large size, superior value relative to the broadly syndicated loan market, and supply-demand imbalance that continues to favor non-bank lenders. We believe market yields remain attractive and leverage levels at middle market companies are stable, creating a favorable investment environment.

Large and Growing U.S. Middle Market. The U.S. middle market is the largest market by many measures, which is expected to enable us to invest selectively as approximately 70% of middle market loan volume is sponsor-backed. According to S&P Capital IQ, as of December 31, 2019, there are over 70,000 U.S. middle market companies generating between \$20 million and \$1 billion in annual revenue, compared with approximately 3,500 companies with revenue greater than \$1 billion. We believe these middle market companies, both sponsored and non-sponsored, represent a significant growth segment of the U.S. economy and often require substantial capital investments to grow.

Benefits of Traditional Middle Market Focus – Leverage, Pricing and Risk. According to the S&P Global Market Intelligence LCD Quarterly Leveraged Lending Review (Q4 2018) and Fitch U.S. Leveraged Loan Default Insight (January 25, 2019), middle market companies, which we primarily categorize as borrowers with EBITDA between \$25 million and \$100 million, are generally less levered, have larger equity contributions, and experience lower rates of default versus large cap broadly syndicated loans, which we define as loans to borrowers with greater than \$100 million of EBITDA. Middle market loans relative to broadly syndicated loans also tend to achieve more attractive economics in the form of upfront fees, spreads, and prepayment penalties, and benefit from stronger defensive structures through terms including, but not limited to documentation, asset security, priority in payments, covenants, and information/governance, all of which potentially provide more favorable protection against credit deterioration. Middle market lenders like us are also often able to complete more thorough due diligence investigations prior to investment than lenders in the broadly syndicated space. We believe the confluence of these factors have resulted in, over the three-year period from 2017 to 2019, middle market loans driving an approximate 150 to 200 basis points spread premium over broadly syndicated loans according to the S&P Global Market Intelligence LCD Leveraged Loan Index, without taking incremental credit risk as evidenced by lower default rates and higher recovery rates as compared to broadly syndicated loans.

Market Environment Favors Non-Traditional Lenders. Traditional middle market lenders, such as commercial and regional banks and commercial finance companies, have contracted their origination and lending activities and are focusing on more liquid asset classes or have exited the business. At the same time, institutional investors have sought to invest in larger, more liquid offerings, limiting the ability of middle market companies to raise debt capital through public capital markets. This has resulted in other capital providers, such as specialty finance companies, structured-credit vehicles such as CLOs, BDCs, and private investment funds, actively investing in the middle market. We believe the aforementioned changes and restrictions have created a large and growing market opportunity for alternative lenders such as us.

Favorable Capital Markets Trends. Current and future demand for middle market financings, driven by private equity investment and upcoming maturities are expected to provide us with ample deal flow. Current data from the Refinitiv LPC Middle Market Quarterly Report (as of December 31, 2019) suggests that approximately \$597 billion of upcoming loan maturities for middle market companies are due between 2020 and 2026, and the Preqin PE North American Report suggests that there is approximately \$700 billion of uninvested private equity capital as of December 31, 2019. We believe these refinancings and uninvested capital will provide a steady flow of attractive opportunities for well-positioned lenders with deep and longstanding sponsor and market relationships, particularly for providers of full capital structure financing solutions.

Investment Strategy

We primarily target loans to U.S.-based middle market companies that require capital for growth, acquisitions, recapitalizations, and refinancings, with a focus on companies controlled by private equity investment firms. In addition, we

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may also make investments in non-private equity owned public or private companies of various sizes; as well as invest in certain non-U.S.-based borrowers. We seek to partner with strong management teams executing long-term, value-maximizing strategies. Target investments typically exhibit some or all of the following characteristics:

- Borrowers with EBITDA of \$25—\$100 million;
- Leading market positions;
- Defensible business strategies with significant barriers to entry;
- Diversified product offerings, customer bases and supplier profiles;
- Experienced management teams with successful track records;
- Significant valuation cushion, typically expressed as a significant equity investment from a financial sponsor;
- Demonstrated stability and/or growth of revenue;
- Predictable cash flows with limited risks of disruption;
- Low capital expenditures requirements; and
- A North American base of operations.

While we believe that the criteria listed above are important in identifying and investing in prospective portfolio companies, not all of these criteria will be necessarily met by each prospective portfolio company. In addition, we may change our investment objective and/or investment criteria over time without notice to or consent from our investors.

Investment Approach and Risk Monitoring of Investments

Our Investment Adviser utilizes a rigorous, systematic and consistent due diligence underwriting process to evaluate all investment opportunities. Our Investment Adviser's investment teams primarily consist of origination professionals, underwriters and portfolio management professionals. An investment team works on a particular transaction from initial screening through closing, and the same team continues to monitor the credit for the life cycle of the investment.

We view our investment process as consisting of the phases described below:

Origination. Our Investment Adviser has built a strong direct origination platform. Our Investment Adviser's origination team sources approximately 1,000 opportunities per year with an ultimate investment rate by us of less than 5% annually. The scale of our Investment Adviser's origination platform allows us to maximize access to investment opportunities, enhance overall investment selectivity and diversify risks in our portfolio. We further seek to reduce risk by partnering with experienced sponsors with strong track records. We believe lending to companies owned by leading private equity firms (versus non-sponsored companies) has several important and potentially defensive characteristics.

Carlyle's financial sponsor origination team covers over 200 private equity firms, generally organized on a regional basis with offices in Boston, Chicago, Los Angeles and New York. It is their responsibility to source specific opportunities, identify potential loan candidates, and apply creative and flexible solutions to solve clients' financing needs. Each originator maintains long-standing relationships with potential sources of deal flow and is responsible for covering a specified target market. We believe those originators' strength and breadth of relationships, combined with our platform's capabilities, allow us to source investments across a wide range of markets enabling our Investment Adviser to be highly selective in recommending investments.

Transaction Screening. After the senior originator has completed an initial screen, the investment team will prepare and present a screening memo that includes, but is not limited to, a business description, proposed transaction financing structures, preliminary financial analysis (including a cash flow forecast incorporating downside scenarios), debt and equity comparables, and the team's initial assessment of investment merits and key risks and market/industry considerations to a screening committee of senior members of the Direct Lending team (the "Screening Committee"). Based on feedback from the committee, the deal team will prepare and disseminate an outcome email that documents the takeaways from the meeting, including preferred financing structure as well as terms, key diligence items, and next steps.

Underwriting. Following an indication from the Screening Committee to move forward in the diligence process, the investment team will compile a detailed diligence list and prepare for in-depth credit analysis. During the investment process, the investment team works closely with the private equity sponsor / borrower in all aspects of due diligence. Formal due diligence includes meeting with the management team, reviewing the data room and performing key financial analysis, creating a more

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detailed financial model with sensitivities across various market environments, reviewing sell-side and third party research including industry reports and financial diligence, following up with industry experts within the Carlyle network for additional feedback and drafting the commitment papers and term sheet. As part of the extensive due diligence process, the investment team fully leverages all internal Carlyle resources to aid in investment decisions. This includes, as needed, speaking to Carlyle Private Equity investment professionals (in accordance with information barrier restrictions), Carlyle operating executives, Carlyle's Chief Economist & Director of Research, Carlyle's government affairs professionals, and any executive within Carlyle's private equity portfolio, which includes over 275 companies worldwide. In addition, the investment team may utilize third party expert networks to supplement its work to gain further insight into company and industry factors from various thought leaders across the company's markets. This part of the process is iterative and involves re-screening with members of the Investment Adviser's investment committee before seeking final investment committee approval. Over the course of the underwriting process, the investment team crafts a fulsome memo, with diligence completed on a variety of industry, company-specific, financial and legal topics that includes, but is not limited to, the following:

- Overview of the opportunity, investment team recommendation, and risks and mitigants
- Structure, terms and pricing of the proposed facilities
- Sources and uses and capitalization table
- Industry diligence, including growth, key trends, risk of disruption, competitive landscape, borrower's market position, fragmentation and consolidation, M&A trends / multiples, barriers to entry and regulatory framework
- Details on core product and service offering, including revenue visibility and quality, revenue and gross profit build-up by key products / services (including price and volume trends, if applicable), and other relevant sector-specific metrics
- Customer diligence, including concentration, wallet share, tenure, health of customer base, contract details (if applicable), and sales and marketing strategy
- Supply chain diligence, including supplier concentration, raw material exposure and logistics
- Details on operations, including IT and technology, operating footprint (including real estate and leases, if applicable), distribution, and employee base
- Financial diligence, including cyclical, seasonality, fixed and variable costs, EBITDA adjustments, capital expenditures, working capital, taxes, foreign exchange exposure, and off-balance sheet liabilities
- Financial model, including detailed, bottom-up cash flow model with sensitivities for key business risks
- Debt and equity comparables
- Details on management team and private equity sponsor (if applicable)
- Details on legal documentation, including construction of EBITDA, affirmative and negative covenants (including financial covenants), events of default, enforcement of remedies, security and collateral package (including protections around material IP or other key collateral), voting provisions, and other key terms
- Environmental, regulatory, or legal issues and insurance coverage
- Adherence with environmental, social and governance policies
- Items as to which approval is conditional and which require further due diligence and/or subsequent resolution

Monitoring. We view proactive portfolio monitoring as a vital part of the investment process, which includes the continuous review by the portfolio management, underwriting and workout teams, with multiple layers of risk review and oversight. Our Investment Adviser utilizes a proprietary credit surveillance dashboard, an objective rules-based Internal Risk Rating system and proprietary valuation model to assess risk in the portfolio. The portfolio management process involves a variety of ongoing and scheduled reviews that allow for early detection of issues and escalation to the Investment Committee and workout team to avoid credit losses. This process includes detailed weekly portfolio dashboard updates, monthly reviews of watch list credits, quarterly meetings to conduct formal portfolio reviews, focused on technical analysis of financial performance, and portfolio diversification, and ongoing ad-hoc meetings to handle borrower-specific requests, including follow-on transactions and amendments. Our Investment Adviser supplements these processes with additional analyses and projections, including stress scenarios, to assess the potential exposure of our portfolio to variable macroeconomic factors and market conditions. For more information on the Internal Risk Ratings of our portfolio, see Part II, Item 7 of this Form 10-K "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Portfolio and Investment Activity.*"

[Table of Contents](#)**Portfolio Composition**

As of December 31, 2019 and 2018, the fair value of our investments was approximately \$2,124 million and \$1,972 million, respectively, in 112 and 96 portfolio companies/investment fund, respectively. The type, geography and industry composition of our investments, each as a percentage of the fair value of our investments as of December 31, 2019 and 2018, were as follows:

Type—% of Fair Value	As of December 31,	
	2019	2018
First Lien Debt (excluding First Lien/Last Out)	74.63%	68.12%
First Lien/Last Out Unitranche	3.68	10.29
Second Lien Debt	11.04	9.07
Equity Investments	1.02	1.25
Investment Fund	9.63	11.27
Total	100.00%	100.00%

Type—% of Fair Value of First and Second Lien Debt	As of December 31,	
	2019	2018
Floating Rate	99.73%	99.20%
Fixed Rate	0.27	0.80
Total	100.00%	100.00%

Geography—% of Fair Value	As of December 31,	
	2019	2018
Canada	1.93%	0.79%
Cyprus	0.23	—
Jamaica	0.01	—
Luxembourg	1.72	—
United Kingdom	1.25	0.49
United States	94.86	98.72
Total	100.00%	100.00%

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Industry—% of Fair Value	As of December 31,	
	2019	2018
Aerospace & Defense	5.17%	1.42%
Automotive	1.87	0.33
Banking, Finance, Insurance & Real Estate	5.42	6.49
Beverage, Food & Tobacco	3.82	3.77
Business Services	7.89	8.24
Capital Equipment	2.12	—
Chemicals, Plastics & Rubber	1.27	1.13
Construction & Building	0.66	0.13
Consumer Services	1.81	1.51
Containers, Packaging & Glass	3.21	2.40
Durable Consumer Goods	0.55	0.05
Energy: Electricity	1.46	2.18
Energy: Oil & Gas	0.56	0.61
Environmental Industries	2.03	1.82
Forest Products & Paper	—	2.51
Healthcare & Pharmaceuticals	9.07	11.82
High Tech Industries	10.13	12.24
Hotel, Gaming & Leisure	4.48	3.89
Investment Fund	9.63	11.27
Media: Broadcast & Subscription	2.19	1.08
Media: Advertising, Printing & Publishing	1.76	2.98
Non-durable Consumer Goods	0.09	2.53
Retail	2.03	—
Software	10.63	6.30
Sovereign & Public Finance	1.76	1.95
Telecommunications	5.47	5.78
Transportation: Cargo	1.99	3.62
Transportation: Consumer	1.71	1.85
Wholesale	1.22	2.10
Total	100.00%	100.00%

See the Consolidated Schedules of Investments as of December 31, 2019 and 2018 in our consolidated financial statements in Part II, Item 8 of this Form 10-K for more information on these investments, including a list of companies and type, cost and fair value of investments.

Allocation of Investment Opportunities and Potential Conflicts of Interest

An affiliated investment fund, account or other similar arrangement currently formed or formed in the future and managed by our Investment Adviser or its affiliates may have overlapping investment objectives and strategies with our own and, accordingly, may invest in asset classes similar to those targeted by us. This creates potential conflicts in allocating investment opportunities among us and such other investment funds, accounts and similar arrangements, particularly in circumstances where the availability or liquidity of such investment opportunities is limited or where co-investments by us and other funds, accounts or arrangements are not permitted under applicable law, as discussed below.

For example, Carlyle sponsors several investment funds, accounts and other similar arrangements, including, without limitation, structured credit funds, future closed-end registered investment companies, BDCs, carry funds, and managed accounts. The SEC has granted us exemptive relief that permits us and certain of our affiliates to co-invest in suitable negotiated investments (the “Exemptive Relief”). If Carlyle is presented with investment opportunities that generally fall within our investment objective and other board-established criteria and those of other Carlyle funds, accounts or other similar arrangements (including other existing and future affiliated BDCs) whether focused on a debt strategy or otherwise, Carlyle allocates such opportunities among us and such other Carlyle funds, accounts or other similar arrangements in a manner

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consistent with the Exemptive Relief, our Investment Adviser's allocation policies and procedures and Carlyle's other allocation policies and procedures, where applicable, as discussed below. More specifically, investment opportunities in suitable negotiated investments for investment funds, accounts and other similar arrangements managed by our Investment Adviser, and other funds, accounts or similar arrangements managed by affiliated investment advisers that seek to co-invest with us or other Carlyle BDCs, are allocated in accordance with the Exemptive Relief. Investment opportunities for all other investment funds, accounts and other similar arrangements not managed by our Investment Adviser are allocated in accordance with their respective investment advisers' and Carlyle's other allocation policies and procedures. Such policies and procedures may result in certain investment opportunities that are attractive to us being allocated to other funds that are not managed by our Investment Adviser. Carlyle's, including our Investment Adviser's, allocation policies and procedures are designed to allocate investment opportunities fairly and equitably among its clients over time, taking into account a variety of factors which may include the sourcing of the transaction, the nature of the investment focus of each such other Carlyle fund, accounts or other similar arrangements, each fund's, account's or similar arrangement's desired level of investment, the relative amounts of capital available for investment, the nature and extent of involvement in the transaction on the part of the respective teams of investment professionals, any requirements contained in the governing agreements of the Carlyle funds, accounts or other similar arrangements and other considerations deemed relevant by Carlyle in good faith, including suitability considerations and reputational matters. The application of these considerations may cause differences in the performance of different Carlyle funds, accounts and similar arrangements that have similar strategies.

Because we are a BDC, we are not generally permitted to make loans to companies controlled by Carlyle or other funds managed by Carlyle.

We are also not permitted to make any co-investments with clients of our Investment Adviser or its affiliates (including any fund managed by Carlyle) without complying with our Exemptive Relief, subject to certain exceptions, including with respect to our downstream affiliates. Co-investments made under the Exemptive Relief are subject to compliance with the conditions and other requirements contained in the Exemptive Relief, which could limit our ability to participate in a co-investment transaction. We may also co-invest with funds managed by Carlyle or any of its downstream affiliates, subject to compliance with applicable law and regulations, existing regulatory guidance, and our Investment Adviser's and Carlyle's other allocation policies and procedures.

While Carlyle and our Investment Adviser seek to implement their respective allocation processes in a fair and equitable manner under the particular circumstances, there can be no assurance that it will result in equivalent allocation of or participation in investment opportunities or equivalent performance of investments allocated to us as compared to the other entities. In some cases, due to information barriers that are in place, we and other Carlyle investment funds, accounts or other similar arrangements may compete with each other for specific investment opportunities without being aware that they are competing with each other. Carlyle has a conflict system in place above these information barriers to identify potential conflicts early in the process and determine if an allocation decision needs to be made or if an investment is precluded. If the conflicts system detects a potential conflict, the legal and compliance departments of Carlyle assess investment opportunities to determine whether a particular investment opportunity is required to be allocated to a particular investment fund, account or other similar arrangement (including us) or is prohibited from being allocated to a particular investment fund, account or similar arrangement. Subject to a determination by the legal and compliance departments (if applicable), portfolio management teams and, as applicable, the Investment Adviser's allocation committees, are then charged with ensuring that investment opportunities are allocated to the appropriate investment fund, account or similar arrangement in accordance with our Investment Adviser's allocation policies and procedures. In addition, in some cases Carlyle and our Investment Adviser may make investment recommendations to investment funds, accounts and other similar arrangements where the investment funds, accounts and other similar arrangements make the investment independently of Carlyle and our Investment Adviser. As a result, there are circumstances where investments appropriate for us are instead allocated, in whole or in part, to such other investment funds, accounts or other similar arrangements irrespective of our Investment Adviser's and Carlyle's other policies and procedures regarding allocation of investments. Where Carlyle otherwise has discretion to allocate investment opportunities among various funds, accounts and other similar arrangements, it should be noted that Carlyle may determine to allocate such investment opportunities away from us.

During periods of unusual market conditions, our Investment Adviser may deviate from its normal trade allocation practices. For example, this may occur with respect to the management of unlevered and/or long-only investment funds, accounts or similar arrangements that are typically managed on a side-by-side basis with levered and/or long-short investment funds, accounts or similar arrangements.

Election to be Taxed as a RIC

We have elected to be treated, and intend to continue to qualify annually, as a RIC for U.S. federal income tax purposes under Subchapter M of the Code. As a RIC, we generally will not pay corporate-level U.S. federal income taxes on any net ordinary income or capital gains that we timely distribute to our stockholders as dividends. Instead, dividends we distribute generally will be taxable to the holders of our common stock, and any net operating losses, foreign tax credits and other tax attributes may not pass through to the holders of our common stock. To qualify as a RIC, we must, among other things, meet certain source-of-income and asset diversification requirements (as described below). In addition, we must distribute to our stockholders on an annual basis at least 90% of our investment company taxable income (generally, our net ordinary income plus the excess of our realized net short-term capital gains over realized net long-term capital losses, determined without regard to the dividends paid deduction) for any taxable year (the “Annual Distribution Requirement”). The following discussion assumes that we qualify as a RIC and have satisfied the Annual Distribution Requirement. If we (1) qualify as a RIC, and (2) satisfy the Annual Distribution Requirement, then we are not subject to U.S. federal income tax on the portion of our net taxable income we distribute (or are deemed to distribute) to stockholders. We are subject to U.S. federal income tax at regular corporate rates on any income or capital gains not distributed (or deemed distributed) to our stockholders.

In addition, if we fail to distribute in a timely manner an amount at least equal to the sum of (1) 98% of our ordinary income for the calendar year, (2) 98.2% of our capital gain net income (both long-term and short-term) for the one-year period ending October 31 in that calendar year and (3) any income realized, but not distributed, in the preceding year (the “Excise Tax Distribution Requirements”), we are liable for a 4% excise tax on the portion of the undistributed amounts of such income that are less than the amounts required to be distributed based on the Excise Tax Distribution Requirements. For this purpose, however, any ordinary income or capital gain net income retained by us that is subject to corporate income tax for the tax year ending in that calendar year is considered to have been distributed by year end (or earlier if estimated taxes are paid).

In order to qualify as a RIC for U.S. federal income tax purposes, we must, among other things:

- continue to qualify as a BDC under the Investment Company Act at all times during each taxable year;
- derive in each taxable year at least 90% of our gross income from dividends, interest, payments with respect to loans of certain securities, gains from the sale of stock or other securities or foreign currencies, net income from certain “qualified publicly traded partnerships,” or other income derived with respect to our business of investing in such stock or securities or foreign currencies (the “90% Gross Income Test”); and
- diversify our holdings so that at the end of each quarter of the taxable year:
 - at least 50% of the value of our assets consists of cash, cash equivalents, U.S. government securities, securities of other RICs, and other securities if such other securities of any one issuer do not represent more than 5% of the value of our assets or more than 10% of the outstanding voting securities of the issuer; and
 - no more than 25% of the value of our assets is invested in the securities, other than U.S. government securities or securities of other RICs, of one issuer, or two or more issuers that are controlled, as determined under applicable Code rules, by us and that are engaged in the same or similar or related trades or businesses, or of certain “qualified publicly traded partnerships” (the “Diversification Tests”).

Moreover, our ability to dispose of assets to meet our distribution requirements may be limited by (1) the illiquid nature of our portfolio and/or (2) other requirements relating to our qualification as a RIC, including the Diversification Tests. If we dispose of assets in order to meet the Annual Distribution Requirement or the Excise Tax Distribution Requirements, we may make such dispositions at times that, from an investment standpoint, are not advantageous. If we are prohibited from making distributions or are unable to raise additional debt or equity capital or sell assets to make distributions, we may not be able to make sufficient distributions to satisfy the Annual Distribution Requirement, and therefore would not be able to maintain our qualification as a RIC. Additionally, we may make investments that result in the recognition of ordinary income rather than capital gain, or that prevent us from accruing a long-term holding period. These investments may prevent us from making capital gain distributions as described below. We intend to monitor our transactions, make the appropriate tax elections and make the appropriate entries in our books and records when we make any such investments in order to mitigate the effect of these rules.

A RIC is limited in its ability to deduct expenses in excess of its “investment company taxable income” (which is, generally, ordinary income plus net realized short-term capital gains in excess of net realized long-term capital losses). If our expenses in a given year exceed gross taxable income, we would have a net operating loss for that year. However, a RIC is not permitted to carry forward net operating losses to subsequent years. In addition, expenses can be used only to offset investment

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company taxable income, not net capital gain. Due to these limits on the deductibility of expenses, we may for U.S. federal income tax purposes have aggregate taxable income for several years that we distribute and that is taxable to our stockholders even if such income is greater than the aggregate net income we actually earned during those years. Such distributions may be made from our cash assets or by liquidation of investments, if necessary. We may realize gains or losses from such liquidations. In the event we realize net capital gains from such transactions, a holder may receive a larger capital gain distribution than the holder would have received in the absence of such transactions.

Regulation

General—Regulation as a Business Development Company

We have elected to be regulated as a BDC under the Investment Company Act and have elected to be treated as a RIC under the Code. A BDC must be organized in the United States for the purpose of investing in or lending to primarily private companies and making significant managerial assistance available to them. A BDC may use capital provided by public stockholders and from other sources to make long-term, private investments in businesses. A publicly-traded BDC provides stockholders with the ability to retain the liquidity of a publicly traded stock while sharing in the possible benefits, if any, of investing in primarily privately owned companies.

We may not change the nature of our business so as to cease to be, or withdraw our election as, a BDC unless authorized by vote of a majority of the outstanding voting securities, as required by the Investment Company Act. A majority of the outstanding voting securities of a company is defined under the Investment Company Act as the lesser of: (a) 67% or more of such company's voting securities present at a meeting if more than 50% of the outstanding voting securities of such company are present or represented by proxy, or (b) more than 50% of the outstanding voting securities of such company. We do not anticipate any substantial change in the nature of our business.

As with other companies regulated by the Investment Company Act, a BDC must adhere to certain substantive regulatory requirements. A majority of our directors must be persons who are not "interested persons," as that term is defined in Section 2(a)(19) of the Investment Company Act (such directors are referred to as the "Independent Directors" and the directors who are not Independent Directors are referred to as the "Interested Directors"). We are required to provide and maintain a bond issued by a reputable fidelity insurance company to protect the BDC. Furthermore, as a BDC, we are prohibited from protecting any director or officer against any liability to us or our stockholders arising from willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of such person's office.

The Investment Company Act contains prohibitions and restrictions relating to certain transactions between BDCs and certain affiliates (including any investment advisers or sub-advisers), principal underwriters and certain affiliates of those affiliates or underwriters. Because we are a BDC, we are not generally permitted to make loans to companies controlled by Carlyle or other funds managed by Carlyle. We are also not permitted to make any co-investments with our Investment Adviser or its affiliates (including any fund managed by Carlyle) without complying with our Exemptive Relief, subject to certain exceptions, including with respect to our downstream affiliates. Co-investments made under the Exemptive Relief are subject to compliance with the conditions and other requirements contained in the Exemptive Relief, which could limit our ability to participate in a co-investment transaction. We may also co-invest with funds managed by Carlyle or any of its downstream affiliates, subject to compliance with applicable law and regulations, existing regulatory guidance, and our Investment Adviser's allocation policies and procedures.

As a BDC, we are generally required to meet a minimum "asset coverage" ratio after each issuance of senior securities. "Asset coverage" generally refers to a company's total assets, less all liabilities and indebtedness not represented by "senior securities," as defined in the Investment Company Act, divided by total senior securities representing indebtedness and, if applicable, preferred stock. "Senior securities" for this purpose includes borrowings from banks or other lenders, debt securities and preferred stock. On April 9, 2018 and June 6, 2018, our Board of Directors, including a "required majority" (as such term is defined in Section 57(o) of the Investment Company Act), and our stockholders, respectively, approved the application to us of the 150% minimum asset coverage ratio set forth in Section 61(a)(2) of the 1940 Act. As a result, the minimum asset coverage ratio applicable to us was reduced from 200% to 150%, effective as of June 7, 2018, the first day after our 2018 annual meeting of stockholders. See Part I, Item 1A of this Form 10-K "*Risk Factors—Risks Related to Our Business and Structure—New legislation allows us to incur additional leverage.*"

We may invest up to 100% of our assets in securities acquired directly from issuers in privately negotiated transactions. With respect to such securities, we may, for the purpose of public resale, be deemed an "underwriter" as that term is defined in the Securities Act of 1933, as amended (the "Securities Act"). Our intention is to not write (sell) or buy put or call options to manage risks associated with the publicly traded securities of our portfolio companies. We may enter into hedging

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transactions to manage the risks associated with interest rate and currency fluctuations. We may purchase or otherwise receive warrants or options to purchase the common stock of our portfolio companies in connection with acquisition financings or other investments. In connection with such an acquisition, we may acquire rights to require the issuers of acquired securities or their affiliates to repurchase them under certain circumstances.

We do not intend to acquire securities issued by any investment company that exceed the limits imposed by the Investment Company Act. Under these limits, except for registered money market funds, we generally cannot acquire more than 3% of the voting stock of any investment company, invest more than 5% of the value of our total assets in the securities of one investment company or invest more than 10% of the value of our total assets in the securities of investment companies in the aggregate. The portion of our portfolio invested in securities issued by investment companies ordinarily will subject our stockholders to additional indirect expenses. Our investment portfolio is also subject to diversification requirements by virtue of our intended status to be a RIC for U.S. tax purposes. See Part I, Item 1A of this Form 10-K “*Risk Factors—Risks Related to Our Business and Structure*” for more information.

In addition, investment companies registered under the Investment Company Act and private funds that are excluded from the definition of “investment company” pursuant to either Section 3(c)(1) or 3(c)(7) of the Investment Company Act may not acquire directly or through a controlled entity more than 3% of our total outstanding voting stock (measured at the time of the acquisition), unless the funds comply with an exemption under the Investment Company Act. As a result, certain of our investors may hold a smaller position in our shares than if they were not subject to these restrictions.

We are generally not able to issue and sell our common stock at a price below net asset value (“NAV”) per share. See Part I, Item 1A of this Form 10-K “*Risk Factors—Risks Related to Our Business and Structure—Regulations governing our operation as a BDC affect our ability to, and the way in which we will, raise additional capital. As a BDC, the necessity of raising additional capital may expose us to risks, including the typical risks associated with leverage.*” We may, however, sell our common stock, or warrants, options or rights to acquire our common stock, at a price below the then-current NAV of our common stock if our Board of Directors determines that such sale is in our best interests and the best interests of our stockholders, and our stockholders approve such sale. In addition, we may generally issue new shares of our common stock at a price below NAV in rights offerings to existing stockholders, in payment of dividends and in certain other limited circumstances.

We are subject to periodic examination by the SEC for compliance with the Investment Company Act.

As a BDC, we are subject to certain risks and uncertainties. See Part I, Item 1A of this Form 10-K “*Risk Factors—Risks Related to Our Business and Structure.*”

Qualifying Assets

As a BDC, we generally have to invest at least 70% of our total assets in “qualifying assets,” including securities and indebtedness of private U.S. companies and certain public U.S. companies, cash, cash equivalents, U.S. government securities and high-quality debt investments that mature in one year or less. We also may invest up to 30% of our portfolio in non-qualifying assets, as permitted by the Investment Company Act. Specifically, as part of this 30% basket, we may invest in entities that are not considered “eligible portfolio companies” (as defined in the Investment Company Act), including companies located outside of the United States, entities that are operating pursuant to certain exceptions under the Investment Company Act, and publicly traded entities whose public equity market capitalization exceeds the levels provided for under the Investment Company Act.

Managerial Assistance to Portfolio Companies

As a BDC, we must offer, and must provide upon request, significant managerial assistance to certain of our portfolio companies. This assistance could involve, among other things, monitoring the operations of our portfolio companies, participating in board and management meetings, consulting with and advising officers of portfolio companies and providing other organizational and financial guidance. Our Investment Adviser may provide all or a portion of this assistance pursuant to our administration agreement, the costs of which will be reimbursed by us. We may receive fees for these services.

Temporary Investments

Pending investment in other types of “qualifying assets,” as described above, our investments may consist of cash, cash equivalents, U.S. government securities or high-quality debt securities maturing in one year or less from the time of investment, which we refer to, collectively, as “temporary investments,” so that 70% of our assets are qualifying assets. We may also invest in U.S. Treasury bills or in repurchase agreements, provided that such agreements are fully collateralized by

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cash or securities issued by the U.S. government or its agencies. A repurchase agreement involves the purchase by an investor, such as us, of a specified security and the simultaneous agreement by the seller to repurchase it at an agreed-upon future date and at a price which is greater than the purchase price by an amount that reflects an agreed-upon interest rate. There is no percentage restriction on the proportion of our assets that may be invested in such repurchase agreements. However, if more than 25% of our gross assets constitute repurchase agreements from a single counterparty, we would not meet the diversification tests in order to qualify as a RIC. Thus, we do not intend to enter into repurchase agreements with a single counterparty in excess of this limit. Our Investment Adviser will monitor the creditworthiness of the counterparties with which we enter into repurchase agreement transactions.

Indebtedness and Senior Securities

We are permitted, under specified conditions, to issue multiple classes of indebtedness and one class of stock senior to our common stock if our asset coverage, as defined in the Investment Company Act, is at least equal to 150% immediately after each such issuance. In addition, while any senior securities remain outstanding, we must make provisions to prohibit any distribution to our stockholders or the repurchase of such securities or shares unless we meet the applicable asset coverage ratios at the time of the distribution or repurchase. We may also borrow amounts up to 5% of the value of our total assets for temporary or emergency purposes without regard to asset coverage. For a discussion of the risks associated with leverage, see Part I, Item 1A of this Form 10-K “*Risk Factor—Risks Relating to Our Business and Structure—Regulations governing our operation as a BDC affect our ability to, and the way in which we will, raise additional capital. As a BDC, the necessity of raising additional capital may expose us to risks, including the typical risks associated with leverage.*”

Codes of Ethics

We and our Investment Adviser have each adopted a code of ethics pursuant to Rule 17j-1 under the Investment Company Act and Rule 204A-1 under the Advisers Act, respectively (collectively, the “Rule 17j-1 Codes of Ethics”), which establish procedures for personal investments and restricts certain transactions and apply to, among others, our Chief Executive Officer and Chief Financial Officer. The Rule 17j-1 Codes of Ethics generally do not permit investments by personnel subject to them in securities that may be purchased or sold by us. The Rule 17j-1 Code of Ethics are filed with the SEC (www.sec.gov).

We have also adopted a Code of Ethics for Principal Executive and Senior Financial Officers under the Sarbanes-Oxley Act of 2002 (the “SOX Code of Ethics”), which applies to, among others, our Chief Executive Officer and Chief Financial Officer. The SOX Code of Ethics is available free of charge on our website (<http://www.tcgbdc.com>).

There have been no material changes to the Rule 17j-1 Code of Ethics or the SOX Code of Ethics or material waivers of the code that apply to our Chief Executive Officer or Chief Financial Officer.

Compliance Policies and Procedures

We and our Investment Adviser have each adopted and implemented written policies and procedures reasonably designed to detect and prevent violation of the federal securities laws and are required to review these compliance policies and procedures annually for their adequacy and the effectiveness of their implementation. Our Chief Compliance Officer is responsible for administering these policies and procedures.

Sarbanes-Oxley Act of 2002

The Sarbanes-Oxley Act of 2002, as amended (the “Sarbanes-Oxley Act”) imposes a wide variety of regulatory requirements on publicly-held companies and their insiders. Many of these requirements affect us. For example:

- pursuant to Rule 13a-14 of the Securities and Exchange Act of 1934, as amended (the “Exchange Act”), our Chief Executive Officer and Chief Financial Officer must certify the accuracy of the financial statements contained in our periodic reports;
- pursuant to Item 307 of Regulation S-K, our periodic reports must disclose our conclusions about the effectiveness of our disclosure controls and procedures;
- pursuant to Rule 13a-15 of the Exchange Act, our management must prepare a report regarding its assessment of our internal control over financial reporting and must obtain an audit of the effectiveness of internal control over financial reporting performed by our independent registered public accounting firm; and
- pursuant to Item 308 of Regulation S-K and Rule 13a-15 of the Exchange Act, our periodic reports must disclose whether there were significant changes in our internal controls over financial reporting or in other

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factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to material weaknesses.

The Sarbanes-Oxley Act requires us to review our current policies and procedures to determine whether we comply with the Sarbanes-Oxley Act and the regulations promulgated thereunder. We will continue to monitor our compliance with all regulations that are adopted under the Sarbanes-Oxley Act and will take actions necessary to ensure that we are in compliance therewith.

Proxy Voting Policies and Procedures

We have delegated our proxy voting responsibility to our Investment Adviser. The proxy voting policies and procedures of our Investment Adviser are set forth below. These guidelines are reviewed periodically by our Investment Adviser and our Independent Directors, and, accordingly, are subject to change.

An investment adviser registered under the Advisers Act has a fiduciary duty to act solely in the best interests of its clients. As part of this duty, our Investment Adviser recognizes that it must vote portfolio securities in a timely manner free of conflicts of interest and in the best interests of its clients.

These policies and procedures for voting proxies are intended to comply with Section 206 of, and Rule 206(4)-6 under, the Advisers Act.

Our Investment Adviser will vote proxies relating to our portfolio securities in what it perceives to be the best interest of our stockholders. Our Investment Adviser will review on a case-by-case basis each proposal submitted to a stockholder vote to determine its impact on the portfolio securities held by us. Although our Investment Adviser will generally vote against proposals that may have a negative impact on our portfolio securities, it may vote for such a proposal if there exist compelling long-term reasons to do so.

Our Investment Adviser's proxy voting decisions will be made by its investment committee. To ensure that the vote is not the product of a conflict of interest, our Investment Adviser will require that: (1) anyone involved in the decision making process disclose to our Investment Adviser's investment committee, and Independent Directors, any potential conflict that he or she is aware of and any contact that he or she has had with any interested party regarding a proxy vote; and (2) employees involved in the decision making process or vote administration are prohibited from revealing how our Investment Adviser intends to vote on a proposal in order to reduce any attempted influence from interested parties.

Stockholders may obtain information regarding how we voted proxies by making a written request for proxy voting information to: TCG BDC, Inc., c/o Carlyle Global Credit Investment Management L.L.C., 520 Madison Avenue, 40th Floor, New York, NY 10022.

Privacy Principles

We endeavor to maintain the privacy of our stockholders and to safeguard their non-public personal information. The following information is provided to help stockholders understand what non-public personal information we collect, how we protect that information and why, in certain cases, we may share that information with select other parties.

We may collect non-public personal information about stockholders from our subscription agreements or other forms, such as name, address, account number and the types and amounts of investments, and information about transactions with us or our affiliates, such as participation in other investment programs, ownership of certain types of accounts or other account data and activity. We may disclose the non-public personal information that we collect from our stockholders or former stockholders, as described above, to our affiliates and service providers and as allowed by applicable law or regulation. Any party that receives this information from us is permitted to use it only for the services required by us and as allowed by applicable law or regulation, and is not permitted to share or use this information for any other purpose. We permit access only by authorized personnel who need access to that non-public personal information to provide services to us and our stockholders. We also maintain physical, electronic and procedural safeguards for non-public personal information that are designed to comply with applicable law.

Compliance with Listing Requirements

Our shares of common stock began trading on the Nasdaq Global Select Market under the symbol "CGBD" on June 14, 2017. As a listed company on the Nasdaq Global Select Market, we are subject to various listing standards including

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corporate governance listing standards. We monitor our compliance with all listing standards and take actions necessary to ensure that we are in compliance therewith.

Reporting Obligations and Available Information

We furnish our stockholders with annual reports containing audited financial statements, quarterly reports, and such other periodic reports as we determine to be appropriate or as may be required by law. We are required to comply with all periodic reporting, proxy solicitation and other applicable requirements under the Exchange Act.

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, Definitive Proxy Statement on Schedule 14A, as well as reports on Forms 3, 4 and 5 regarding directors, officers or 10% beneficial owners of us, filed or furnished pursuant to section 13(a), 15(d) or 16(a) of the Exchange Act, are available free of charge on our website (<http://www.tcgbdc.com>).

The SEC also maintains a website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including us, which can be accessed at www.sec.gov.

Competition

Our primary competitors in providing financing to middle market companies include public and private funds, other BDCs, commercial and investment banks, collateralized loan obligations, commercial finance companies and, to the extent they provide an alternative form of financing, private equity and hedge funds. Many of our potential competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. For example, some competitors may have a lower cost of funds and access to funding sources that will not be available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments than we do, which could allow them to consider a wider variety of investments and establish more relationships than us. Furthermore, many of our competitors are not subject to the regulatory restrictions that the Investment Company Act and the Code impose on us. We cannot assure you that the competitive pressures we will face will not have a material adverse effect on our business, financial condition and results of operations. Also, as a result of this competition, we may not be able to take advantage of attractive investment opportunities from time to time, and we can offer no assurance that we will be able to identify and make investments that are consistent with our investment objective.

We expect to use the expertise of the members of our Investment Adviser's investment committee and its investment team to assess investment risks and determine appropriate pricing for our investments. In addition, we expect that extensive direct origination resources, broad product capabilities, ability to commit capital in scale and the depth of expertise of our Investment Adviser's investment team will enable us to learn about and compete effectively for, financing opportunities with attractive middle market companies in the industries in which we seek to invest. For additional information concerning the competitive risks we face, see Part I, Item 1A of this Form 10-K "*Risk Factors—Risks Related to Our Investments—We operate in a highly competitive market for investment opportunities, and compete with investment vehicles sponsored or advised by our affiliates*".

Staffing

We do not currently have any employees. Our interim Treasurer and principal accounting officer, a Managing Director of Carlyle, and our Chief Compliance Officer and Secretary, a Vice President of Carlyle, are retained by our Administrator pursuant to the Carlyle Sub-Administration Agreement. Each of these professionals performs their respective functions for us under the terms of our Administration Agreement.

Our day-to-day investment operations are managed by our Investment Adviser. Pursuant to its personnel agreement with Carlyle Employee Co., our Investment Adviser has access to the members of its investment committee, and a team of additional experienced investment professionals who, collectively, comprise the Investment Adviser's investment team. Our Investment Adviser may hire additional investment professionals to provide services to us.

Item 1A. Risk Factors

An investment in the Company involves a high degree of risk. You should carefully consider these risk factors, together with all of the other information included in this report, before you decide whether to make an investment in the Company. There can be no assurance that the Company's investment objective will be achieved or that an investor will receive a return of its capital. In addition, there will be occasions when the Investment Adviser and its affiliates may encounter potential conflicts of interest in connection with the Company. The risks set out below are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results. The following considerations, in addition to the considerations set forth elsewhere herein, should be carefully evaluated before making an investment in the Company. If any of the following events occur, our business, financial condition and operating result could be materially and adversely affected. In such case, the NAV and the trading price of our common stock and the trading price, if any, of any other securities that we may issue could decline, and you may lose all or part of your investment.

Risks Related to Our Business and Structure

Capital markets may experience periods of disruption and instability. These market conditions may materially and adversely affect debt and equity capital markets in the United States and abroad, which may have a negative impact on our business and operations.

The U.S. and global capital markets have in the past, and may in the future, experience periods of extreme volatility and disruption during economic downturns and recessions. Increases to budget deficits or direct and contingent sovereign debt may create concerns about the ability of certain nations to service their sovereign debt obligations and any risks resulting from any such debt crisis in Europe, the U.S. or elsewhere could have a detrimental impact on the global economy, sovereign and non-sovereign debt in certain countries and the financial condition of financial institutions generally. Austerity measures that certain countries may agree to as part of any debt crisis or disruptions to major financial trading markets may adversely affect world economic conditions, our business and the businesses of our portfolio companies. In June 2016, the United Kingdom held a referendum in which voters approved an exit from the European Union ("Brexit"). The UK officially left the EU on January 31, 2020 and an 11-month transition period commenced to obtain a new trade agreement. The implications of the withdrawal and the pending trade agreement are unclear. Disruptions in the capital markets, which may be caused by political trends and government actions in the U.S. and elsewhere, could adversely affect our business, the businesses of our portfolio companies, and the broader financial and credit markets. Disruptions may also reduce the availability of debt and equity capital for the market as a whole and to financial firms in particular. At various times, such disruptions have resulted in, and may in the future result in, a lack of liquidity in parts of the debt capital markets, significant write-offs in the financial services sector and the repricing of credit risk. Such conditions may occur for a prolonged period of time again, and may materially worsen in the future, including as a result of U.S. government shutdowns, or future downgrades to the U.S. government's sovereign credit rating or the perceived credit worthiness of the U.S. or other large global economies. Unfavorable economic conditions, including future recessions, could also increase our funding costs, limit our access to the capital markets, or result in a decision by lenders not to extend credit to us. These conditions may cause us to reduce the volume of loans we originate and/or fund, adversely affect the value of our portfolio investments or otherwise have a material adverse effect on our business, financial condition, results of operations and cash flows.

Economic recessions or downturns could impair our portfolio companies and harm our operating results.

Many of the portfolio companies in which we make investments may be susceptible to economic slowdowns or recessions and may be unable to repay the loans we made to them during these periods. Therefore, our non-performing assets may increase and the value of our portfolio may decrease during these periods as we are required to record our investments at their current fair value. Adverse economic conditions also may decrease the value of collateral securing some of our loans and the value of our equity investments. Economic slowdowns or recessions could lead to financial losses in our portfolio and a decrease in revenues, net income and assets. Unfavorable economic conditions also could increase our and our portfolio companies' funding costs, limit our and our portfolio companies' access to the capital markets or result in a decision by lenders not to extend credit to us or our portfolio companies. These events could prevent us from increasing investments and harm our operating results.

A portfolio company's failure to satisfy financial or operating covenants imposed by us or other lenders could lead to defaults and, potentially, acceleration of the time when the loans are due and foreclosure on its secured assets, which could trigger cross-defaults under other agreements and jeopardize the portfolio company's ability to meet its obligations under the debt that we hold. We may incur additional expenses to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting portfolio company. In addition, if one of our portfolio companies were to go bankrupt, depending on the

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facts and circumstances, including the extent to which we will actually provide significant managerial assistance to that portfolio company, a bankruptcy court might subordinate all or a portion of our claim to that of other creditors.

Changes to U.S. tariff and import/export regulations may have a negative effect on our portfolio companies and, in turn, harm us.

There has been ongoing discussion and commentary regarding potential, significant changes to U.S. trade policies, treaties and tariffs, resulting in significant uncertainty about the future relationship between the United States and other countries with respect to trade policies, treaties and tariffs. These developments, or the perception that any of them could occur, may have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global trade and, in particular, trade between the impacted nations and the United States. Any of these factors could depress economic activity and restrict our portfolio companies' access to suppliers or customers and have a material adverse effect on their business, financial condition and results of operations, which in turn would negatively impact us.

We are dependent upon our Investment Adviser for our future success.

We do not have any employees. We depend on the diligence, skill and network of business contacts of our Investment Adviser's investment professionals and CDL to source appropriate investments for us. We depend on members of our Investment Adviser's investment team to appropriately analyze our investments and our Investment Adviser's investment committee to approve and monitor our middle market portfolio investments. Our Investment Adviser's investment committee, together with the other members of its investment team, evaluate, negotiate, structure, close and monitor our investments. Our future success will depend on the continued availability of the members of our Investment Adviser's investment committee and the other investment professionals available to our Investment Adviser. Neither we nor our Investment Adviser has employment agreements with these individuals or other key personnel, and we cannot provide any assurance that unforeseen business, medical, personal or other circumstances would not lead any such individual to terminate his or her relationship with us. The loss of any senior investment professionals to which our Investment Adviser has access, including members of our Investment Adviser's investment committee, or a significant number of the investment professionals of our Investment Adviser, could have a material adverse effect on our ability to achieve our investment objective as well as on our financial condition and results of operations. In addition, we cannot assure you that CGCIM will remain our investment adviser or that we will continue to have access to Carlyle's investment professionals or its information and deal flow. If, due to extraordinary market conditions or other reasons, we and other funds managed by our Investment Adviser or its affiliates were to incur substantial losses, the revenues of our Investment Adviser and its affiliates may decline substantially. Such losses may hamper our Investment Adviser's and its affiliates' ability to provide the same level of service to us as it would have. Further, there can be no assurance that CGCIM will replicate its own or Carlyle's historical success, and we caution you that our investment returns could be substantially lower than the returns achieved by other Carlyle-managed funds.

Our financial condition, results of operations and ability to achieve our investment objective depend on our ability to source investments, access financing and manage future growth effectively.

Our ability to achieve our investment objective and to grow depends on our ability to acquire suitable investments and monitor and administer those investments, which depends, in turn, on our Investment Adviser's ability to identify, invest in and monitor companies that meet our investment criteria.

Accomplishing this result on a cost-effective basis is largely a function of our Investment Adviser's structuring of the investment process, its ability to provide competent, attentive and efficient services to us and its ability to access financing for us on acceptable terms. Our Investment Adviser's investment team has substantial responsibilities under the investment advisory agreement between us and our Investment Adviser (the "Investment Advisory Agreement") and in connection with managing us and certain other investment funds and accounts advised by our Investment Adviser, and may also be called upon to provide managerial assistance to our portfolio companies. These demands on their time, which will increase as the number of investments grow, may distract them or slow the rate of investment. In order for us to grow, Carlyle will need to hire, train, supervise, manage and retain new employees. However, we can offer no assurance that any such investment professionals will contribute effectively to the work of our Investment Adviser. Any failure to manage our future growth effectively could have a material adverse effect on our business, financial condition and results of operations.

We may need to raise additional capital to grow because we must distribute most of our income.

We may need additional capital to fund growth in our investments, and a reduction in the availability of new capital could limit our ability to grow. We have elected to be treated, and intend to qualify annually, as a RIC for U.S. federal income tax purposes under Subchapter M of the Code. To maintain our status as a RIC, among other requirements, we must distribute

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on a timely basis at least 90% of our investment company taxable income to our stockholders to maintain our RIC status. As a result, any such cash earnings may not be available to fund investment originations or repay maturing debt.

We have borrowed under the credit facilities and through the issuance of debt securities and in the future may borrow under additional debt facilities from financial institutions. On May 24, 2013, our wholly owned subsidiary, the SPV, entered into a senior secured revolving credit facility (as amended, the “SPV Credit Facility”) with a maximum principal amount of \$400 million. In addition, on March 21, 2014, we entered into a senior secured revolving credit facility (as amended, the “Credit Facility” and, together with the SPV Credit Facility, the “Facilities”) with a maximum principal amount of \$593 million. Further, on June 26, 2015, we completed a \$400 million term debt securitization (the “2015-1 Debt Securitization”). The notes offered in the 2015-1 Debt Securitization (the “2015-1 Notes”) were issued by the 2015-1 Issuer, our wholly owned and consolidated subsidiary. On August 30, 2018, the 2015-1 Issuer refinanced the 2015-1 Debt Securitization (the “2015-1 Debt Securitization Refinancing”) by redeeming in full the 2015-1 Notes and issuing new notes (the “2015-1R Notes”) for \$449.2 million as part of a \$550 million securitization. On December 30, 2019, we closed a private offering of \$115 million in aggregate principal amount of 4.750% senior unsecured notes due December 31, 2024 (the “Senior Notes”).

We expect to issue additional debt and equity securities to fund our growth. If we fail to obtain funds from such sources or from other sources to fund our investments, it could limit our ability to grow, which may have an adverse effect on the value of our securities. We may pursue growth through acquisitions or strategic investments in new businesses. Completion and timing of any such acquisitions or strategic investments may be subject to a number of contingencies and risks. There can be no assurance that the integration of an acquired business will be successful or that an acquired business will prove to be profitable or sustainable.

In addition, as a BDC, our ability to borrow or issue preferred stock may be restricted if our total assets are less than 150% of our total borrowings and preferred stock. Furthermore, equity capital may be difficult to raise because, subject to some limited exceptions, as a BDC, we are generally not able to issue additional shares of our common stock at a price per share less than NAV without first obtaining approval for such issuance from our stockholders and our Independent Directors.

Any failure on our part to maintain our status as a BDC or RIC would reduce our operating flexibility, may hinder our achievement of our investment objective, may limit our investment choices and may subject us to greater regulation.

The Investment Company Act imposes numerous constraints on the operations of BDCs and RICs that do not apply to other types of investment vehicles. For example, under the Investment Company Act, we are required as a BDC to invest at least 70% of our total assets in specified types of “qualifying assets,” primarily in private U.S. companies or thinly-traded U.S. public companies, cash, cash equivalents, U.S. government securities and other high quality debt investments that mature in one year or less. In addition, in order to continue to qualify as a RIC for U.S. federal income tax purposes, we are required to satisfy certain source-of-income, diversification and distribution requirements. These constraints, among others, may hinder our ability to take advantage of attractive investment opportunities and to achieve our investment objective. See Part I, Item 1 of this Form 10-K “*Business—Election to be Taxed as a RIC.*”

Furthermore, any failure to comply with the requirements imposed on us as a BDC by the Investment Company Act could cause the SEC to bring an enforcement action against us and/or expose us to claims of private litigants. In addition, upon approval of a majority of our outstanding voting securities as required by the Investment Company Act, we may elect to withdraw our status as a BDC. If we decide to withdraw our election, or if we otherwise fail to qualify, or maintain our qualification, as a BDC, we might be regulated as a closed-end investment company that is required to register under the Investment Company Act, which would subject us to additional regulatory restrictions, significantly decrease our operating flexibility and could significantly increase our cost of doing business. In addition, any such failure could cause an event of default under our outstanding indebtedness, which could have a material adverse effect on our business, financial condition or results of operations.

Regulations governing our operation as a BDC affect our ability to, and the way in which we will, raise additional capital. As a BDC, the necessity of raising additional capital may expose us to risks, including the typical risks associated with leverage.

We may issue debt securities or preferred stock and/or borrow money from banks or other financial institutions, which we refer to collectively as “senior securities,” up to the maximum amount permitted by the Investment Company Act. In addition, we may seek to securitize certain of our loans. Under the provisions of the Investment Company Act, we are permitted, as a BDC, to issue senior securities only in amounts such that our asset coverage ratio, as defined in the Investment Company Act, equals at least 150% of total assets less all liabilities and indebtedness not represented by senior securities, after each issuance of senior securities. If the value of our assets declines, we may be unable to satisfy this test, which may prohibit us from paying dividends and could prevent us from maintaining our status as a RIC or may prohibit us from repurchasing

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shares of our common stock. If that happens, we may be required to sell a portion of our investments and, depending on the nature of our leverage, repay a portion of our indebtedness at a time when such sales may be disadvantageous. Accordingly, any failure to satisfy this test could have a material adverse effect on our business, financial condition or results of operations. As of December 31, 2019, our asset coverage calculated in accordance with the Investment Company Act was 181.01%. Also, any amounts that we use to service our indebtedness would not be available for distributions to our common stockholders. Furthermore, as a result of issuing senior securities, our common stockholders would also be exposed to typical risks associated with increased leverage, including an increased risk of loss resulting from increased indebtedness.

If we issue preferred stock, the preferred stock would rank “senior” to common stock in our capital structure, preferred stockholders would have separate voting rights on certain matters and might have other rights, preferences, or privileges more favorable than those of our common stockholders, and the issuance of preferred stock could have the effect of delaying, deferring or preventing a transaction or a change of control that might involve a premium price for holders of our common stock or otherwise be in their best interest.

We are not generally able to issue and sell our common stock at a price below the NAV per share. We may, however, sell our common stock, or warrants, options or rights to acquire our common stock, at a price below the then-current NAV per share of our common stock if our Board determines that such sale is in the best interests of us and our stockholders and our stockholders approve such sale. In any such case, the price at which our securities are to be issued and sold may not be less than a price that, in the determination of our Board of Directors, closely approximates the market value of such securities (less any distributing commission or discount). If we raise additional funds by issuing more common stock, or senior securities convertible into, or exchangeable for, our common stock, then the percentage ownership of our stockholders at that time will decrease, and holders of our common stock might experience dilution.

We borrow money, which magnifies the potential for gain or loss on amounts invested and may increase the risk of investing in us.

As part of our business strategy, we, including through our wholly owned subsidiaries, borrow from and issue senior debt securities to banks, insurance companies and other lenders. Holders of these loans or senior securities would have fixed-dollar claims on our assets that are superior to the claims of our stockholders. If the value of our assets decreases, leverage will cause our NAV to decline more sharply than it otherwise would have without leverage. Similarly, any decrease in our income would cause our net income to decline more sharply than it would have if we had not borrowed. This decline could negatively affect our ability to make dividend payments on our common stock.

Our ability to service our borrowings depends largely on our financial performance and is subject to prevailing economic conditions and competitive pressures. In addition, our management fees are payable based on our gross assets, including assets acquired through the use of leverage (but excluding cash and any temporary investments in cash-equivalents), which may give our Investment Adviser an incentive to use leverage to make additional investments. See “—*We may be obligated to pay our Investment Adviser incentive compensation even if we incur a loss.*” The amount of leverage that we employ will depend on our Investment Adviser’s and our Board of Directors’ assessment of market and other factors at the time of any proposed borrowing. We cannot assure you that we will be able to continue to obtain credit at all or on terms acceptable to us.

In addition to having fixed-dollar claims on our assets that are superior to the claims of our common stockholders, obligations to lenders may be secured by a first priority security interest in our portfolio of investments and cash. In the case of a liquidation event, those lenders would receive proceeds to the extent of their security interest before any distributions are made to our stockholders under certain circumstances. In addition, as the holder of the preferred interests issued by the 2015-1 Issuer (the “2015-1 Issuer Preferred Interests”) on the closing date of the 2015-1 Debt Securitization in exchange for our contribution to the 2015-1 Issuer of the initial closing date loan portfolio (i.e., the subordinated class of the 2015-1 Securitization), we may be required to absorb losses with respect to the 2015-1 Debt Securitization.

Our Facilities, the Senior Notes and the 2015-1R Notes impose financial and operating covenants that restrict our business activities, remedies on default and similar matters. As of December 31, 2019, we were in material compliance with the operating and financial covenants of our Facilities, the Senior Notes and the 2015-1 Notes. However, our continued compliance with these covenants depends on many factors, some of which are beyond our control. Accordingly, although we believe we will continue to be in compliance, we cannot assure you that we will continue to comply with the covenants in our Facilities, the Senior Notes and the 2015-1R Notes. Failure to comply with these covenants could result in a default. If we were unable to obtain a waiver of a default from the lenders or holders of that indebtedness, as applicable, those lenders or holders could accelerate repayment under that indebtedness, which may result in cross-acceleration of other indebtedness. An acceleration

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could have a material adverse impact on our business, financial condition and results of operations. Lastly, we may be unable to obtain additional leverage, which would, in turn, affect our return on capital.

As of December 31, 2019, we had a combined \$1,181 million of outstanding consolidated indebtedness under our Facilities, Senior Notes and 2015-1R Notes. Our annualized interest cost as of December 31, 2019, was 4.01%, excluding fees (such as fees on undrawn amounts and amortization of upfront fees). Since we generally pay interest at a floating rate on our Facilities and 2015-1R Notes, an increase in interest rates will generally increase our borrowing costs.

The following table illustrates the effect of leverage on returns from an investment in our common stock assuming various annual returns on our portfolio, net of expenses. The calculations in the table below are hypothetical, and actual returns may be higher or lower than those appearing in the table below.

Assumed annual returns on the Company's portfolio (net of expenses)	Assumed Return on Our Portfolio (Net of Expenses)				
	(10)%	(5)%	0%	5%	10%
Corresponding return to common stockholder ⁽¹⁾	(27.83)%	(16.39)%	(4.95)%	6.48%	17.92%

- (1) Assumes, as of December 31, 2019, (i) \$2,187.5 million in total assets, (ii) \$1,181 million in outstanding indebtedness, (iii) \$956 million in net assets and (iv) weighted average effective annual interest rate, excluding fees (such as fees on undrawn amounts and amortization of financing costs), of 4.01%.

Based on an outstanding indebtedness of \$1,181 million as of December 31, 2019, and the weighted average effective annual interest rate, excluding fees (such as fees on undrawn amounts and amortization of financing costs), of 4.01% as of that date, our investment portfolio at fair value would have had to produce an annual return of approximately 2.17% to cover annual interest payments on the outstanding debt. For more information on our indebtedness, see Part II, Item 7 of this Form 10-K “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Financial Condition, Liquidity and Capital Resources.*”

Our indebtedness could adversely affect our business, financial conditions or results of operations.

We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us under our credit facilities or otherwise in an amount sufficient to enable us to repay our indebtedness or to fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness on or before it matures. We cannot assure you that we will be able to refinance any of our indebtedness on commercially reasonable terms or at all. If we cannot service our indebtedness, we may have to take actions such as selling assets or seeking additional equity. We cannot assure you that any such actions, if necessary, could be effected on commercially reasonable terms or at all, or on terms that would not be disadvantageous to our stockholders or on terms that would not require us to breach the terms and conditions of our existing or future debt agreements.

Changes in interest rates may increase our cost of capital, reduce the ability of our portfolio companies to service their debt obligations and decrease our net investment income.

General interest rate fluctuations and changes in credit spreads on floating rate loans may have a substantial negative impact on our investments and investment opportunities and, accordingly, may have a material adverse effect on our rate of return on invested capital, our net investment income and our NAV. Substantially all of our debt investments have variable interest rates that reset periodically based on benchmarks such as the London Interbank Offered Rate (“LIBOR” or “L”) and the U.S. Prime Rate (“Prime Rate” or “P”), so an increase in interest rates from their historically low present levels may make it more difficult for our portfolio companies to service their obligations under the debt investments that we hold. Rising interest rates could also cause portfolio companies to shift cash from other productive uses to the payment of interest, which may have a material adverse effect on their business and operations and could, over time, lead to increased defaults. Furthermore, because we typically borrow money to make investments, our net investment income depends, in part, upon the difference between the rate at which we borrow funds and the rate at which we invest those funds. As a result, we can offer no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income to the extent we use debt to finance our investments. In periods of rising interest rates, our cost of funds would increase, which could reduce our net investment income.

In general, rising interest rates will negatively impact the price of a fixed rate debt instrument and falling interest rates will have a positive impact on price. Adjustable rate instruments also react to interest rate changes in a similar manner, although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen,

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frequency of reset and reset caps or floors, among other factors). Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules.

In addition, a rise in the general level of interest rates can be expected to lead to higher interest rates applicable to our debt investments. Accordingly, an increase in interest rates would make it easier for us to meet or exceed the incentive fee hurdle rate in our Investment Advisory Agreement and may result in a substantial increase in the amount of incentive fees payable to our Investment Adviser with respect to our pre-incentive fee net investment income. Also, an increase in interest rates available to investors could make an investment in our common stock less attractive if we are not able to increase our distribution rate, which could reduce the value of our common stock.

Changes in or the discontinuation of LIBOR may adversely affect our business and results of operations.

On July 27, 2017, the U.K. Financial Conduct Authority announced that it intends to stop persuading or compelling banks to submit LIBOR rates after 2021. At this time, it is not possible to predict the effect of any such changes, any establishment of alternative reference rates or any other reforms to LIBOR that may be enacted in the United Kingdom or elsewhere. It is possible that banks will not continue to provide submissions for the calculation of LIBOR. Similarly, it is not possible to predict whether LIBOR will continue to be viewed as an acceptable market benchmark, what rate or rates may become accepted alternatives to LIBOR, or what the effect of any such changes in views or alternatives may have on the financial markets for LIBOR-linked financial instruments.

To identify a successor rate for U.S. dollar LIBOR, the Alternative Reference Rates Committee ("ARRC"), a U.S.-based group convened by the Federal Reserve and the Federal Reserve Bank of New York, was formed. Financial regulators in the United Kingdom, the European Union, Japan and Switzerland also formed working groups with the aim of recommending alternatives to LIBOR denominated in their local currencies. The ARRC has identified the Secured Overnight Financing Rate ("SOFR") as its preferred alternative rate for LIBOR. SOFR is a measure of the cost of borrowing cash overnight, collateralized by U.S. Treasury securities, and is based on directly observable U.S. Treasury-backed repurchase transactions. Although SOFR appears to be the preferred replacement rate for U.S. dollar LIBOR, it is unclear if other benchmarks may emerge or if other rates will be adopted outside the U.S.

The expected discontinuance of LIBOR may require us to renegotiate the credit agreements extending beyond 2021 with our portfolio companies that utilize LIBOR as a factor in determining the interest rate, in order to replace LIBOR with the new standard that is established, which may have an adverse effect on our ability to receive attractive returns.

In addition, if LIBOR ceases to exist, we may need to renegotiate certain terms of our Facilities and 2015-R Notes. If we are unable to do so, amounts outstanding under the Facilities and 2015-R Notes may bear interest at a higher rate, which would increase the cost of our borrowings and, in turn, affect our return on capital.

Depending on several factors, including those set forth above, and the related costs of negotiating and documenting necessary changes to documentation, our business, financial condition and results of operations could be materially adversely impacted by the market transition or reform of certain reference rates and benchmarks. Other factors include the pace of the transition to replacement or reformed rates, the specific terms and parameters for and market acceptance of any alternative reference rates, prices and liquidity of trading markets for products based on alternative reference rates, and our ability to transition and develop appropriate systems and analytics for one or more alternative reference rates.

We may experience fluctuations in our quarterly results.

We could experience fluctuations in our quarterly operating results due to a number of factors, including, the pace at which investments are made, the interest rate payable on the debt securities we acquire, the default rate on such securities, rates of repayment, the level of our expenses, variations in and the timing of the recognition of realized and unrealized gains or losses and changes in unrealized appreciation or depreciation, the degree to which we encounter competition in our markets and general economic conditions. As a result of these factors, results for any period should not be relied upon as being indicative of performance in future periods.

There are significant potential conflicts of interest, including the management of other investment funds and accounts by our Investment Adviser, which could impact our investment returns.

Our executive officers and directors, other current and future principals of our Investment Adviser and certain members of our Investment Adviser's investment committee currently serve, and may continue to service, as officers, directors or principals of other entities and affiliates of our Investment Adviser and funds managed by our affiliates that operate in the same or a related line of business as we do. Currently, our executive officers, as well as the other principals of our Investment

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Adviser manage other funds affiliated with Carlyle, including other existing and future affiliated BDCs, including TCG BDC II, Inc. (“BDC II”). In addition, our Investment Adviser’s investment team has responsibilities for sourcing and managing U.S. middle market debt investments for certain other investment funds and accounts. Accordingly, they have obligations to investors in those entities, the fulfillment of which may not be in the best interests of, or may be adverse to the interests of, us or our stockholders. Although the professional staff of our Investment Adviser will devote as much time to our management as appropriate to enable our Investment Adviser to perform its duties in accordance with the Investment Advisory Agreement, the investment professionals of our Investment Adviser may have conflicts in allocating their time and services among us, on the one hand, and investment vehicles managed by Carlyle or one or more of its affiliates on the other hand.

Our Investment Adviser and its affiliated investment managers may face conflicts in allocating investment opportunities between us and affiliated investment vehicles that have overlapping objectives with ours. For example, certain affiliated investment vehicles may have arrangements that provide for higher management or incentive fees, greater expense reimbursements or overhead allocations, or permit the Investment Adviser and its affiliates to receive transaction fees not permitted under the Investment Company Act, all of which may contribute to this conflict of interest and create an incentive for our Investment Adviser or its affiliated managers to favor such other accounts. Furthermore, our Investment Adviser and its affiliated investment managers may form vehicles for the benefit of third-party investors that will be entitled to a portion of the allocation with respect to an investment. Such co-investment rights could result in us being allocated a smaller share of an investment than would otherwise be the case in the absence of such co-investment rights. Although our Investment Adviser will endeavor to allocate investment opportunities in a fair and equitable manner in accordance with its allocation policies and procedures, it is possible that, in the future, we may not be given the opportunity to participate in investments made by investment funds managed by our Investment Adviser or an investment manager affiliated with our Investment Adviser, including Carlyle.

We and our affiliates own, and may continue to own, investments at different levels of a portfolio company’s capital structure or otherwise own different classes of a portfolio company’s securities, which may give rise to conflicts of interest or perceived conflicts of interest. Conflicts may also arise because portfolio decisions regarding our portfolio may benefit our affiliates. Our affiliates may pursue or enforce rights with respect to one of our portfolio companies, and those activities may have an adverse effect on us.

It is possible that Carlyle or an affiliated investment vehicle will invest in a company that is or becomes a competitor of a portfolio company of ours. Such investment could create a conflict between us, on the one hand, and Carlyle or the affiliated investment vehicle, on the other hand. In such a situation, Carlyle or our Investment Adviser may also have a conflict in the allocation of its own resources to our portfolio company. In addition, certain affiliated investment vehicles will be focused primarily on investing in other funds that may have strategies that overlap and/or directly conflict and compete with us.

As a result of the expansion of Carlyle’s platform into various lines of business in the alternative asset management industry, Carlyle is subject to a number of actual and potential conflicts of interest and subject to greater regulatory oversight than that to which it would otherwise be subject if it had just one line of business. In addition, as Carlyle expands its platform, the allocation of investment opportunities among its investment funds, including us, is expected to become more complex. In addressing these conflicts and regulatory requirements across Carlyle’s various businesses, Carlyle has implemented, and may continue to implement, certain policies and procedures. For example, Carlyle has established an information barrier between Carlyle Global Credit, on the one hand, and the rest of Carlyle, on the other, which restricts the communications of Carlyle Global Credit with other Carlyle investment professionals pursuant to the information barrier policy. In addition, we may come into possession of material non-public information with respect to issuers in which we may be considering making an investment. As a consequence, we may be precluded from providing such information or other ideas to other funds affiliated with Carlyle that may benefit from such information or we may be precluded from otherwise consummating a contemplated investment. To the extent we or any other funds affiliated with Carlyle fail to appropriately deal with any such conflicts, it could negatively impact our reputation or Carlyle’s reputation and our ability to raise additional funds and the willingness of counterparties to do business with us or result in potential litigation against us.

In the ordinary course of business, we enter, and may continue to enter, into transactions with affiliates and portfolio companies that may be considered related party transactions. We have implemented certain policies and procedures whereby certain of our executive officers screen each of our transactions for any possible affiliations between the proposed portfolio investment, us and other affiliated persons, including our Investment Adviser, stockholders that own more than 5% of us, employees, officers and directors of us and our Investment Adviser and certain persons directly or indirectly controlling, controlled by or under common control with the foregoing persons. We will not enter into any agreements unless and until we are satisfied that doing so will not raise concerns under the Investment Company Act or, if such concerns exist, we have taken appropriate actions to seek Board of Directors review and approval or SEC exemptive relief for such transaction.

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In the course of our investing activities, we pay management and incentive fees to our Investment Adviser and reimburse our Investment Adviser for certain expenses it incurs in accordance with our Investment Advisory Agreement. The base management fee is based on our gross assets and the incentive fee is paid on income, both of which include leverage. As a result, investors in our common stock invest on a “gross” basis and receive distributions on a “net” basis after expenses, resulting in a lower rate of return than an investor might achieve through direct investments. Because these fees are based on gross assets, our Investment Adviser benefits to the extent we incur debt or use leverage. Accordingly, there may be times when the senior management team of our Investment Adviser has interests that differ from those of our stockholders, giving rise to a conflict.

In addition, we pay our Administrator, an affiliate of our Investment Adviser, its costs and expenses and our allocable portion of overhead incurred by it in performing its obligations under the Administration Agreement, including, compensation paid to or compensatory distributions received by our officers (including our Chief Compliance Officer and Chief Financial Officer) and their respective staff who provide services to us, operations staff who provide services to us, and internal audit staff in their role of performing our Sarbanes-Oxley Act internal control assessment. These arrangements create conflicts of interest that our Board of Directors monitors. Despite Carlyle’s good faith judgment to arrive at a fair and reasonable expense allocation methodology, the use of any particular methodology may lead us to bear relatively more expense in certain instances and relatively less in other instances compared to what we would have borne if a different methodology had been used. However, Carlyle seeks to make allocations that are equitable on an overall basis in its good faith judgment.

We may be obligated to pay our Investment Adviser incentive compensation even if we incur a loss.

Our Investment Adviser is entitled to incentive compensation for each calendar quarter in an amount equal to a percentage of the excess of our pre-incentive fee net investment income for that quarter (before deducting incentive compensation) above a performance threshold for that quarter. In calculating our performance threshold, we use net assets which results in a lower hurdle rate than if we used gross assets like we do for determining our base management fee. Our pre-incentive fee net investment income for incentive compensation purposes excludes realized and unrealized capital losses and depreciation that we may incur in the calendar quarter, even if such capital losses or depreciation result in a net loss on our statement of operations for that quarter. Thus, we may be required to pay our Investment Adviser incentive compensation for a calendar quarter even if there is a decline in the value of our portfolio or we incur a net loss for that quarter.

Our fee structure may induce our Investment Adviser to pursue speculative investments and incur leverage, and investors may bear the cost of multiple levels of fees and expenses.

The incentive fees payable by us to our Investment Adviser may create an incentive for our Investment Adviser to pursue investments on our behalf that are riskier or more speculative than would be the case in the absence of such compensation arrangement. The incentive fees payable to our Investment Adviser are calculated based on a percentage of our return on invested capital. This may encourage our Investment Adviser to use leverage to increase the return on our investments. In particular, a portion of the incentive fees payable to the Investment Adviser is calculated based on the Company’s pre-incentive fee net investment income, expressed as a rate of return on the value of the Company’s net assets at the end of the immediately preceding calendar quarter, subject to a “hurdle rate” of 1.50% per quarter (6% annualized) and a “catch-up rate” of 1.82% per quarter (7.28% annualized). See Note 4 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K. Accordingly, an increase in leverage may make it easier for the Company to meet or exceed the hurdle rate applicable to the income-based incentive fee and may result in an increase in the amount of income-based incentive fee payable to the Investment Adviser.

Under certain circumstances, the use of leverage may increase the likelihood of default, which would impair the value of our securities. In addition, our Investment Adviser receives the incentive fees based, in part, upon net capital gains realized on our investments. Unlike that portion of the incentive fees based on income, there is no hurdle rate applicable to the portion of the incentive fees based on net capital gains. As a result, our Investment Adviser may have incentive to invest more capital in investments that are likely to result in capital gains as compared to income producing securities. Such a practice could result in our investing in more speculative securities than would otherwise be the case, which could result in higher investment losses, particularly during economic downturns.

The “catch-up” portion of the incentive fees may encourage our Investment Adviser to accelerate or defer interest payable by portfolio companies from one calendar quarter to another, potentially resulting in fluctuations in timing and dividend amounts.

Additionally, the incentive fees payable by us to our Investment Adviser may create an incentive for our Investment Adviser to cause us to realize capital gains or losses that may not be in the best interest of us or our stockholders. Under the

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incentive fee structure, our Investment Adviser benefits when we recognize capital gains and, because our Investment Adviser determines when an investment is sold, our Investment Adviser controls the timing of the recognition of such capital gains. Our Board of Directors is charged with protecting our stockholders' interests by monitoring how our Investment Adviser addresses these and other conflicts of interest associated with its management services and compensation.

We may invest, to the extent permitted by law, in the securities and instruments of other investment companies, including private funds, and, to the extent we so invest, bear our ratable share of any such investment company's expenses, including management and performance fees. We also remain obligated to pay management and incentive fees to our Investment Adviser with respect to the assets invested in the securities and instruments of other investment companies. With respect to each of these investments, each of our stockholders bears his or her share of the management and incentive fees of our Investment Adviser as well as indirectly bearing the management and performance fees and other expenses of any investment companies in which we invest.

We will be subject to corporate-level income tax if we are unable to maintain our qualification as a RIC for U.S. federal income tax purposes under Subchapter M of the Code.

Although we have elected to be treated, and intend to qualify annually, as a RIC for U.S. federal income tax purposes under Subchapter M of the Code, we cannot assure you that we will be able to maintain RIC status. To maintain RIC status and be relieved of U.S. federal income taxes on income and gains distributed to our stockholders, we must, among other things, have in effect an election to be treated, and continue to qualify, as a BDC under the Investment Company Act at all times during each taxable year and meet the Annual Distribution Requirement, the 90% Gross Income Test and the Diversification Tests (each as defined and explained more fully in Part I, Item 1 of this Form 10-K "*Business—Election to be Taxed as a RIC.*").

If we fail to maintain our RIC status for any reason, and we do not qualify for certain relief provisions under the Code, we would be subject to corporate-level U.S. federal income tax (and any applicable U.S. state and local taxes) regardless of whether we make any distributions to our stockholders. In this event, the resulting taxes and any resulting penalties could substantially reduce our net assets, the amount of our income available for distribution and the amount of our distributions to our stockholders, which would have a material adverse effect on our financial performance. For additional discussion regarding the tax implications of a RIC, see Part I, Item 1 of this Form 10-K "*Business—Election to be Taxed as a RIC.*"

We may have difficulty satisfying the Annual Distribution Requirement in order to maintain our RIC status if we recognize income before or without receiving cash representing such income.

We may make investments that produce income that is not matched by a corresponding cash receipt by us, such as original issue discount ("OID"), which may arise, for example, if we receive warrants in connection with the making of a loan, or payment-in-kind ("PIK") interest representing contractual interest added to the loan principal balance and due at the end of the loan term. Any such income would be treated as income earned by us and therefore would be subject to the Annual Distribution Requirement (as defined and explained more fully in Part I, Item 1 of this Form 10-K "*Business—Election to be Taxed as a RIC.*"). Such investments may require us to borrow money or dispose of other securities in order to comply with those requirements. However, under the Investment Company Act, we are not permitted to make distributions to our stockholders while our debt obligations and other senior securities are outstanding unless an "asset coverage" test is met. See Part I, Item 1 of this Form 10-K "*Business—Regulation—Indebtedness and Senior Securities.*"

If we are prohibited from making distributions or are unable to raise additional debt or equity capital or sell assets to make distributions, we may not be able to make sufficient distributions to satisfy the Annual Distribution Requirement, and therefore would not be able to maintain our qualification as a RIC. Additionally, we may make investments that result in the recognition of ordinary income rather than capital gain, or that prevent us from accruing a long-term holding period. These investments may prevent us from making capital gain distributions. See Part I, Item 1 of this Form 10-K "*Business—Election to be Taxed as a RIC.*"

A portion of our income and fees may not be qualifying income for purposes of the income source requirement.

Some of the income and fees that we may recognize will not satisfy the income source requirement applicable to RICs. In order to ensure that such income and fees do not disqualify us as a RIC for a failure to satisfy such requirement, we may be required to recognize such income and fees indirectly through one or more entities treated as corporations for U.S. federal income tax purposes. Such corporations will be required to pay U.S. corporate income tax on their earnings, which ultimately will reduce the amount of income available for distribution.

If we are not treated as a “publicly offered regulated investment company,” as defined in the Code, certain U.S. stockholders will be treated as having received a dividend from us in the amount of such U.S. stockholders’ allocable share of the management and incentive fees paid to our Investment Adviser and certain of our other expenses, and these fees and expenses will be treated as miscellaneous itemized deductions of such U.S. stockholders.

We expect to be treated as a “publicly offered regulated investment company” as a result of shares of our common stock being treated as regularly traded on an established securities market. However, we cannot assure you that we will be treated as a publicly offered regulated investment company for all years. If we are not treated as a publicly offered regulated investment company for any calendar year, each U.S. stockholder that is an individual, trust or estate will be treated as having received a dividend from us in the amount of such U.S. stockholder’s allocable share of the management and incentive fees paid to our Investment Adviser and certain of our other expenses for the calendar year, and these fees and expenses will be treated as miscellaneous itemized deductions of such U.S. stockholder. Miscellaneous itemized deductions generally are deductible by a U.S. stockholder that is an individual, trust or estate only to the extent that the aggregate of such U.S. stockholder’s miscellaneous itemized deductions exceeds 2% of such U.S. stockholder’s adjusted gross income for U.S. federal income tax purposes, are not deductible for purposes of the alternative minimum tax and are subject to the overall limitation on itemized deductions under the Code. See Part I, Item 1 of this Form 10-K “*Business—Election to be Taxed as a RIC.*”

If we fail to maintain the adequacy of our internal controls over financial reporting, we may not be able to accurately report our financial results, which may adversely affect investor confidence in us and, as a result, the value of our securities.

Effective internal controls over financial reporting are necessary for us to provide reliable financial reports. Matters impacting our internal controls may cause us to be unable to report our financial information on a timely basis and thereby subject us to adverse regulatory consequences, including sanctions by the SEC or violations of applicable stock exchange listing rules, and result in a breach of the covenants under the agreements governing any of our financing arrangements. There could also be a negative reaction in the financial markets due to a loss of investor confidence in us and the reliability of our financial statements. Additionally, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal controls are effective. If we are unable to assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm were to report a material weakness in our internal controls over financial reporting, we could lose investor confidence in the accuracy and completeness of our financial reports. This could materially adversely affect us and lead to a decline in the price of our securities.

Our internal control over financial reporting may not prevent or detect misstatements because of its inherent limitations. Even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. If we fail to maintain the adequacy of our internal controls, including any failure to implement required new or improved controls, or if we experience difficulties in their implementation, our operations, financial reporting or financial results could be harmed and we could fail to meet our financial reporting obligations.

Certain investors are limited in their ability to make significant investments in us.

Private funds that are excluded from the definition of “investment company” either pursuant to Section 3(c)(1) or 3(c)(7) of the Investment Company Act are restricted from acquiring directly or through a controlled entity more than 3% of our total outstanding voting stock (measured at the time of the acquisition). Investment companies registered under the Investment Company Act and BDCs are also subject to this restriction as well as other limitations under the Investment Company Act that would restrict the amount that they are able to invest in our securities. As a result, certain investors will be limited in their ability to make significant investments in us at a time that they might desire to do so.

Our Board of Directors is authorized to reclassify any unissued shares of common stock into one or more classes of preferred stock, which could convey special rights and privileges to its owners.

Under the Maryland General Corporation Law (“MGCL”) and our charter (our “Charter”), our Board of Directors is authorized to classify and reclassify any authorized but unissued shares of stock into one or more classes of stock, including preferred stock. Prior to the issuance of shares of each class or series, the Board of Directors is required by Maryland law and our Charter to set the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each class or series. Thus, the Board of Directors could authorize the issuance of shares of preferred stock with terms and conditions which could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for holders of our common stock or otherwise be in their best interest. The cost of any such reclassification would be borne by our existing common stockholders. Certain matters under the Investment Company Act require the separate vote of the holders of any issued and outstanding preferred stock. For example, holders of preferred stock would vote separately from the holders of common stock on a proposal to cease operations as a BDC. In addition, the Investment Company Act provides that holders of preferred stock

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are entitled to vote separately from holders of common stock to elect two preferred stock directors. We currently have no plans to issue preferred stock, but may determine to do so in the future. The issuance of preferred stock convertible into shares of common stock might also reduce the net income per share and NAV per share of our common stock upon conversion, provided, that we will only be permitted to issue such convertible preferred stock to the extent we comply with the requirements of Section 61 of the Investment Company Act, including obtaining common stockholder approval. In addition, under the Investment Company Act, participating preferred stock and preferred stock constitutes a “senior security” for purposes of the 150% asset coverage test. These effects, among others, could have an adverse effect on an investment in our common stock.

Provisions of the MGCL and of our Charter and bylaws could deter takeover attempts and have an adverse impact on the price of our common stock.

The MGCL and our Charter and bylaws contain provisions that may discourage, delay or make more difficult a change in control of us or the removal of our directors. We are subject to the Maryland Business Combination Act (“MBCA”), subject to any applicable requirements of the Investment Company Act. Our Board of Directors has adopted a resolution exempting from the MBCA any business combination between us and any other person, subject to prior approval of such business combination by our Board of Directors, including approval by a majority of our Independent Directors. If the resolution exempting business combinations is repealed or our Board of Directors does not approve a business combination, the MBCA may discourage third parties from trying to acquire control of us and increase the difficulty of consummating such an offer. Our bylaws exempt from the Maryland Control Share Acquisition Act (“Control Share Act”) acquisitions of our stock by any person. If we amend our bylaws to repeal the exemption from the Control Share Act, the Control Share Act also may make it more difficult for a third party to obtain control of us and increase the difficulty of consummating such a transaction. However, we will amend our bylaws to be subject to the Control Share Act only if our Board of Directors determines that it would be in our best interests and if the SEC staff does not object to our determination that our being subject to the Control Share Act does not conflict with the Investment Company Act.

We have also adopted measures that may make it difficult for a third party to obtain control of us, including provisions of our Charter classifying our Board of Directors in three classes serving staggered three-year terms, and authorizing our Board of Directors to classify or reclassify shares of our stock in one or more classes or series, to cause the issuance of additional shares of our stock, to amend our Charter without stockholder approval and to increase or decrease the number of shares of stock or the number of shares of stock of any class or series that we have authority to issue. These provisions, as well as other provisions of our Charter and bylaws, may delay, defer or prevent a transaction or a change in control that might otherwise be in the best interests of our stockholders.

Our Board of Directors may change our investment objective, operating policies and strategies without prior notice and without stockholder approval.

Our Board of Directors has the authority to modify or, if applicable, waive our investment objectives, operating policies and strategies without prior notice (except as required by the Investment Company Act) and without stockholder approval. In addition, none of our investment policies is fundamental and any of them may be changed without stockholder approval. However, absent stockholder approval, we may not change the nature of our business so as to cease to be, or withdraw our election as, a BDC. We cannot predict the effect any changes to our current investment objectives, operating policies or strategies would have on our business, operating results and value of our stock. Nevertheless, the effects may adversely affect our business and impact our ability to make distributions.

We are highly dependent on information systems and systems failures could significantly disrupt our business, which may, in turn, negatively affect the market price of our common stock and our ability to pay dividends.

Our business is highly dependent on the communications and information systems of the Adviser, its affiliates and third parties. Any failure or interruption of those systems or services, including as a result of the termination or suspension of an agreement with any third-party service providers, could cause delays or other problems in our activities. Our financial, accounting, data processing, backup or other operating systems and facilities may fail to operate properly or become disabled or damaged as a result of a number of factors including events that are wholly or partially beyond our control and adversely affect our business. There could be:

- sudden electrical or telecommunications outages;
- natural disasters such as earthquakes, tornadoes and hurricanes;
- disease pandemics;
- events arising from local or larger scale political or social matters, including terrorist acts; and

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- cyber-attacks.

These events, in turn, could have a material adverse effect on our operating results and negatively affect the market price of our common stock and our ability to pay dividends to our stockholders.

Cybersecurity risks and cyber incidents may adversely affect our business or those of our portfolio companies by causing a disruption to our operations, a compromise or corruption of confidential information and/or damage to business relationships, or those of our portfolio companies, all of which could negatively impact our business, results of operations or financial condition.

A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity or availability of our information resources. These incidents may be an intentional attack or an unintentional event and could involve gaining unauthorized access to, use, alteration or destruction of our information systems for purposes of misappropriating assets, obtaining ransom payments, stealing confidential information, corrupting data or causing operational disruption, or may involve phishing. The result of these incidents may include disrupted operations, misstated or unreliable financial data, liability for stolen information, misappropriation of assets, increased cybersecurity protection and insurance costs, litigation and damage to our business relationships. This could result in significant losses, reputational damage, litigation, regulatory fines or penalties, or otherwise adversely affect our business, financial condition or results of operations. In addition, we may be required to expend significant additional resources to modify our protective measures and to investigate and remediate vulnerabilities or other exposures arising from operational and security risks. The costs related to cybersecurity incidents may not be fully insured or indemnified. As our and our portfolio companies' reliance on technology has increased, so have the risks posed to our information systems, both internal and those provided by our Adviser and third-party service providers, and the information systems of our portfolio companies. We, our Adviser and its affiliates have implemented processes, procedures and internal controls to help mitigate cybersecurity risks and cyber intrusions, but these measures, as well as our increased awareness of the nature and extent of a risk of a cyber incident, may be ineffective and do not guarantee that a cyber incident will not occur or that our financial results, operations or confidential information will not be negatively impacted by such an incident.

Third parties with which we do business (including, but not limited to, service providers, such as accountants, custodians, transfer agents and administrators, and the issuers of securities in which we invest) may also be sources or targets of cybersecurity or other technological risks. We outsource certain functions and these relationships allow for the storage and processing of our information and assets, as well as certain investor, counterparty, employee and borrower information. While we engage in actions to reduce our exposure resulting from outsourcing, we cannot control the cybersecurity plans and systems put in place by these third parties and ongoing threats may result in unauthorized access, loss, exposure or destruction of data, or other cybersecurity incidents, with increased costs and other consequences, including those described above. Privacy and information security laws and regulation changes, and compliance with those changes, may also result in cost increases due to system changes and the development of new administrative processes.

Changes in laws or regulations governing our business or the businesses of our portfolio companies, changes in the interpretation thereof or newly enacted laws or regulations, and any failure by us or our portfolio companies to comply with these laws or regulations may adversely affect our business and the businesses of our portfolio companies.

We and our portfolio companies are subject to laws and regulations at the U.S. federal, state and local levels and, in some cases, foreign levels. These laws and regulations, as well as their interpretation, may change from time to time, and new laws, regulations and interpretations may also come into effect. Any such new or changed laws or regulations could have a material adverse effect on our business or the business of our portfolio companies. The legal, tax and regulatory environment for BDCs, investment advisers and the instruments that they utilize (including derivative instruments) is continuously evolving. In addition, there is significant uncertainty regarding recently enacted legislation and the regulations that have recently been adopted and future regulations that may or may not be adopted pursuant to such legislation) and, consequently, the full impact that such legislation will ultimately have on us and the markets in which we trade and invest is not fully known. Such uncertainty and any resulting confusion may itself be detrimental to the efficient functioning of the markets and the success of certain investment strategies.

On February 3, 2017, President Trump signed Executive Order 13772 (the "Executive Order") announcing the new Administration's policy to regulate the U.S. financial system in a manner consistent with certain "Core Principles," including regulation that is efficient, effective and appropriately tailored. The Executive Order directed the Secretary of the Treasury, in consultation with the heads of the member agencies of the Financial Stability Oversight Council, to report to the President on

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the extent to which existing laws, regulations and other government policies promote the Core Principles and to identify any laws, regulations or other government policies that inhibit federal regulation of the U.S. financial system.

On June 12, 2017, the U.S. Department of the Treasury published the first of several reports in response to the Executive Order on the depository system covering banks and other savings institutions. On October 6, 2017, the Treasury released a second report outlining ways to streamline and reform the U.S. regulatory system for capital markets, followed by a third report, on October 26, 2017, examining the current regulatory framework for the asset management and insurance industries. The Treasury released a fourth report on July 31, 2018 describing recommendations relating to nonbank financial institutions, financial technology and innovation. Subsequent reports are expected to address retail and institutional investment products and vehicles.

On December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act, which significantly revised the Internal Revenue Code, including, a reduction in the corporate income tax rate, a new limitation on the deductibility of interest expense, and significant changes to the taxation of income earned from foreign sources and foreign subsidiaries. The Tax Cuts and Jobs Act also authorizes the IRS to issue regulations with respect to the new provisions. Among other things, Tax Reform limits the ability of borrowers to fully deduct interest expense. This could potentially affect the loan market, for example by impacting the demand for loans available from us or the terms of such loans. The changes to interest deductibility, utility of net operating losses and other provisions of Tax Reform could also in certain circumstances increase the U.S. tax burden on our portfolio assets which, in turn, could negatively impact their ability to service their interest expense obligations to us.

On May 24, 2018, President Trump signed into law the Economic Growth, Regulatory Relief, and Consumer Protection Act, which leaves the architecture and core features of the Dodd-Frank Act intact but significantly recalibrates applicability thresholds, revises various post-crisis regulatory requirements, and provides targeted regulatory relief to certain financial institutions. Among the most significant of its amendments to the Dodd-Frank Act are a substantial increase in the \$50 billion asset threshold for automatic regulation of bank holding companies as “systemically important financial institutions” (“SIFIs”) an exemption from the Volcker Rule for insured depository institutions with less than \$10 billion in consolidated assets and lower levels of trading assets and liabilities, as well as amendments to the liquidity leverage ratio and supplementary leverage ratio requirements. The effect of this change and any further rules or regulations are and could be complex and far-reaching, and the change and any future laws or regulations or changes thereto could negatively impact our operations, cash flows or financial condition, impose additional costs on us, intensify the regulatory supervision of us or otherwise adversely affect our business, financial condition and results of operations.

In addition, as private equity firms become more influential participants in the U.S. and global financial markets and economy generally, there recently has been pressure for greater governmental scrutiny and/or regulation of the private equity industry. It is uncertain as to what form and in what jurisdictions such enhanced scrutiny and/or regulation, if any, on the private equity industry may ultimately take. Therefore, there can be no assurance as to whether any such scrutiny or initiatives will have an adverse impact on the private equity industry, including our ability to effect operating improvements or restructurings of our portfolio companies or otherwise achieve our objectives.

Over the last several years, there also has been an increase in regulatory attention to the extension of credit outside of the traditional banking sector, raising the possibility that some portion of the non-bank financial sector will be subject to new regulation. While it cannot be known at this time whether any regulation will be implemented or what form it will take, increased regulation of non-bank credit extension could negatively impact our operating results or financial condition, impose additional costs on us, intensify the regulatory supervision of us or otherwise adversely affect our business.

Our Investment Adviser, Administrator and sub-administrators are able to resign upon 60 days’ notice, and we may not be able to find a suitable replacement within that time, resulting in a disruption in our operations that could adversely affect our financial condition, business and results of operations.

Our Investment Adviser, our Administrator and our sub-administrators have the right to resign under the Investment Advisory Agreement, the Administration Agreement and the Sub-Administration Agreements, respectively, upon 60 days’ written notice, whether a replacement has been found or not. If any of them resigns, it may be difficult to find a replacement with similar expertise and ability to provide the same or equivalent services on acceptable terms within 60 days, or at all. If a replacement is not found quickly, our business, results of operation and financial condition as well as our ability to pay distributions are likely to be adversely affected and the value of our shares may decline. In addition, the coordination of our internal management and investment activities is likely to suffer if we are unable to identify and reach an agreement with a single institution or group of executives having the expertise possessed by our Investment Adviser, our Administrator and their affiliates, including certain of our sub-administrators. Even if a comparable service provider or individuals performing such services are retained, whether internal or external, their integration into our business and lack of familiarity with our investment

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objective may result in additional costs and time delays that may materially adversely affect our business, results of operations and financial condition. Moreover, the termination by our Investment Adviser of our Investment Advisory Agreement for any reason will be an event of default under the SPV Credit Facility, which could result in the immediate acceleration of the amounts due under the SPV Credit Facility. Similarly, it will be an event of default under the Credit Facility if our Investment Adviser or an affiliate of our Investment Adviser ceases to manage us, which could result in the immediate acceleration of the amounts due under the Credit Facility.

Our Investment Adviser’s liability is limited under the Investment Advisory Agreement, and we are required to indemnify our Investment Adviser against certain liabilities, which may lead our Investment Adviser to act in a riskier manner on our behalf than it would when acting for its own account.

Our Investment Adviser has not assumed any responsibility to us other than to render the services described in the Investment Advisory Agreement, and it will not be responsible for any action of our Board of Directors in declining to follow our Investment Adviser’s advice or recommendations. Pursuant to the Investment Advisory Agreement, our Investment Adviser and its members and their respective officers, managers, partners, agents, employees, controlling persons and members and any other person or entities affiliated with it will not be liable to us for their acts under the Investment Advisory Agreement, absent willful misfeasance, bad faith, gross negligence or reckless disregard in the performance of their duties. We have agreed to indemnify, defend and protect our Investment Adviser and its members and their respective officers, managers, partners, agents, employees, controlling persons and members and any other person or entities affiliated with it with respect to all damages, liabilities, costs and expenses arising out of or otherwise based upon the performance of any of our Investment Adviser’s duties or obligations under the Investment Advisory Agreement or otherwise as an Investment Adviser for us, and not arising out of willful misfeasance, bad faith, gross negligence or reckless disregard in the performance of their duties under the Investment Advisory and Agreement. These protections may lead our Investment Adviser to act in a riskier manner when acting on our behalf than it would when acting for its own account. See “*Risks Related to Our Business and Structure—Our fee structure may induce our Investment Adviser to pursue speculative investments and incur leverage, and investors may bear the cost of multiple levels of fees and expenses.*”

We are subject to certain risks as a result of our direct interest in the 2015-1 Issuer Preferred Interests.

Because each of the SPV and the 2015-1 Issuer is disregarded as an entity separate from its owner for U.S. federal income tax purposes, the sale or contribution by the SPV to us and the sale or contribution by us to the 2015-1 Issuer as part of the 2015-1 Debt Securitization and 2015-1 Debt Securitization Refinancing did not constitute a taxable event for U.S. federal income tax purposes. If the U.S. Internal Revenue Service were to take a contrary position, there could be a material adverse effect on our business, financial condition, results of operations or cash flows.

The 2015-1 Issuer Preferred Interests are subordinated obligations of the 2015-1 Issuer.

The 2015-1 Issuer is the residual claimant on funds, if any, remaining after holders of all classes of the 2015-1R Notes have been paid in full on each payment date or upon maturity of the 2015-1R Notes under the 2015-1 Debt Securitization Refinancing documents. The 2015-1 Issuer Preferred Interests represent all of the equity interest in the 2015-1 Issuer and, as the holder of the 2015-1 Issuer Preferred Interests, we may receive distributions, if any, only to the extent that the 2015-1 Issuer makes distributions out of funds remaining after holders of all classes of the 2015-1R Notes have been paid in full on each payment date any amounts due and owing on such payment date or upon maturity of the 2015-1R Notes. There is no guarantee that we will receive any distributions as the holders of the 2015-1 Issuer Preferred Interests.

The interests of holders of the 2015-1R Notes issued by the 2015-1 Issuer may not be aligned with our interests.

The 2015-1R Notes are the debt obligations ranking senior in right of payment to our interests. As such, there are circumstances in which the interests of holders of the 2015-1R Notes may not be aligned with our interests. For example, under the terms of the 2015-1 Issuer, holders of the 2015-1R Notes have the right to receive payments of principal and interest prior to distribution to our interests.

For as long as the 2015-1R Notes remain outstanding, holders of the 2015-1R Notes have the right to act, in certain circumstances, with respect to the portfolio loans in ways that may benefit their interests but not the interests of holders of the 2015-1 Issuer Preferred Interests, including by exercising remedies under the indenture governing the 2015-1R Notes (the “2015-1 Indenture”).

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If an event of default has occurred and acceleration occurs in accordance with the terms of the 2015-1 Indenture, the 2015-1R Notes then outstanding will be paid in full before any further payment or distribution to the 2015-1 Issuer Preferred Interests. In addition, if an event of default occurs, holders of a majority of the 2015-1R Notes then outstanding will be entitled to determine the remedies to be exercised under the 2015-1 Indenture, subject to the terms of the 2015-1 Indenture. For example, upon the occurrence of an event of default with respect to the notes issued by the 2015-1 Issuer, the trustee or holders of a majority of the 2015-1R Notes then outstanding may declare the principal, together with any accrued interest, of all the 2015-1R Notes to be immediately due and payable. This would have the effect of accelerating the principal on such notes, triggering a repayment obligation on the part of the 2015-1 Issuer. If at such time the portfolio loans of the 2015-1 Issuer were not performing well, the 2015-1 Issuer may not have sufficient proceeds available to enable the trustee under the 2015-1 Indenture to pay a distribution to holders of the 2015-1 Issuer Preferred Interests.

Remedies pursued by the holders of the 2015-1R Notes could be adverse to the interests of the holders of the 2015-1 Issuer Preferred Interests, and the holders of the 2015-1R Notes have no obligation to consider any possible adverse effect on such other interests. Thus, any remedies pursued by the holders of the 2015-1R Notes may not be in our best interests and we may not receive payments or distributions upon an acceleration of the 2015-1R Notes. Any failure of the 2015-1 Issuer to make distributions on the 2015-1 Issuer Preferred Interests we hold, directly or indirectly, whether as a result of an event of default or otherwise, could have a material adverse effect on our business, financial condition, results of operations and cash flows and may result in an inability of us to make distributions sufficient to allow for us to qualify as a RIC for U.S. federal income tax purposes.

The 2015-1 Issuer may fail to meet certain asset coverage tests.

Under the documents governing the 2015-1 Debt Securitization Refinancing, there are two coverage tests applicable to the 2015-1R Notes.

The first such test compares the amount of interest received on the portfolio loans held by the 2015-1 Issuer to the amount of interest payable in respect of the 2015-1R Notes. To meet this first test, interest received on the portfolio loans must equal at least 110% of the interest payable in respect of the 2015-1R Notes issued by the 2015-1 Issuer.

The second such test compares the adjusted collateral principal amount of the portfolio loans of the 2015-1 Debt Securitization Refinancing to the aggregate outstanding principal amount of the 2015-1R Notes. To meet this second test at any time, the adjusted collateral principal amount of the portfolio loans must equal at least 116.4% of the outstanding principal amount of the 2015-1R Notes.

If any coverage test with respect to the 2015-1R Notes is not met, proceeds from the portfolio of loans that otherwise would have been distributed to the holders of the 2015-1 Issuer Preferred Interests will instead be used to redeem first the 2015-1R Notes, to the extent necessary to satisfy the applicable asset coverage tests on a pro forma basis after giving effect to all payments made in respect of the 2015-1R Notes, which we refer to as a mandatory redemption, or to obtain the necessary ratings confirmation. There is no guarantee that the 2015-1R Notes will meet either of these coverage tests, and thus, we may not receive distributions as the holders of the 2015-1 Issuer Preferred Interests.

We may not receive cash from the 2015-1 Issuer.

We receive cash from the 2015-1 Issuer only to the extent of payments on the distributions, if any, with respect to the 2015-1 Issuer Preferred Interests as permitted under the 2015-1 Debt Securitization Refinancing. The 2015-1 Issuer may only make payments on the 2015-1 Issuer Preferred Interests to the extent permitted by the payment priority provisions of the 2015-1 Indenture, as applicable, which generally provide, distribution to Preferred Interests holder may not be made on any payment date unless all amounts owing under the 2015-1R Notes are paid in full. There is no guarantee that we will receive any distributions as the holders of the 2015-1 Issuer Preferred Interests.

In addition, if the 2015-1 Issuer does not meet the asset coverage tests or the interest coverage test set forth in the documents governing the 2015-1 Debt Securitization Refinancing, cash would be diverted to first pay the 2015-1R Notes in amounts sufficient to cause such tests to be satisfied. Even if we do not receive cash directly from the 2015-1 Issuer, such amount will still be treated as income subject to our requirement to distribute 90% of our net investment income to our shareholders. Therefore, in the event that we fail to receive cash directly from the 2015-1 Issuer, we could be unable to make such distributions in amounts sufficient to maintain our status as a RIC for U.S. federal income tax purposes, or at all.

We may be required to assume liabilities of the 2015-1 Issuer and are indirectly liable for certain representations and warranties in connection with the 2015-1 Debt Securitization Refinancing.

As part of the 2015-1 Debt Securitization Refinancing, we entered into a contribution agreement under which we are required to repurchase any loan (or participation interest therein) which was sold to the 2015-1 Issuer in breach of any representation or warranty made by us with respect to such loan on the date such loan was sold. To the extent we fail to satisfy any such repurchase obligation, the trustee of the 2015-1 Debt Securitization Refinancing may, on behalf of the 2015-1 Issuer, bring an action against us to enforce these repurchase obligations.

The structure of the 2015-1 Debt Securitization Refinancing is intended to prevent, in the event of our bankruptcy, the consolidation of the 2015-1 Issuer with our operations. If the true sale of the assets in the 2015-1 Debt Securitization Refinancing were not respected in the event of our insolvency, a trustee or debtor-in-possession might reclaim the assets of the 2015-1 Issuer for our estate. However, in doing so, we would become directly liable for all of the indebtedness then outstanding under the 2015-1 Debt Securitization Refinancing, which would equal the full amount of debt of the 2015-1 Issuer reflected on our consolidated balance sheet.

In addition, in connection with 2015-1 Debt Securitization Refinancing, the Company has made customary representations, warranties and covenants to the 2015-1 Issuer. We remain liable for any breach of such representations for the life of the 2015-1 Debt Securitization Refinancing.

Risks Related to Our Investments

Our investments are risky and speculative.

We invest primarily in loans to middle market companies whose debt, if rated, is rated below investment grade and, if not rated, would likely be rated below investment grade if it were rated. Investments rated below investment grade are generally considered higher risk than investment grade instruments. Bonds that are rated below investment grade are sometimes referred to as “high yield bonds” or “junk bonds.” Exposure to below investment grade instruments involves certain risks, including speculation with respect to the borrower’s capacity to pay interest and repay principal. In our first lien senior secured loans, the fact that a loan is secured does not guarantee that we will receive principal and interest payments according to the loan’s terms, or at all, or that we will be able to collect on the loan should we be forced to enforce our remedies. To the extent we hold second lien senior secured loans and junior debt investments, holders of first lien loans may be repaid before us in the event of a bankruptcy or other insolvency proceeding. This may result in an above average amount of risk and loss of principal. Unitranche loans generally allow the borrower to make a large lump sum payment of principal at the end of the loan term, and there is a heightened risk of loss if the borrower is unable to pay the lump sum or refinance the amount owed at maturity. When we invest in loans, we have acquired and may in the future acquire equity securities as well. However, we may not be able to realize gains from our equity interests, and any gains that we do realize on the disposition of any equity interests may not be sufficient to offset any other losses we experience.

In addition, investing in middle market companies involves a number of significant risks, including:

- these companies may have limited financial resources and may be unable to meet their obligations under their debt securities that we hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of us realizing on any guarantees or security we may have obtained in connection with our investment;
- they typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors’ actions and market conditions, as well as general economic downturns;
- they are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on a portfolio company and, in turn, on us;
- there is generally little public information about these companies. These companies and their financial information are usually not subject to the Exchange Act and other regulations that govern public companies, and we may be unable to uncover all material information about these companies, which may prevent us from making a fully informed investment decision and cause us to lose money on our investments;
- they generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may

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require substantial additional capital to support their operations, finance expansion or maintain their competitive position. In addition, our executive officers, directors and our Investment Adviser may, in the ordinary course of business, be named as defendants in litigation arising from our investments in the portfolio companies;

- changes in laws and regulations, as well as their interpretations, may adversely affect their business, financial structure or prospects; and
- they may have difficulty accessing the capital markets to meet future capital needs, which may limit their ability to grow or to repay their outstanding indebtedness upon maturity.

Our portfolio securities are generally illiquid and typically do not have a readily available market price and, in such a case, we will value these securities at fair value as determined in good faith under procedures adopted by our Board of Directors, which valuation is inherently subjective and may not reflect what we may actually realize from the sale of the investment.

Substantially all of our portfolio investments are in the form of debt investments that are not publicly traded and are illiquid compared to publicly traded securities, and there can be no assurance that we will be able to realize returns on such investments in a timely manner. The fair value of these illiquid portfolio securities is not readily determinable, and the due diligence process that our Investment Adviser undertakes in connection with our investments may not reveal all the facts that may be relevant in connection with such investment. We value these investments on at least a quarterly basis in accordance with our valuation policy, which is at all times consistent with accounting principles generally accepted in the United States ("US GAAP"). Our Board of Directors utilizes the services of a third-party valuation firm to aid it in determining the fair value of these investments as well as the recommendations of our Investment Adviser's investment professionals, which are based upon the most recent portfolio company financial statements available and projected financial results of each portfolio company. The Board of Directors discusses valuations and determines the fair value in good faith based on the input of our Investment Adviser and the third-party valuation firm. The participation of our Investment Adviser in our valuation process, and the indirect pecuniary interest in our Investment Adviser by the Interested Directors on our Board of Directors, could result in a conflict of interest, since the management fee is based on our gross assets and also because our Investment Adviser is receiving performance-based incentive fees.

The factors that are considered in the fair value pricing of our investments include the nature and realizable value of any collateral, the portfolio company's ability to make payments and its earnings, the markets in which the portfolio company does business, comparisons to publicly traded companies, discounted cash flow, relevant credit market indices, and other relevant factors. When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, we consider the pricing indicated by the external event to corroborate our valuation. Because such valuations, and particularly valuations of private investments and private companies, are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, our determinations of fair value may differ materially from the values that would have been used if a ready market for these securities existed. Also, since these valuations are, to a large extent, based on estimates, comparisons and qualitative evaluations of private information, it could make it more difficult for investors to value accurately our investments and could lead to undervaluation or overvaluation of our securities. In addition, the valuation of these types of securities may result in substantial write-downs and earnings volatility. If our Investment Adviser is unable to uncover all material information about these companies, we may not make a fully informed investment decision, and we may lose money on our investments. Also, privately held companies frequently have less diverse product lines and smaller market presence than larger competitors.

Decreases in the market values or fair values of our investments are recorded as unrealized depreciation. The effect of all of these factors on our portfolio can reduce our NAV by increasing net unrealized depreciation in our portfolio. Depending on market conditions, we could incur substantial realized losses and may suffer unrealized losses, which could have a material adverse impact on our business, financial condition and results of operations.

Our NAV as of a particular date may be materially greater than or less than the value that would be realized if our assets were to be liquidated as of such date. For example, if we were required to sell a certain asset or all or a substantial portion of our assets on a particular date, the actual price that we would realize upon the disposition of such asset or assets could be materially less than the value of such asset or assets as reflected in our NAV. Volatile market conditions could also cause reduced liquidity in the market for certain assets, which could result in liquidation values that are materially less than the values of such assets as reflected in our NAV.

We operate in a highly competitive market for investment opportunities, and compete with investment vehicles sponsored or advised by our affiliates.

The activity of identifying, completing and realizing attractive investments is highly competitive and involves a high degree of uncertainty. The availability of investment opportunities generally will be subject to market conditions. In particular, in light of changes in such conditions, including changes in long-term interest rates, certain types of investments may not be available to us on terms that are as attractive as the terms on which opportunities were available to previous investment programs sponsored by Carlyle. A number of entities compete with us to make the types of investments that we target in middle market companies. We compete with other BDCs, public and private funds, commercial and investment banks, commercial finance companies, and, to the extent they provide an alternative form of financing, private equity funds, some of which are affiliates of us. Furthermore, over the past several years, an ever-increasing number of debt and credit opportunities funds have been formed and many such existing funds have grown substantially in size. Additional funds with similar objectives may be formed in the future by Carlyle or by other unrelated parties. Many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. Consequently, it is possible that competition for appropriate investment opportunities may increase, thus reducing the number of investment opportunities available to us and adversely affecting the terms upon which investments can be made. Furthermore, many of our competitors are not subject to the regulatory restrictions that the Investment Company Act and the Code impose on us. The competitive pressures we face may have a material adverse effect on our business, financial condition and results of operations. As a result of this competition, we may not be able to take advantage of attractive investment opportunities from time to time, and, accordingly, we may incur legal, due diligence and other costs on investments which may not be successful and we may not recover all of our costs, which would adversely affect returns. We can offer no assurance that we will be able to identify and make investments that are consistent with our investment objective.

We do not seek to compete primarily based on the interest rates we offer, and we believe that some of our competitors may make loans with interest rates that are comparable to or lower than the rates we offer. We may lose investment opportunities if we do not match our competitors' pricing, terms and structure. However, if we match our competitors' pricing, terms and structure, we may experience decreased net interest income and increased risk of credit loss.

Our portfolio companies may be highly leveraged.

Some of our portfolio companies are highly leveraged, which may have adverse consequences to these companies and to us as an investor. These companies may be subject to restrictive financial and operating covenants and the leverage may impair these companies' ability to finance their future operations and capital needs. As a result, these companies' flexibility to respond to changing business and economic conditions and to take advantage of business opportunities may be limited. Further, a leveraged company's income and net assets will tend to increase or decrease at a greater rate than if borrowed money were not used. Moreover, rising interest rates may significantly increase a company's or project's interest expense, or a significant industry downturn may affect a company's ability to generate positive cash flow, in either case causing an inability of a leveraged company to service outstanding debt. In the event such leveraged company cannot generate adequate cash flow to meet debt obligations, the company may default on its loan agreements or be forced into bankruptcy resulting in a restructuring or liquidation of the company. Leveraged companies may enter into bankruptcy proceedings at higher rates than companies that are not leveraged.

Depending on the facts and circumstances of our investments and the extent of our involvement in the management of a portfolio company, upon the bankruptcy of a portfolio company, a bankruptcy court may recharacterize our debt investments as equity interests and subordinate all or a portion of our claim to that of other creditors. This could occur even though we may have structured our investment as senior debt.

Our portfolio companies may incur debt that ranks equally with, or senior to, some of our investments in such companies and if there is a default, we may experience a loss on our investment.

To the extent we invest in second lien, mezzanine or other instruments, our portfolio companies typically may be permitted to incur other debt that ranks equally with, or senior to, such debt instruments. By their terms, such debt instruments may provide that the holders are entitled to receive payment of interest or principal on or before the dates on which we will be entitled to receive payments in respect of the debt securities in which we invest. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of debt instruments ranking senior to our investment in that portfolio company would typically be entitled to receive payment in full before we receive any distribution in respect of our investment. In such cases, after repaying such senior creditors, such portfolio company may not have sufficient remaining assets to use for repaying its obligation to us. In the case of debt ranking equally with debt securities in which we invest, we would have to share on an equal basis any distributions with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company.

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The rights we may have with respect to the collateral securing the debt investments we make in our portfolio companies with senior debt outstanding may also be limited pursuant to the terms of one or more intercreditor agreements that we enter into with the holders of senior debt. Under such an intercreditor agreement, at any time that obligations that have the benefit of the first priority liens are outstanding, any of the following actions that may be taken in respect of the collateral will be at the direction of the holders of the obligations secured by the first priority liens: the ability to cause the commencement of enforcement proceedings against the collateral; the ability to control the conduct of such proceedings; the approval of amendments to collateral documents; releases of liens on the collateral; and waivers of past defaults under collateral documents. We may not have the ability to control or direct such actions, even if our rights are adversely affected.

We may also make unsecured loans to portfolio companies. Liens on such portfolio companies' collateral, if any, will secure the portfolio company's obligations under its outstanding secured debt and may secure certain future debt that is permitted to be incurred by the portfolio company under its secured loan agreements. The holders of obligations secured by such liens will generally control the liquidation of, and be entitled to receive proceeds from, any realization of such collateral to repay their obligations in full before us. In addition, the value of such collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from sales of such collateral would be sufficient to satisfy our unsecured loan obligations after payment in full of all secured loan obligations. If such proceeds were not sufficient to repay the outstanding secured loan obligations, then our unsecured claims would rank equally with the unpaid portion of such secured creditors' claims against the portfolio company's remaining assets, if any.

Our portfolio may be concentrated in a limited number of portfolio companies and industries, which will subject us to a risk of significant loss if any of these companies defaults on its obligations under any of its debt instruments or if there is a downturn in a particular industry.

We are classified as a non-diversified investment company within the meaning of the Investment Company Act, which means that we are not limited by the Investment Company Act with respect to the proportion of our assets that we may invest in securities of a single issuer, excluding limitations on investments in other investment companies. Although we do not intend to focus our investments in any specific industries, our portfolio may be concentrated in a limited number of portfolio companies and industries. Beyond the asset diversification requirements associated with our qualification as a RIC under Subchapter M of the Code and under the Facilities, Senior Notes and 2015-1 Notes, we do not have fixed guidelines for diversification, and while we do not target any specific industries, our investments may be concentrated in relatively few industries. As a result, the aggregate returns we will realize may be significantly adversely affected if a small number of investments perform poorly or if we need to write down the value of one or more investments. Additionally, a downturn in any particular industry in which we are invested could also significantly impact our aggregate returns.

Declines in the prices of corporate debt securities and illiquidity in the corporate debt markets may adversely affect the fair value of our portfolio investments, reducing our NAV through increased net unrealized depreciation.

As a BDC, we are required to account for our investments at market value or, if no market value is ascertainable, at fair value as determined in good faith by or under the direction of our Board of Directors. Decreases in the market values or fair values of our investments are recorded as unrealized depreciation. Depending on market conditions, we could incur substantial realized losses and suffer additional unrealized losses, which would reduce our NAV and have a material adverse impact on our business, financial condition and results of operations.

To the extent we make investments in restructurings and reorganizations they may be subject to greater regulatory and legal risks than other traditional direct investments in portfolio companies.

We have in the past and may in the future make investments in restructurings that involve, or otherwise invest in the debt securities of, companies that are experiencing or are expected to experience severe financial difficulties. These severe financial difficulties may never be overcome and may cause such companies to become subject to bankruptcy proceedings. As such, these investments could subject us to certain additional potential liabilities that may exceed the value of our original investment therein. The level of analytical sophistication, both financial and legal, necessary for successful financing to companies experiencing significant business and financial difficulties is unusually high.

The financial projections of our portfolio companies could prove inaccurate.

We generally evaluate the capital structure of portfolio companies on the basis of financial projections prepared by the management of such portfolio companies. These projected operating results are normally based primarily on judgments of the

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management of the portfolio companies. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. General economic conditions, which are not predictable with accuracy, along with other factors may cause actual performance to fall short of the financial projections that were used to establish a given portfolio company's capital structure. Because of the leverage that is typically employed by our portfolio companies, this could cause a substantial decrease in the value of our investment in the portfolio company. The inaccuracy of financial projections could thus cause our performance to fall short of our expectations.

In addition, when sourcing debt investments, we expect to rely significantly upon representations made to us by the borrower. There can be no assurance that such representations are accurate or complete, or that any due diligence undertaken would identify any misrepresentation or omission.

The due diligence investigation that our Investor Adviser carries out with respect to an investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity, and will not result in the investment being successful.

Before we make investments, our Investment Adviser will typically conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. Due diligence may entail evaluation of important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants, credit rating agencies, investment banks and other third parties may be involved in the due diligence process to varying degrees depending on the type of investment. When conducting due diligence and making an assessment regarding an investment, our Investment Adviser will rely on the resources available to it, including information provided by the portfolio companies and, in some circumstances, third-party investigations. In addition, investment analyses and decisions by our Investment Adviser may be required to be undertaken on an expedited basis to take advantage of certain investment opportunities. In such cases, the information available to our Investment Adviser at the time of making an investment decision may be limited. The due diligence investigation that our Investment Adviser carries out with respect to an investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, the due diligence investigation does not ensure that such investment will be successful. In addition, Carlyle's Environmental, Social and Governance program may cause us not to make an investment we otherwise would have made or impact other action taken or refrained from.

Our portfolio companies prepay loans from time to time, which may have the effect of reducing our investment income if the returned capital cannot be invested in transactions with equal or greater yields.

Loans are generally prepayable at any time, most of them at no premium to par. We are generally unable to predict the rate and frequency of such repayments. Whether a loan is prepaid will depend both on the continued positive performance of the portfolio company and the existence of favorable financing market conditions that allow such portfolio company the ability to replace existing financing with less expensive capital. In periods of rising interest rates, the risk of prepayment of floating rate loans may increase if other financing sources are available. As market conditions change frequently, we will often be unable to predict when, and if, this may be possible for each of our portfolio companies. In the case of some of these loans, having the loan called early may have the effect of reducing our actual investment income below our expected investment income if the capital returned cannot be invested in transactions with equal or greater yields.

We invest through joint ventures, partnerships or other special purpose vehicles and our investments through these vehicles may entail greater risks, or risks that we otherwise would not incur, if we otherwise made such investments directly.

We make indirect investments in portfolio companies through joint ventures, partnerships or other special purpose vehicles ("Investment Vehicles") including Credit Fund. In general, the risks associated with indirect investments in portfolio companies through an Investment Vehicle are similar to those associated with a direct investment in a portfolio company. While we intend to analyze the credit and business of a potential portfolio company in determining whether to make an investment through an Investment Vehicle, we will nonetheless be exposed to the creditworthiness of the Investment Vehicle. In the event of a bankruptcy proceeding against the portfolio company, the assets of the portfolio company would typically be used to satisfy its obligations prior to the satisfaction of our investment in the Investment Vehicle (i.e., our investment in the Investment Vehicle would be structurally subordinated to the obligations of the portfolio company). In addition, if we are to invest in an Investment Vehicle, we may be required to rely on our partners in the Investment Vehicle when making decisions regarding such Investment Vehicle's investments, accordingly, the value of the investment could be adversely affected if our interests diverge from those of our partners in the Investment Vehicle.

Our ability to enter into transactions with Carlyle and our other affiliates is restricted.

As a BDC, we are required to comply with certain regulatory requirements. We and any company controlled by us, on the one hand, and our upstream affiliates, or our Investment Adviser and its affiliates, on the other hand, are prohibited under the Investment Company Act from knowingly participating in certain transactions without the prior approval of our Independent Directors (as defined below) and, in some cases, the SEC. Any person that owns, directly or indirectly, 5% or more of our outstanding voting securities is our upstream affiliate for purposes of the Investment Company Act, and we or a company controlled by us are generally prohibited from buying or selling any security (other than our securities) from or to such affiliate, absent the prior approval of our Independent Directors and so long as such person does not own more than 25% of our outstanding voting securities or otherwise control us. We or a company controlled by us are prohibited from buying or selling any security from or to our Investment Adviser or its affiliates, or any person who owns more than 25% of our voting securities or is otherwise deemed to control, be controlled by, or be under common control with, us, with such persons, absent the prior approval of the SEC.

The Investment Company Act also prohibits certain “joint” transactions with our upstream affiliates, or our Investment Adviser or its affiliates, which could include investments in the same portfolio company (whether at the same or different times), without prior approval of our Independent Directors and, in some cases, the SEC (other than in certain limited situations pursuant to current regulatory guidance as described below). The analysis of whether a particular transaction constitutes a joint transaction requires a review of the relevant facts and circumstances then existing. The SEC has granted us Exemptive Relief that permits us and certain present and future funds advised by our Investment Adviser and certain other present and future investment advisers controlling, controlled by or under common control with our Investment Adviser to co-invest in suitable negotiated investments. Co-investments made under the Exemptive Relief are subject to compliance with the conditions and other requirements contained in the Exemptive Relief, which could limit our ability to participate in a co-investment transaction. In addition to co-investing pursuant to our Exemptive Relief, we may also co-invest with funds managed by Carlyle or any of its downstream affiliates, subject to compliance with applicable law and regulations, existing regulatory guidance, our Investment Adviser’s allocation procedures and Carlyle’s other allocation policies and procedures, where applicable. For example, we may invest alongside such investors consistent with guidance promulgated by the SEC staff permitting us and an affiliated person to purchase interests in a single class of privately placed securities so long as certain conditions are met, including that we negotiate no term other than price. We may, in certain cases, also make investments in securities owned by affiliates that we acquire from non-affiliates. In such circumstances, our ability to participate in any restructuring of such investment or other transaction involving the issuer of such investment may be limited, and as a result, we may realize a loss on such investments that might have been prevented or reduced had we not been restricted in participating in such restructuring or other transaction.

Our failure to make follow-on investments in our portfolio companies could impair the value of our investments.

Following an initial investment in a portfolio company, we have made, and may continue to make, additional investments in that portfolio company as “follow-on” investments to:

- increase or maintain in whole or in part our equity ownership percentage;
- exercise warrants, options or convertible securities that were acquired in the original or subsequent financing; or
- attempt to preserve or enhance the value of our investment.

We may elect not to make follow-on investments, may be constrained in our ability to employ available funds, or otherwise may lack sufficient funds to make those investments. We have the discretion to make any follow-on investments, subject to the availability of capital resources. However, doing so could be placing even more capital at risk in existing portfolio companies.

The failure to make follow-on investments may, in some circumstances, jeopardize the continued viability of a portfolio company and our initial investment, or may result in a missed opportunity for us to increase our participation in a successful investment. Even if we have sufficient capital to make a desired follow-on investment, we may elect not to make a follow-on investment because we may not want to increase our concentration of risk, because we prefer other opportunities or because we are inhibited by compliance with BDC requirements or the desire to maintain our tax status.

The disposition of our investments may result in contingent liabilities.

A significant portion of our investments involve private securities. In connection with the disposition of an investment in private securities, we may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of a business. We may also be required to indemnify the purchasers

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of such investment to the extent that any such representations turn out to be inaccurate or with respect to potential liabilities. These arrangements may result in contingent liabilities that ultimately result in funding obligations that we must satisfy through our return of distributions previously made to us.

Because we generally do not hold controlling equity interests in our portfolio companies, we may not be in a position to exercise control over our portfolio companies or to prevent decisions by management of our portfolio companies that could decrease the value of our investments.

Although we may do so in the future, currently we do not intend to hold controlling equity positions in our portfolio companies. Accordingly, we may not be able to control decisions relating to a minority equity investment, including decisions relating to the management and operation of the portfolio company and the timing and nature of any exit. As a result, we are subject to the risk that a portfolio company may make business decisions with which we disagree, and that the management and/or stockholders of a portfolio company may take risks or otherwise act in ways that are adverse to our interests. Due to the lack of liquidity of the investments that we typically hold in our portfolio companies, we may not be able to dispose of our investments in the event we disagree with the actions of a portfolio company and may therefore suffer a decrease in the value of our investments. If any of the foregoing were to occur, our financial condition, results of operations and cash flow could suffer as a result.

We may expose ourselves to risks if we engage in hedging transactions.

If we engage in hedging transactions, we may expose ourselves to risks associated with such transactions. We may utilize instruments such as forward contracts, credit default swaps, currency options and interest rate swaps, caps, collars and floors to seek to hedge against fluctuations in the relative values of our portfolio positions from changes in currency exchange rates, credit risk premiums, and market interest rates. Hedging against a decline in the values of our portfolio positions does not eliminate the possibility of fluctuations in the values of such positions or prevent losses if the values of such positions decline. However, such hedging can establish other positions designed to gain from those same developments, thereby offsetting the decline in the value of such portfolio positions. Such hedging transactions may also limit the opportunity for gain if the values of the underlying portfolio positions should increase. It may not be possible to hedge against an exchange rate or interest rate fluctuation at an acceptable price. The success of any hedging transactions we may enter into will depend on our ability to correctly predict movements in currencies and interest rates. Therefore, while we may enter into such transactions to seek to reduce currency exchange rate and interest rate risks, unanticipated changes in currency exchange rates or interest rates may result in poorer overall investment performance than if we had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio positions being hedged may vary. Moreover, for a variety of reasons, we may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Any such imperfect correlation may prevent us from achieving the effect of the intended hedge and expose us to risk of loss. In addition, it may not be possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies because the value of those securities is likely to fluctuate as a result of factors not related to currency fluctuations. Income derived from hedging transactions is generally not eligible to be distributed to non-U.S. stockholders free from U.S. withholding tax. We may be unable or determine not to hedge against particular risks, including if we determine that available hedging transactions are not available at an appropriate price.

There are certain risks associated with holding debt obligations that have original issue discount or payment-in-kind interest.

OID may arise if we hold securities issued at a discount or in certain other circumstances. OID and PIK create the risk that incentive fees will be paid to the Investment Adviser based on non-cash accruals that ultimately may not be realized, while the Investment Adviser will be under no obligation to reimburse us for these fees. We hold investments that result in OID interest and PIK interest.

The higher interest rates of OID instruments reflect the payment deferral and increased credit risk associated with these instruments, and OID instruments generally represent a significantly higher credit risk than coupon loans. Even if the accounting conditions for income accrual are met, the borrower could still default when our actual collection is supposed to occur at the maturity of the obligation.

OID instruments may have unreliable valuations because their continuing accruals require continuing judgments about the collectability of the deferred payments and the value of any associated collateral. OID income may also create uncertainty about the source of our cash dividends.

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For accounting purposes, any cash dividends to stockholders representing OID income are not treated as coming from paid-in capital, even if the cash to pay them comes from the proceeds of issuances of our common stock. As a result, despite the fact that a dividend representing OID income could be paid out of amounts invested by our stockholders, the Investment Company Act does not require that stockholders be given notice of this fact by reporting it as a return of capital.

PIK interest has the effect of generating investment income at a compounding rate, thereby further increasing the incentive fees payable to the Investment Adviser. Similarly, all things being equal, the deferral associated with PIK interest also increases the loan-to-value ratio at a compounding rate.

Our investments may be affected by force majeure events.

Our investments may be affected by force majeure events (e.g. events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, outbreaks of infectious disease, pandemic or any other serious public health concern, war, trade war, cyber security breaches, terrorism and labor strikes). Some force majeure events may adversely affect the ability of a party (including a portfolio company or a counterparty to us or a portfolio company) to perform its obligations until it is able to remedy the force majeure event. In addition, the cost to a portfolio company or us of repairing or replacing damaged assets resulting from such force majeure event could be considerable. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries in which we may invest specifically.

Risks Related to an Investment in Our Common Stock and Other Securities That We May Issue

Investing in our securities may involve a high degree of risk.

The investments we make in accordance with our investment objective may result in a higher amount of risk than alternative investment options and volatility or loss of principal. Our investments in portfolio companies may be highly speculative and aggressive, and therefore an investment in our securities may not be suitable for someone with lower risk tolerance.

The market price of our securities may fluctuate significantly.

The market price and liquidity of the market for our common stock and any other securities that we may issue may be significantly affected by numerous factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include:

- changes or perceived changes in the value of our portfolio investments as a result of changes in market factors, such as interest rate shifts, and also portfolio specific performance, such as portfolio company defaults, among others reasons;
- significant volatility in the market price and trading volume of securities of BDCs or other companies in our sector, which are not necessarily related to the operating performance of these companies;
- price and volume fluctuations in the overall stock market from time to time;
- the inclusion or exclusion of our securities from certain indices;
- changes in law, regulatory policies or tax guidelines, particularly with respect to RICs or BDCs;
- any loss of RIC status;
- changes in our earnings or perceived changes or variations in our operating results;
- changes in accounting guidelines governing valuation of our investments;
- any shortfall in revenue or net income or any increase in losses from levels expected by investors or securities analysts;
- the inability of our Investment Adviser to employ additional experienced investment professionals or the departure of any of our Investment Adviser's key personnel;
- short-selling pressure with respect to shares of our common stock or BDCs generally;
- future sales of our securities convertible into or exchangeable or exercisable for our common stock or the conversion of such securities;

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- uncertainty surrounding the strength of the U.S. economy and where the debt market is in the credit cycle;
- uncertainty between the U.S. and other countries with respect to trade policies, treaties, and tariffs;
- the social, geopolitical, financial, trade and legal implications of Brexit;
- fluctuations in base interest rates, such as LIBOR, EURIBOR, the Federal Funds Rate or the Prime Rate, and the uncertainties regarding the future of LIBOR;
- operating performance of companies comparable to us;
- general economic trends and other external factors; and
- loss of a major funding source.

In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been brought against that company. If our stock price fluctuates significantly, we may be the target of securities litigation in the future. Securities litigation could result in substantial costs and divert management's attention and resources from our business.

Our shares of common stock have traded at a discount from NAV and may do so again, which could limit our ability to raise additional equity capital.

We cannot assure you that a trading market for our common stock can be sustained. In addition, we cannot predict the prices at which our common stock will trade. Shares of closed-end investment companies, including BDCs, frequently trade at a discount from NAV and our common stock may also be discounted in the market. This characteristic of closed-end investment companies is separate and distinct from the risk that our NAV per share may decline. We cannot predict whether our common stock will trade at, above or below NAV. The risk of loss associated with this characteristic of closed-end management investment companies may be greater for investors expecting to sell shares of common stock purchased in the offering soon after the offering. Recently, the stocks of BDCs as an industry, including from time to time shares of our common stock, have traded below NAV and during much of 2009 traded at near historic lows as a result of concerns over liquidity, leverage restrictions and distribution requirements. See "*Risk Factors—Risks Related to Our Business and Structure—Capital markets may experience periods of disruption and instability. These market conditions may materially and adversely affect debt and equity capital markets in the United States and abroad, which may have a negative impact on our business and operations.*"

In addition, when our common stock is trading below its NAV, we will generally not be able to sell additional shares of our common stock to the public at its market price without, among other things, first obtaining the requisite approval of our stockholders.

We may in the future determine to issue preferred stock, which could adversely affect the market value of our common stock.

The issuance of shares of preferred stock with dividend or conversion rights, liquidation preferences or other economic terms favorable to the holders of preferred stock could adversely affect the market price for our common stock by making an investment in the common stock less attractive. In addition, the dividends on any preferred stock we issue must be cumulative. Payment of dividends and repayment of the liquidation preference of preferred stock must take preference over any dividends or other payments to our common stockholders, and holders of preferred stock are not subject to any of our expenses or losses and are not entitled to participate in any income or appreciation in excess of their stated preference (other than convertible preferred stock that converts into common stock). In addition, under the Investment Company Act, preferred stock constitutes a "senior security" for purposes of the 150% asset coverage test.

Purchases of our common stock under our stock repurchase program, including a Company 10b5-1 Plan, may have resulted in the price of our common stock being higher than the price that otherwise might have existed in the open market.

On November 4, 2019, the Company's Board of Directors authorized a 12-month extension of a previously approved \$100 million stock repurchase program (the "Company Stock Repurchase Program"). Under such authorization, the Company Stock Repurchase Program will continue in effect until the earlier of November 5, 2020 and the date \$100 million has been used to repurchase shares (including amounts already used to repurchase common stock prior to the extension of the Program). Pursuant to the Program, the Company is authorized to repurchase its outstanding common stock in the open market and/or through privately negotiated transactions at prices not to exceed the Company's net asset value per share as reported in its most recent financial statements, in accordance with the guidelines specified in Rule 10b-18 of the Exchange Act, and the Company is authorized to determine, in its discretion, the timing, manner, price and amount of any repurchases, based upon the

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evaluation of economic and market conditions, stock price, available cash, applicable legal and regulatory requirements and other factors, which may include purchases pursuant to Rule 10b5-1 of the Exchange Act. The Program does not require the Company to repurchase any specific number of shares and there can be no assurance as to the amount of shares repurchased under the Program. The Program may be suspended, extended, modified or discontinued by the Company at any time, subject to applicable law.

Pursuant to the authorization described above, the Company adopted a 10b5-1 plan (the “Company 10b5-1 Plan”). The Company 10b5-1 Plan provides that purchases will be conducted on the open market in accordance with Rule 10b5-1 and 10b-18 under the Exchange Act and will otherwise be subject to applicable law, which may prohibit purchases under certain circumstances. The amount of purchases made under the Company 10b5-1 Plan or otherwise and how much will be purchased at any time is uncertain, dependent on prevailing market prices and trading volumes, all of which we cannot predict.

These activities may have had the effect of maintaining the market price of our common stock or retarding a decline in the market price of the common stock, and, as a result, the price of our common stock may have been higher than the price that otherwise might have existed in the open market.

Sales of substantial amounts of our common stock in the public market may have an adverse effect on the market price of our common stock.

As of February 25, 2020, we had 57,181,623 shares of common stock outstanding. Sales of substantial amounts of our common stock, or the availability of such shares for sale, could adversely affect the prevailing market prices for our common stock. If this occurs and continues, it could impair our ability to raise additional capital through the sale of equity securities should we desire to do so.

Our stockholders will experience dilution in their ownership percentage if they opt out of our dividend reinvestment plan.

Our dividend reinvestment plan is an “opt out” dividend reinvestment plan, pursuant to which all dividends declared in cash payable to stockholders that do not elect to receive their distributions in cash are automatically reinvested in shares of our common stock, rather than receiving cash. As a result, our stockholders that “opt out” of our dividend reinvestment plan may experience dilution in their ownership percentage of our common stock over time. See Part II, Item 5 of this Form 10-K “*Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities—Common Stock*” and “*Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities—Distribution Policy*” for a description of our dividend policy and obligations.

There is a risk that our stockholders may not receive distributions or that our distributions may not grow over time and a portion of our distributions to you may be a return of capital for U.S. federal income tax purposes.

We intend to make distributions on a quarterly basis to our stockholders out of assets legally available for distribution. We cannot assure you that we will achieve investment results that will allow us to make a specified level of cash distributions or year-to-year increases in cash distributions. If we declare a dividend and if enough stockholders opt to receive cash distributions rather than participate in our dividend reinvestment plan, we may be forced to sell some of our investments in order to make cash dividend payments. In addition, due to the asset coverage test applicable to us as a BDC, we may be limited in our ability to make distributions. The Facilities may also limit our ability to declare dividends if we default under certain provisions. Further, if we invest a greater amount of assets in equity securities that do not pay current dividends, it could reduce the amount available for distribution. See Part II, Item 5 of this Form 10-K “*Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities—Common Stock*.” The above referenced restrictions on distributions may also inhibit our ability to make required interest payments to holders of our debt, which may cause a default under the terms of our debt agreements. Such a default could materially increase our cost of raising capital, as well as cause us to incur penalties under the terms of our debt agreements.

The distributions we pay to our stockholders in a year may exceed our taxable income for that year and, accordingly, a portion of such distributions may constitute a return of capital for U.S. federal income tax purposes that would reduce a stockholder’s adjusted tax basis in its shares of our common stock or preferred stock and correspondingly increase such stockholder’s gain, or reduce such stockholder’s loss, on disposition of such shares. Distributions in excess of a stockholder’s adjusted tax basis in its shares of our common stock or preferred stock will constitute capital gains to such stockholder.

Our stockholders may receive shares of our common stock as dividends, which could result in adverse tax consequences to them.

In order to satisfy the Annual Distribution Requirement applicable to RICs, we will have the ability to declare a large portion of a dividend in shares of our common stock instead of in cash. As long as a portion of such dividend is paid in cash and certain requirements are met, the entire distribution generally will be treated as a dividend for U.S. federal income tax purposes. As a result, a stockholder generally would be taxed on 100% of the fair market value of the dividend on the date the dividend is received by the stockholder in the same manner as a cash dividend, even though most of the dividend was paid in shares of our common stock. If a U.S. stockholder sells the common stock that it receives as a dividend 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 trading price (if any) of our common 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 common stock. In addition, if a significant number of our stockholders were to determine to sell shares of our common stock in order to pay taxes owed on dividends, it may put downward pressure on the trading price (if any) of our common stock. It is unclear whether and to what extent we will be able to pay taxable dividends of the type described in this paragraph.

We may have difficulty paying our required distributions if we recognize taxable income before or without receiving cash representing such income.

For U.S. federal income tax purposes, we will include in our taxable income certain amounts that we have not yet received in cash, such as OID or accruals on a contingent payment debt instrument, which may occur if we receive warrants in connection with the origination of a loan or possibly in other circumstances or contracted PIK interest, which generally represents contractual interest added to the loan balance and due at the end of the loan term. Such OID and PIK interest will be included in our taxable income before we receive any corresponding cash payments. We also may be required to include in our taxable income certain other amounts that we will not receive in cash. The credit risk associated with the collectability of deferred payments may be increased as and when a portfolio company increases the amount of interest on which it is deferring cash payment through deferred interest features. Our investments with a deferred interest feature may represent a higher credit risk than loans for which interest must be paid in full in cash on a regular basis. For example, even if the accounting conditions for income accrual are met, the borrower could still default when our actual collection is scheduled to occur upon maturity of the obligation.

Because in certain cases we may recognize taxable income before or without receiving cash representing such income, we may have difficulty making distributions to our stockholders that will be sufficient to enable us to meet the Annual Distribution Requirement necessary for us to maintain our status as a RIC. Accordingly, we may need to sell some of our assets at times and/or at prices that we would not consider advantageous, we may need to raise additional equity or debt capital, or we may need to forego new investment opportunities or otherwise take actions that are disadvantageous to our business (or be unable to take actions that are advantageous to our business) to enable us to make distributions to our stockholders that will be sufficient to enable us to meet the Annual Distribution Requirement. If we are unable to obtain cash from other sources to meet the Annual Distribution Requirement, we may fail to qualify for the U.S. federal income tax benefits allowable to RICs and, thus, become subject to a corporate-level U.S. federal income tax (and any applicable U.S. state and local taxes). Alternatively, we may, with the consent of all our shareholders, designate an amount as a consent dividend (*i.e.*, a deemed dividend). In that case, although we would not distribute any actual cash to our shareholders, the consent dividend would be treated like an actual dividend under the Code for all U.S. federal income tax purposes. This would allow us to deduct the amount of the consent dividend and our shareholders would be required to include that amount in income as if it were actually distributed. For additional discussion regarding the tax implications of a RIC, see Part I, Item 1 of this Form 10-K “*Business—Election to be Taxed as a RIC.*”

Non-U.S. stockholders may be subject to withholding of U.S. federal income tax on dividends we pay.

Distributions of our “investment company taxable income” to a non-U.S. stockholder that are not effectively connected with the non-U.S. stockholder’s conduct of a trade or business within the United States may be subject to withholding of U.S. federal income tax at a 30% rate (or lower rate provided by an applicable income tax treaty) to the extent of our current or accumulated earnings and profits. Certain properly designated dividends are generally exempt from withholding of U.S. federal income tax, including certain dividends that are paid in respect of our (i) “qualified net interest income” (generally, our U.S.-source interest income, other than certain contingent interest and interest from obligations of a corporation or partnership in which we or the non-U.S. stockholder are at least a 10% shareholder, reduced by expenses that are allocable to such income) or (ii) “qualified short-term capital gains” (generally, the excess of our net short-term capital gain over our long-term capital loss for such taxable year), and certain other requirements were satisfied. No assurance can be given

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as to whether any of our distributions will be eligible for this exemption from withholding of U.S. federal income tax or, if eligible, will be designated as such by us. See Part I, Item 1 of this Form 10-K “*Business—Election to be Taxed as a RIC.*”

Holders of any preferred stock that we may issue would have the right to elect members of the board of directors and class voting rights on certain matters.

Holders of any preferred stock we might issue, voting separately as a single class, would have the right to elect two members of the board of directors at all times and in the event dividends become two full years in arrears would have the right to elect a majority of the directors until such arrearage is completely eliminated. In addition, preferred stockholders have class voting rights on certain matters, including changes in fundamental investment restrictions and conversion to open-end status, and accordingly can veto any such changes. Restrictions imposed on the declarations and payment of dividends or other distributions to the holders of our common stock and preferred stock, both by the Investment Company Act and by requirements imposed by rating agencies or the terms of our credit facilities, might impair our ability to maintain our qualification as a RIC for federal income tax purposes. While we would intend to redeem our preferred stock to the extent necessary to enable us to distribute our income as required to maintain our qualification as a RIC, there can be no assurance that such actions could be effected in time to meet the tax requirements.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We maintain our principal executive office at 520 Madison Avenue, 40th Floor, New York, NY 10022. We do not own any real estate.

Item 3. Legal Proceedings

The Company may become party to certain lawsuits in the ordinary course of business, including proceedings relating to the enforcement of our rights under contracts with our portfolio companies. The Company is not currently subject to any material legal proceedings, nor, to our knowledge, is any material legal proceeding threatened against the Company. See also Note 11 to the consolidated financial statements in Part II, Item 8 of this Form 10-K.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities (dollar amounts in thousands, except per share data)

Common Stock

Our common stock is traded on The Nasdaq Global Select Market under the symbol “CGBD.” Our common stock has historically traded at prices both above and below our NAV per share. It is not possible to predict whether our common stock will trade at, above or below NAV. See Part I, Item 1A of this Form 10-K “*Risk Factors—Risks Related to an Investment in Our Securities—Our shares of common stock have traded at a discount from NAV and may do so again, which could limit our ability to raise additional equity capital.*”

On February 24, 2020, the last reported closing sales price of our common stock on The Nasdaq Global Select Market was \$13.32 per share, which represented a discount of approximately 19.6% to the NAV per share reported by us as of December 31, 2019.

Holders

As of February 24, 2020, there were approximately 27 holders of record of our common stock (including Cede & Co.).

Distributions

To the extent that we have taxable income available, we intend to distribute quarterly dividends to our stockholders. The amount of our dividends, if any, will be determined by our Board of Directors. Any dividends to our stockholders will be declared out of assets legally available for distribution. We anticipate that our distributions will generally be paid from taxable earnings, including interest and capital gains generated by our investment portfolio, and any other income, including any other fees (other than fees for providing managerial assistance), such as commitment, origination, structuring, diligence and consulting fees or other fees, that we receive from portfolio companies. However, if we do not generate sufficient taxable earnings during a year, all or part of a distribution may constitute a return of capital. The specific tax characteristics of our dividends and other distributions will be reported to stockholders after the end of each calendar year.

We have elected to be treated, and intend to continue to qualify annually, as a RIC. To maintain our qualification as a RIC, we must, among other things, distribute at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, to our stockholders on an annual basis. In order to avoid certain excise taxes imposed on RICs, we intend to distribute during each calendar year an amount at least equal to the sum of: (1) 98% of our ordinary income for the calendar year; (2) 98.2% of our capital gain net income (both long-term and short-term) for the one-year period ending on October 31 of the calendar year; and, (3) any undistributed ordinary income and capital gain net income for preceding years that were not distributed during such years and on which we paid no U.S. federal income tax less certain over-distributions in prior years. In addition, although we currently intend to distribute realized net capital gains (i.e., net long term capital gains in excess of short term capital losses), if any, at least annually, we may in the future decide to retain such capital gains for investment, pay U.S. federal income tax on such amounts at regular corporate tax rates, and elect to treat such gains as deemed distributions to stockholders. We can offer no assurance that we will achieve results that will permit the payment of any cash distributions and, to the extent that we issue senior securities, we will be prohibited from making distributions if doing so causes us to fail to maintain the asset coverage ratios stipulated by the Investment Company Act or if distributions are limited by the terms of any of our borrowings.

We intend to make distributions in cash unless a stockholder elects to receive dividends and/or long-term capital gains distributions in additional shares of common stock. See “—*Dividend Reinvestment Plan*” below. We can offer no assurance that we will achieve results that will permit the payment of any cash distributions and, if we issue senior securities, we will be prohibited from making distributions if doing so causes us to fail to maintain the asset coverage ratios stipulated by the Investment Company Act or if distributions are limited by the terms of any of our borrowings.

Dividend Reinvestment Plan

Prior to July 5, 2017, we had an “opt in” dividend reinvestment plan. Effective on July 5, 2017, we converted our “opt in” dividend reinvestment plan to an “opt out” dividend reinvestment plan that provides for reinvestment of our dividends and other distributions on behalf of our stockholders, other than those stockholders who have “opted out” of the plan. As a result of adopting the plan, if our Board of Directors authorizes, and we declare, a cash dividend or distribution, our stockholders who have not elected to “opt out” of our dividend reinvestment plan will have their cash dividends or distributions automatically

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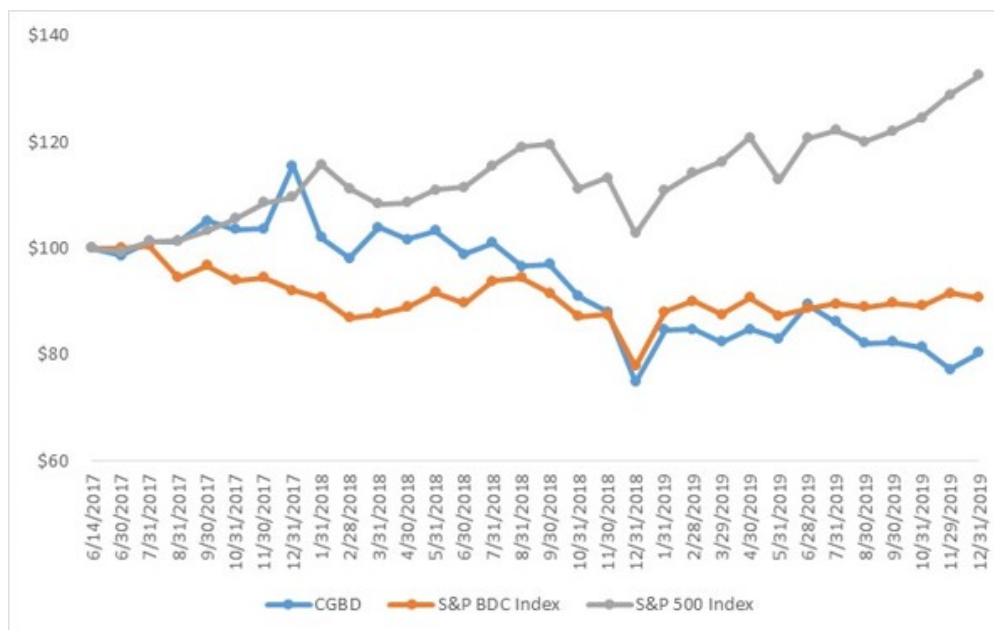
reinvested in additional shares of our common stock, rather than receiving cash. Each registered stockholder may elect to have such stockholder's dividends and distributions distributed in cash rather than participate in the plan. For any registered stockholder that does not so elect, distributions on such stockholder's shares will be reinvested by State Street Bank and Trust Company, our plan administrator, in additional shares. The number of shares to be issued to the stockholder will be determined based on the total dollar amount of the cash distribution payable, net of applicable withholding taxes. We intend to use primarily newly issued shares to implement the plan so long as the market value per share is equal to or greater than the net asset value per share on the relevant valuation date. If the market value per share is less than the net asset value per share on the relevant valuation date, the plan administrator would implement the plan through the purchase of common stock on behalf of participants in the open market, unless we instruct the plan administrator otherwise.

Recent Sales of Unregistered Securities and Use of Proceeds

The Company did not sell any securities during the period covered by this Form 10-K that were not registered under the Securities Act.

Stock Performance Graph

This graph compares the stockholder return on our common stock from June 14, 2017 (the date our common stock commenced trading on The Nasdaq Global Select Market) to December 31, 2019 with that of the Standard & Poor's BDC Index (the "S&P BDC Index") and the Standard & Poor's 500 Stock Index (the "S&P 500 Index"). This graph assumes that on June 14, 2017, \$100 was invested in our common stock, the S&P BDC Index and the S&P 500 Index. The graph also assumes the reinvestment of all cash dividends prior to any tax effect. The graph and other information furnished under this Part II, Item 5 of this Form 10-K shall not be deemed to be "soliciting material" or to be "filed" with the SEC or subject to Regulation 14A or 14C under, or to the liabilities of Section 18 of, the Exchange Act. The stock price performance included in the below graph is not necessarily indicative of future stock performance.



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Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table provides information regarding purchases of our common stock made by or on behalf of the Company or any “affiliated purchaser” (as defined in Rule 10b-18(a)(3) under the Exchange Act) during the fourth quarter of 2019.

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽¹⁾⁽²⁾	Maximum (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
October 1, 2019 through October 31, 2019	—	\$ —	—	\$ 47,628
November 1, 2019 through November 30, 2019	91,000	13.50	91,000	46,400
December 1, 2019 through December 31, 2019	1,233,432	13.78	1,233,432	29,406
Total	1,324,432		1,324,432	

(1) On trade date basis.

(2) Shares purchased by the Company pursuant to the Company's Stock Repurchase Program, which was entered into on November 5, 2018, and announced on November 6, 2018. Pursuant to the program, the Company is authorized to repurchase up to \$100 million in the aggregate of its outstanding common stock in the open market and/or through privately negotiated transactions at prices not to exceed the Company's net asset value per share as reported in its most recent financial statements, in accordance with the guidelines specified in Rule 10b-18 of the Exchange Act. The timing, manner, price and amount of any repurchases will be determined by the Company, in its discretion, based upon the evaluation of economic and market conditions, stock price, available cash, applicable legal and regulatory requirements and other factors, and may include purchases pursuant to Rule 10b5-1 of the Exchange Act. The program was expected to be in effect until November 5, 2019, or until the approved dollar amount has been used to repurchase shares. On November 4, 2019, the Company's Board of Directors approved the continuation of the Company Stock Repurchase Program until November 5, 2020, or until the approved dollar amount has been used to repurchase shares. The continuation of the program was announced on November 5, 2019. The program does not require the Company to repurchase any specific number of shares and there can be no assurance as to the amount of shares repurchased under the program. The program may be suspended, extended, modified or discontinued by the Company at any time, subject to applicable law. Pursuant to the authorization described above, the Company adopted the Company 10b5-1 Plan. The Company 10b5-1 Plan provides that purchases will be conducted on the open market in accordance with Rules 10b5-1 and 10b-18 under the Exchange Act and will otherwise be subject to applicable law, which may prohibit purchases under certain circumstances. The amount of purchases made under the Company 10b5-1 Plan or otherwise and how much will be purchased at any time is uncertain, dependent on prevailing market prices and trading volumes, all of which we cannot predict.

[Table of Contents](#)**Item 6. Selected Financial Data**

The tables below set forth our selected consolidated historical financial data for the periods indicated. The selected consolidated historical financial data as of and for the years ended December 31, 2019, 2018, 2017, 2016 and 2015 have been derived from our audited consolidated financial statements, which are included in “*Financial Statements and Supplementary Data*” in Part II, Item 8 of this Form 10-K. Our historical results are not necessarily indicative of future results. The selected financial data in this section is not intended to replace the financial statements and is qualified in its entirety by the financial statements and related notes included in this filing.

The selected consolidated financial information and other data presented below should be read in conjunction with the information contained in Part II, Item 7 of this Form 10-K “*Management’s Discussion and Analysis of Financial Condition and Results of Operations,*” the audited consolidated financial statements and the notes thereto in Part II, Item 8 of this Form 10-K, “*Financial Statements and Supplementary Data*”.

	For the years ended December 31,				
	2019	2018	2017	2016	2015
<i>(dollar amounts in thousands, except per share data)</i>					
Consolidated Statements of Operations Data					
Income					
Total investment income	\$ 221,298	\$ 207,526	\$ 165,001	\$ 110,971	\$ 69,190
Expenses					
Net expenses (including excise tax expense)	113,633	99,090	72,850	51,350	33,666
Net investment income (loss)	107,665	108,436	92,151	59,621	35,524
Net realized gain (loss) on investments and non-investment assets and liabilities	(38,343)	(1,368)	(11,692)	(9,644)	1,164
Net change in unrealized appreciation (depreciation) on investments and non-investment assets and liabilities	(7,992)	(67,953)	3,741	19,832	(18,015)
Net increase (decrease) in net assets resulting from operations	61,330	39,115	84,200	69,809	18,673
Per Share Data					
Basic and diluted net investment income	\$ 1.79	\$ 1.73	\$ 1.74	\$ 1.65	\$ 1.43
Basic and diluted earnings	\$ 1.02	\$ 0.63	\$ 1.59	\$ 1.93	\$ 0.75
Dividends declared ⁽¹⁾	\$ 1.74	\$ 1.68	\$ 1.64	\$ 1.68	\$ 1.74

(1) Cumulative per share dividends declared by the Company’s Board of Directors for the years ended December 31, 2019, 2018, 2017, 2016 and 2015, which are inclusive of special dividends of \$0.26, \$0.20, \$0.12, \$0.07, and \$0.18 per share, respectively.

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	As of and for the years ended December 31,				
	2019	2018	2017	2016	2015
<i>(dollar amounts in thousands, except per share data)</i>					
Consolidated Statements of Assets and Liabilities Data					
Investments—non-controlled/non-affiliated, at fair value	\$ 1,897,057	\$ 1,731,319	\$ 1,779,584	\$ 1,323,102	\$ 1,052,666
Investments—non-controlled/affiliated, at fair value	—	18,543	15,431	—	—
Investments—controlled/affiliated, at fair value	226,907	222,295	172,516	99,657	—
Cash and cash equivalents	36,751	87,186	32,039	38,489	41,837
Total assets	2,187,533	2,084,743	2,021,383	1,490,155	1,104,032
Secured borrowings	616,543	514,635	562,893	421,885	234,313
2015-1 Notes	446,289	446,043	271,053	270,849	270,644
Senior Notes	115,000	—	—	—	—
Total liabilities	1,231,062	1,021,525	894,079	726,018	532,306
Total net assets	956,471	1,063,218	1,127,304	764,137	571,726
Net assets per share	\$ 16.56	\$ 17.09	\$ 18.12	\$ 18.32	\$ 18.14
Other Data:					
Number of portfolio companies/structured finance obligations/investment fund at year end	112	96	90	86	85
Average funded investments in new portfolio companies/structured finance obligations/investment fund ⁽¹⁾	\$ 19,617	\$ 20,218	\$ 26,816	\$ 12,188	\$ 12,996
Total return based on NAV ⁽²⁾	7.08%	3.59%	7.86%	10.25%	5.41%

(1) Average is calculated per portfolio company based on the total amount funded during the period divided by the number of investments made in portfolio companies/structured finance obligations/investment fund during the year.

(2) Total return is based on the change in NAV per share during the year plus the declared dividends, assuming reinvestment of dividends in accordance with the dividend reinvestment plan, divided by the beginning NAV for the year. Total return for the years ended December 31, 2017, 2016 and 2015 was inclusive of \$(0.11) and \$0.01 and \$0.11, respectively, per share increase in NAV related to the offering price of the Company's common stock. Excluding the effects of the higher offering price of the Company's common stock, total return would have been 8.46%, 10.20% and 4.83%, respectively (refer to Note 9 in Part II, Item 8 of this Form 10-K for additional information).

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (dollar amounts in thousands, except per share data, unless otherwise indicated)

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with Part I, Item 6 of this Form 10-K "Selected Financial Data" and our consolidated financial statements and related notes in Part II, Item 8 of this Form 10-K "Financial Statements and Supplementary Data." 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 this Form 10-K "Risk Factors." Our actual results could differ materially from those anticipated by such forward-looking information due to factors discussed under "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements" appearing elsewhere in this Form 10-K.

OVERVIEW

We are a Maryland corporation formed on February 8, 2012, and structured as an externally managed, non-diversified closed-end investment company. We have elected to be regulated as a BDC under the Investment Company Act. We have elected to be treated, and intend to continue to comply with the requirements to qualify annually, as a RIC under Subchapter M of the Code.

Our investment objective is to generate current income and capital appreciation primarily through debt investments in U.S. middle market companies. Our core investment strategy focuses on lending to U.S. middle market companies, which we define as companies with approximately \$25 million to \$100 million of EBITDA, which we believe is a useful proxy for cash flow. We complement this core strategy with additive, diversifying assets including, but not limited to, specialty lending investments. We seek to achieve our investment objective primarily through direct originations of Middle Market Senior Loans, with the balance of our assets invested in higher yielding investments (which may include unsecured debt, mezzanine debt and investments in equities). We generally make Middle Market Senior Loans to private U.S. middle market companies that are, in many cases, controlled by private equity firms. Depending on market conditions, we expect that between 70% and 80% of the

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value of our assets will be invested in Middle Market Senior Loans. We expect that the composition of our portfolio will change over time given our Investment Adviser's view on, among other things, the economic and credit environment (including with respect to interest rates) in which we are operating.

On June 19, 2017, we closed our IPO, issuing 9,454,200 shares of our common stock (including shares issued pursuant to the exercise of the underwriters' over-allotment option on July 5, 2017) at a public offering price of \$18.50 per share. Net of underwriting costs, we received cash proceeds of \$169,488. Shares of common stock of TCG BDC began trading on the Nasdaq Global Select Market under the symbol "CGBD" on June 14, 2017.

On June 9, 2017, we acquired NF Investment Corp. ("NFIC"), a BDC managed by our Investment Advisor (the "NFIC Acquisition"). As a result, we issued 434,233 shares of common stock to the NFIC stockholders and approximately \$145,602 in cash, and acquired approximately \$153,648 in net assets.

We are externally managed by our Investment Adviser, an investment adviser registered under the Advisers Act. Our Administrator provides the administrative services necessary for us to operate. Both our Investment Adviser and our Administrator are wholly owned subsidiaries of Carlyle Investment Management L.L.C., a subsidiary of Carlyle.

In conducting our investment activities, we believe that we benefit from the significant scale and resources of Carlyle, including our Investment Adviser and its affiliates. We have operated our business as a BDC since we began our investment activities in May 2013.

KEY COMPONENTS OF OUR RESULTS OF OPERATIONS

Investments

Our level of investment activity can and does vary substantially from period to period depending on many factors, including the amount of debt available to middle market companies, the general economic environment and the competitive environment for the type of investments we make.

Revenue

We generate revenue primarily in the form of interest income on debt investments we hold. In addition, we generate income from dividends on direct equity investments, capital gains on the sales of loans and debt and equity securities and various loan origination and other fees. Our debt investments generally have a stated term of five to eight years and generally bear interest at a floating rate usually determined on the basis of a benchmark such as LIBOR. Interest on these debt investments is generally paid quarterly. In some instances, we receive payments on our debt investments based on scheduled amortization of the outstanding balances. In addition, we receive repayments of some of our debt investments prior to their scheduled maturity date. The frequency or volume of these repayments fluctuates significantly from period to period. Our portfolio activity also reflects the proceeds of sales of securities. We may also generate revenue in the form of commitment, origination, amendment, structuring or due diligence fees, fees for providing managerial assistance and consulting fees.

Expenses

Our primary operating expenses include the payment of: (i) investment advisory fees, including base management fees and incentive fees, to our Investment Adviser pursuant to the Investment Advisory Agreement between us and our Investment Adviser; (ii) costs and other expenses and our allocable portion of overhead incurred by our Administrator in performing its administrative obligations under the Administration Agreement between us and our Administrator; and (iii) other operating expenses as detailed below:

- administration fees payable under our Administration Agreement and Sub-Administration Agreements, including related expenses;
- the costs of any offerings of our common stock and other securities, if any;
- calculating individual asset values and our net asset value (including the cost and expenses of any independent valuation firms);
- expenses, including travel expenses, incurred by our Investment Adviser, or members of our Investment Adviser team managing our investments, or payable to third parties, performing due diligence on prospective portfolio companies and, if necessary, expenses of enforcing our rights;
- the base management fee and any incentive fee payable under our Investment Advisory Agreement;

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- certain costs and expenses relating to distributions paid on our shares;
- debt service and other costs of borrowings or other financing arrangements;
- the allocated costs incurred by our Investment Adviser in providing managerial assistance to those portfolio companies that request it;
- amounts payable to third parties relating to, or associated with, making or holding investments;
- the costs associated with subscriptions to data service, research-related subscriptions and expenses and quotation equipment and services used in making or holding investments;
- transfer agent and custodial fees;
- costs of hedging;
- commissions and other compensation payable to brokers or dealers;
- federal and state registration fees;
- any U.S. federal, state and local taxes, including any excise taxes;
- independent director fees and expenses;
- costs of preparing financial statements and maintaining books and records, costs of preparing tax returns, costs of Sarbanes-Oxley Act compliance and attestation and costs of 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 or review of the foregoing;
- the costs of any reports, proxy statements or other notices to our stockholders (including printing and mailing costs), the costs of any stockholders' meetings and the compensation of investor relations personnel responsible for the preparation of the foregoing and related matters;
- the costs of specialty and custom software for monitoring risk, compliance and overall portfolio, including any development costs incurred prior to the filing of our election to be regulated as a BDC;
- our fidelity bond;
- directors and officers/errors and omissions liability insurance, and any other insurance premiums;
- indemnification payments;
- direct fees and expenses associated with independent audits, agency, consulting and legal costs; and
- all other expenses incurred by us or our Administrator in connection with administering our business, including our allocable share of certain officers and their staff compensation.

We expect our general and administrative expenses to be relatively stable or to decline as a percentage of total assets during periods of asset growth and to increase during periods of asset declines.

PORTFOLIO AND INVESTMENT ACTIVITY

Below is a summary of certain characteristics of our investment portfolio as of December 31, 2019, 2018 and 2017.

	As of December 31,		
	2019	2018	2017
Count of investments	136	119	107
Count of portfolio companies / investment fund	112	96	90
Count of industries	28	27	28
Count of sponsors	63	57	57
Percentage of total investment fair value:			
First lien debt	74.6%	68.1%	65.7%
First lien / last out loans	3.7%	10.3%	12.1%
Second lien debt	11.0%	9.1%	12.5%
Total secured debt	89.3%	87.5%	90.3%
Credit Fund	9.6%	11.3%	8.8%
Equity investments	1.0%	1.3%	0.9%
Percentage of debt investment fair value:			
Floating rate ⁽¹⁾	99.7%	99.2%	99.0%
Fixed interest rate	0.3%	0.8%	1.0%

(1) Primarily subject to interest rate floors.

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Our investment activity for the years ended December 31, 2019, 2018 and 2017 is presented below (information presented herein is at amortized cost unless otherwise indicated):

	For the years ended December 31,		
	2019	2018	2017
Investments:			
Total investments, beginning of year	\$ 2,043,591	\$ 1,971,012	\$ 1,429,981
New investments purchased	1,000,467	950,255	1,340,824
Net accretion of discount on investments	12,955	12,814	11,747
Net realized gain (loss) on investments	(38,376)	(1,368)	(11,692)
Investments sold or repaid	(817,186)	(889,122)	(799,848)
Total investments, end of year	\$ 2,201,451	\$ 2,043,591	\$ 1,971,012
Principal amount of investments funded:			
First Lien Debt (excluding First Lien/Last Out)	\$ 653,217	\$ 648,034	\$ 837,732
First Lien/Last Out Unitranche	73,272	23,507	153,674
Second Lien Debt	144,217	135,587	179,162
Equity Investments	5,436	5,302	8,887
Investment Fund	131,699	151,650	187,460
Total	\$ 1,007,841	\$ 964,080	\$ 1,366,915
Principal amount of investments sold or repaid:			
First Lien Debt (excluding First Lien/Last Out)	\$ (419,151)	\$ (566,490)	\$ (498,475)
First Lien/Last Out Unitranche	(204,702)	(29,682)	(86,939)
Second Lien Debt	(88,695)	(200,465)	(107,748)
Structured Finance Obligations	—	—	(27,000)
Investment Fund	(145,200)	(93,900)	(112,594)
Total	\$ (860,818)	\$ (891,537)	\$ (832,756)
Number of new funded investments	51	47	50
Average amount of new funded investments	\$ 19,617	\$ 20,218	\$ 26,816
Percentage of new funded debt investments at floating interest rates	99%	100%	99%
Percentage of new funded debt investments at fixed interest rates	1%	—%	1%

As of December 31, 2019 and 2018, investments consisted of the following:

	December 31, 2019		December 31, 2018	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
First Lien Debt (excluding First Lien/Last Out)	\$ 1,649,721	\$ 1,585,042	1,375,437	1,343,422
First Lien/Last Out Unitranche	78,951	78,096	241,263	202,849
Second Lien Debt	234,006	234,532	179,434	178,958
Equity Investments	22,272	21,698	17,456	24,633
Investment Fund	216,501	204,596	230,001	222,295
Total	\$ 2,201,451	\$ 2,123,964	2,043,591	1,972,157

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The weighted average yields⁽¹⁾ for our first and second lien debt, based on the amortized cost and fair value as of December 31, 2019 and 2018, were as follows:

	December 31, 2019		December 31, 2018	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
First Lien Debt (excluding First Lien/Last Out)	8.00%	8.17%	9.16%	9.38%
First Lien/Last Out Unitranche	6.63%	9.53%	10.62%	12.63%
First Lien Debt Total	7.91%	8.23%	9.38%	9.80%
Second Lien Debt	10.44%	10.42%	11.04%	11.07%
First and Second Lien Debt Total	8.22%	8.50%	9.54%	9.94%

- (1) Weighted average yields include the effect of accretion of discounts and amortization of premiums and are based on interest rates as of December 31, 2019 and 2018. Weighted average yield on debt and income producing securities at fair value is computed as (a) the annual stated interest rate or yield earned plus the net annual amortization of OID and market discount earned on accruing debt included in such securities, divided by (b) total first lien and second lien debt at fair value included in such securities. Weighted average yield on debt and income producing securities at amortized cost is computed as (a) the annual stated interest rate or yield earned plus the net annual amortization of OID and market discount earned on accruing debt included in such securities, divided by (b) total first lien and second lien debt at amortized cost included in such securities. Actual yields earned over the life of each investment could differ materially from the yields presented above.

Total weighted average yields (which includes the effect of accretion of discount and amortization of premiums) of our first and second lien debt investments as measured on an amortized cost basis decreased from 9.54% to 8.22% from December 31, 2018 to December 31, 2019. The decrease in weighted average yields was primarily due to a decrease in the effective LIBOR rate applicable to loans in the portfolio and the impact of loans on non-accrual status.

The following table summarizes the fair value of our performing and non-accrual/non-performing investments as of December 31, 2019 and 2018:

	December 31, 2019		December 31, 2018	
	Fair Value	Percentage	Fair Value	Percentage
Performing	\$ 2,071,535	97.53%	\$ 1,957,830	99.27%
Non-accrual ⁽¹⁾	52,429	2.47	14,327	0.73
Total	\$ 2,123,964	100.00%	\$ 1,972,157	100.00%

- (1) For information regarding our non-accrual policy, see Note 2 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K.

See the Consolidated Schedules of Investments as of December 31, 2019 and 2018 in our consolidated financial statements in Part II, Item 8 of this Form 10-K “*Financial Statements and Supplementary Data*” for more information on these investments, including a list of companies and type and amount of investments.

As part of the monitoring process, our Investment Adviser has developed risk assessment policies pursuant to which it regularly assesses the risk profile of each of our debt investments and rates each of them based on the following categories, which we refer to as “Internal Risk Ratings”:

Internal Risk Ratings Definitions

Rating	Definition
1	Performing—Low Risk: Borrower is operating more than 10% ahead of the base case.
2	Performing—Stable Risk: Borrower is operating within 10% of the base case (above or below). This is the initial rating assigned to all new borrowers.
3	Performing—Management Notice: Borrower is operating more than 10% below the base case. A financial covenant default may have occurred, but there is a low risk of payment default.
4	Watch List: Borrower is operating more than 20% below the base case and there is a high risk of covenant default, or it may have already occurred. Payments are current although subject to greater uncertainty, and there is moderate to high risk of payment default.
5	Watch List—Possible Loss: Borrower is operating more than 30% below the base case. At the current level of operations and financial condition, the borrower does not have the ability to service and ultimately repay or refinance all outstanding debt on current terms. Payment default is very likely or may have occurred. Loss of principal is possible.
6	Watch List—Probable Loss: Borrower is operating more than 40% below the base case, and at the current level of operations and financial condition, the borrower does not have the ability to service and ultimately repay or refinance all outstanding debt on current terms. Payment default is very likely or may have already occurred. Additionally, the prospects for improvement in the borrower’s situation are sufficiently negative that impairment of some or all principal is probable.

Our Investment Adviser’s risk rating model is based on evaluating portfolio company performance in comparison to the base case when considering certain credit metrics including, but not limited to, adjusted EBITDA and net senior leverage as well as specific events including, but not limited to, default and impairment.

Our Investment Adviser monitors and, when appropriate, changes the investment ratings assigned to each debt investment in our portfolio. In connection with our quarterly valuation process, our Investment Adviser reviews our investment ratings on a regular basis. The following table summarizes the Internal Risk Ratings as of December 31, 2019 and 2018:

(dollar amounts in millions)	December 31, 2019		December 31, 2018	
	Fair Value	% of Fair Value	Fair Value	% of Fair Value
Internal Risk Rating 1	\$ 39.2	2.06%	\$ 71.0	4.12%
Internal Risk Rating 2	1,501.4	79.12	1,302.9	75.52
Internal Risk Rating 3	132.9	7.00	208.4	12.08
Internal Risk Rating 4	159.0	8.38	105.1	6.09
Internal Risk Rating 5	65.2	3.44	23.5	1.36
Internal Risk Rating 6	—	—	14.3	0.83
Total	\$ 1,897.7	100.00%	\$ 1,725.2	100.00%

As of December 31, 2019 and 2018, the weighted average Internal Risk Rating of our debt investment portfolio was 2.3 and 2.3 respectively. As of December 31, 2019 and 2018, 18 and 12 of our debt investments, with an aggregate fair value of \$224.3 million and \$142.9 million, respectively, were assigned an Internal Risk Rating of 4-6. As of December 31, 2019 and 2018, five and two first lien debt investments in the portfolio with a fair value of \$52.4 million and \$14.3 million, respectively, were on non-accrual status, which represented approximately 2.47% and 0.73%, respectively, of total investments at fair value. The remaining first and second lien debt investments were performing and current on their interest payments as of December 31, 2019 and 2018.

During the year ended December 31, 2019, 11 investments with fair value of \$210.4 million were downgraded to an Internal Risk Rating of 4 due to changes in financial condition and performance of the respective portfolio companies and 4 investments with fair value of \$74.6 million were upgraded and removed from the Watch List due to improved performance of the respective portfolio companies and one investment on Watch List with fair value of \$9.5 million was sold.

CONSOLIDATED RESULTS OF OPERATIONS

For the years ended December 31, 2019, 2018 and 2017

The net increase or decrease in net assets from operations may vary substantially from period to period as a result of various factors, including the recognition of realized gains and losses and net change in unrealized appreciation and depreciation. As a result, quarterly comparisons may not be meaningful.

Investment Income

Investment income for the years ended December 31, 2019, 2018 and 2017, was as follows:

	For the years ended December 31,		
	2019	2018	2017
Investment income:			
First Lien Debt	\$ 168,750	\$ 151,000	\$ 119,222
Second Lien Debt	24,203	27,678	26,057
Equity Investments	63	63	95
Investment Fund	27,931	28,490	19,453
Cash	351	295	174
Total investment income	\$ 221,298	\$ 207,526	\$ 165,001

The increase in investment income for the year ended December 31, 2019 from the comparable period in 2018 was primarily driven by our increasing invested balance. As of December 31, 2019, the size of our portfolio increased to \$2,201,451 from \$2,043,591 as of December 31, 2018 at amortized cost, and total principal amount of investments outstanding increased to \$2,207,949 from \$2,073,835 as of December 31, 2018. As of December 31, 2019, the weighted average yield of our first and second lien debt decreased to 8.22% from 9.54% as of December 31, 2018, on amortized cost, primarily due to the decrease in LIBOR and loans placed on non-accrual status.

The increase in investment income for the year ended December 31, 2018 from the comparable period in 2017 was primarily driven by our deployment of capital, increasing invested balance, an increase in LIBOR, and increased interest and dividend income from Credit Fund. The size of our portfolio increased to \$2,043,591 as of December 31, 2018 from \$1,971,012 as of December 31, 2017, at amortized cost, and total principal amount of investments outstanding increased to \$2,073,835 as of December 31, 2018 from \$2,000,315 as of December 31, 2017. As of December 31, 2018, the weighted average yield of our first and second lien debt increased to 9.54% from 8.86% as of December 31, 2017, on amortized cost, primarily due to the increase in LIBOR, partially offset by generally lower yields on new investments compared to the yields on exited investments and loans placed on non-accrual status.

Interest income on our first and second lien debt investments is dependent on the composition and credit quality of the portfolio. Generally, we expect the portfolio to generate predictable quarterly interest income based on the terms stated in each loan's credit agreement. As of December 31, 2019 and 2018, five and two first lien debt investments in the portfolio were on non-accrual with the fair value of \$52,429 and \$14,327, which represents approximately 2.47% and 0.73% of total investments at fair value, respectively. The remaining first and second lien debt investments were performing and current on their interest payments as of December 31, 2019 and 2018. As of December 31, 2017, one first lien debt investment in the portfolio was non-performing. The fair value of the loans in the portfolio on non-accrual status was \$19,487, which represents approximately 0.99% of total investments at fair value. The remaining first and second lien debt investments were performing and current on their interest payments as of December 31, 2017 and for the year then ended.

Net investment income (loss) for the years ended December 31, 2019, 2018 and 2017 was as follows:

	For the years ended December 31,		
	2019	2018	2017
Total investment income	\$ 221,298	\$ 207,526	\$ 165,001
Net expenses (including Excise tax expense)	(113,633)	(99,090)	(72,850)
Net investment income (loss)	\$ 107,665	\$ 108,436	\$ 92,151

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Expenses

	For the years ended December 31,		
	2019	2018	2017
Base management fees	\$ 31,316	\$ 29,626	\$ 25,254
Incentive fees	22,872	23,002	21,084
Professional fees	2,745	3,404	2,895
Administrative service fees	539	701	661
Interest expense	50,587	37,801	24,510
Credit facility fees	3,079	2,295	1,983
Directors' fees and expenses	353	370	443
Other general and administrative	1,738	1,661	1,683
Excise tax expense	404	230	264
Waiver of base management fees	—	—	(5,927)
Net expenses	\$ 113,633	\$ 99,090	\$ 72,850

Interest expense and credit facility fees for the years ended December 31, 2019, 2018 and 2017 were comprised of the following:

	For the years ended December 31,		
	2019	2018	2017
Interest expense	50,587	\$ 37,801	\$ 24,510
Facility unused commitment fee	1,263	1,260	1,117
Amortization of deferred financing costs	1,618	901	745
Other fees	198	134	121
Total interest expense and credit facility fees	\$ 53,666	\$ 40,096	\$ 26,493
Cash paid for interest expense	\$ 49,981	\$ 34,676	\$ 22,519
Average principal debt outstanding	1,125,547	\$ 864,734	\$ 728,144
Weighted average interest rate	4.41%	4.32%	3.32%

The increase in interest expense for the year ended December 31, 2019 compared to the comparable period in 2018 was primarily driven by increased drawings under the Facilities related to increased deployment of capital for investments.

The increase in interest expense for the year ended December 31, 2018 compared to the comparable period in 2017 was driven by increased drawings under the Facilities related to increased deployment of capital for investments, an increase in LIBOR, and a one-time acceleration of \$652 of amortization of debt issuance costs related to the 2015-1 Debt Securitization Refinancing.

The increase in credit facility fees for the year ended December 31, 2019 compared to the comparable period in 2018 was driven by a one-time acceleration of \$628 of amortization of debt issuance costs related to the commitment reduction of the SPV Credit Facility.

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Below is a summary of the base management fees and incentive fees incurred during the years ended December 31, 2019, 2018 and 2017:

	For the years ended December 31,		
	2019	2018	2017
Base management fees	\$ 31,316	\$ 29,626	\$ 25,254
Waiver of base management fees	—	—	5,927
Base management fees, net of waiver	31,316	29,626	19,327
Incentive fees on pre-incentive fee net investment income	22,872	23,002	21,084
Realized capital gains incentive fees	—	—	—
Accrued capital gains incentive fees	—	—	—
Total capital gains incentive fees	—	—	—
Total incentive fees	22,872	23,002	21,084
Total base management fees and incentive fees	\$ 54,188	\$ 52,628	\$ 40,411

The increase in base management fees for the year ended December 31, 2019 from the comparable period in 2018 and for the year ended December 31, 2018 from the comparable period in 2017 were driven by our deployment of capital and our increasing invested balance.

For the years ended December 31, 2019, 2018 and 2017, we recorded no accrued capital gains incentive fees based upon our cumulative net realized and unrealized appreciation (depreciation) as of December 31, 2019, 2018 and 2017, respectively. The accrual for any capital gains incentive fee under accounting principles generally accepted in the United States ("U.S. GAAP") in a given period may result in an additional expense if such cumulative amount is greater than in the prior period or a reduction of previously recorded expense if such cumulative amount is less than in the prior period. If such cumulative amount is negative, then there is no accrual. See Note 4 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K for more information on our incentive and base management fees.

Professional fees include legal, rating agencies, audit, tax, valuation, technology and other professional fees incurred related to the management of us. Administrative service fees represent fees paid to the Administrator for our allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations under the administration agreement, including our allocable portion of the cost of certain of our executive officers and their respective staff. Other general and administrative expenses include insurance, filing, research, subscriptions and other costs. The decrease in professional fees for the year ended December 31, 2019 from the comparable period in 2018 was driven by a decrease in non-recurring professional fees.

Net Realized Gain (Loss) and Net Change in Unrealized Appreciation (Depreciation) on Investments

During the years ended December 31, 2019, 2018 and 2017, we had realized gains on 15, 4, and 15 investments, respectively, totaling approximately \$14,719, \$3,534, and \$684, respectively, which was offset by realized losses on 13, 6, and 12 investments, respectively, totaling approximately \$53,062, \$4,902, and \$12,376, respectively. During the years ended December 31, 2019, 2018 and 2017, we had a change in unrealized appreciation on 91, 40, and 64 investments, respectively, totaling approximately \$70,167, \$14,680, and \$38,290, respectively, which was offset by a change in unrealized depreciation on 71, 105, and 71 investments, respectively, totaling approximately \$76,220, \$82,633, and \$34,549, respectively.

During April 2019, SolAero Technologies Corp. ("SolAero") completed a restructuring whereby a portion of the first lien debt held by us was exchanged into common equity. As a result, \$9,460 of unrealized depreciation was reversed and we realized a loss of \$9,102 during the year ended December 31, 2019. On December 31, 2019, we wrote off our remaining balance in the Product Quest Manufacturing, LLC ("Product Quest") first lien/last out, given our expectation of zero recovery. As a result, \$32,270 of unrealized depreciation was reversed and we realized a loss of \$32,270 during the year ended December 31, 2019. Additionally, during October 2019, we exited our equity investment in Twenty-Eighty, Inc. ("Twenty-Eighty"). As a result, \$4,391 of unrealized appreciation was reversed and we realized a gain of \$7,990 during the year ended December 31, 2019.

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During September 2018, Tweddle Group, Inc. completed a restructuring whereby a portion of the first lien debt held by us was exchanged into common equity. As a result, \$3,832 of unrealized depreciation was reversed and we realized a loss of \$4,087 during the year ended December 31, 2018.

Net realized gain (loss) and net change in unrealized appreciation (depreciation) by the type of investments for the years ended December 31, 2019, 2018 and 2017 were as follows:

	For the years ended December 31,		
	2019	2018	2017
Net realized gain (loss) on investments	\$ (38,376)	\$ (1,368)	\$ (11,692)
Net change in unrealized appreciation (depreciation) on investments	(6,053)	(67,953)	3,741
Net realized gain (loss) and net change in unrealized appreciation (depreciation) on investments	\$ (44,429)	\$ (69,321)	\$ (7,951)

Net realized gain (loss) and net change in unrealized appreciation (depreciation) by the type of investments for the years ended December 31, 2019, 2018 and 2017 were as follows:

Type	For the years ended December 31,					
	2019		2018		2017	
	Net realized gain (loss)	Net change in unrealized appreciation (depreciation)	Net realized gain (loss)	Net change in unrealized appreciation (depreciation)	Net realized gain (loss)	Net change in unrealized appreciation (depreciation)
First Lien Debt	\$ (52,633)	\$ 4,894	\$ (4,903)	\$ (59,374)	\$ (8,240)	\$ (5,277)
Second Lien Debt	—	1,003	2	(3,822)	(360)	4,442
Structured Finance Obligations	—	—	—	—	(3,092)	4,023
Equity Investments	14,257	(7,751)	3,533	3,214	—	2,560
Investment Fund	—	(4,199)	—	(7,971)	—	(2,007)
Total	\$ (38,376)	\$ (6,053)	\$ (1,368)	\$ (67,953)	\$ (11,692)	\$ 3,741

Net change in unrealized depreciation in our investments for the year ended December 31, 2019 compared to the comparable period in 2018 was primarily driven by the unrealized depreciation in Dimensional Dental Management, LLC and Dermatology Associates, offset by the reversal of prior period unrealized depreciation on Product Quest Manufacturing, LLC and SolAero Technologies Corp., as well as due to changes in various inputs utilized under our valuation methodology, including, but not limited to, market spreads, enterprise value multiples, borrower leverage multiples and borrower ratings, and the impact of exits. Net change in unrealized depreciation in our investments for the year ended December 31, 2018 compared to the comparable period in 2017 was primarily due to the unrealized depreciation in Product Quest Manufacturing, LLC which filed for bankruptcy protection in 2018, as well as changes in various inputs utilized under our valuation methodology, including, but not limited to, market spreads, borrower leverage multiples and borrower ratings, and the impact of exits.

MIDDLE MARKET CREDIT FUND, LLC

Overview

On February 29, 2016, the Company and Credit Partners entered into an amended and restated limited liability company agreement, which was subsequently amended on June 24, 2016 (as amended, the "Limited Liability Company Agreement") to co-manage Credit Fund, a Delaware limited liability company that is not consolidated in the Company's consolidated financial statements. Credit Fund primarily invests in first lien loans of middle market companies. Credit Fund is managed by a six-member board of managers, on which the Company and Credit Partners each have equal representation. Establishing a quorum for Credit Fund's board of managers requires at least four members to be present at a meeting, including at least two of the Company's representatives and two of Credit Partners' representatives. The Company and Credit Partners each have 50% economic ownership of Credit Fund and have commitments to fund, from time to time, capital of up to \$400,000 each. Funding of such commitments generally requires the approval of the board of Credit Fund, including the board members appointed by the Company. By virtue of its membership interest, the Company and Credit Partners each indirectly bear an allocable share of all expenses and other obligations of Credit Fund.

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Together with Credit Partners, the Company co-invests through Credit Fund. Investment opportunities for Credit Fund are sourced primarily by the Company and its affiliates. Portfolio and investment decisions with respect to Credit Fund must be unanimously approved by a quorum of Credit Fund's investment committee consisting of an equal number of representatives of the Company and Credit Partners. Therefore, although the Company owns more than 25% of the voting securities of Credit Fund, the Company does not believe that it has control over Credit Fund (other than for purposes of the Investment Company Act). Middle Market Credit Fund SPV, LLC (the "Credit Fund Sub"), MMCF CLO 2017-1 LLC (the "2017-1 Issuer"), MMCF CLO 2019-2, LLC (the "2019-2 Issuer", formerly known as MMCF Warehouse, LLC (the "Credit Fund Warehouse")) and MMCF Warehouse II, LLC (the "Credit Fund Warehouse II"), each a Delaware limited liability company, were formed on April 5, 2016 and October 6, 2017, November 26, 2018 and August 16, 2019, respectively. Credit Fund Sub, the 2017-1 Issuer, the 2019-2 Issuer, and Credit Fund Warehouse II are wholly owned subsidiaries of Credit Fund and are consolidated in Credit Fund's consolidated financial statements commencing from the date of their respective formations. Credit Fund Sub, the 2017-1 Issuer, the 2019-2 Issuer and Credit Fund Warehouse II primarily invest in first lien loans of middle market companies. Credit Fund and its wholly owned subsidiaries follow the same Internal Risk Rating System as the Company. Refer to "Debt" below for discussions regarding the credit facilities entered into and the notes issued by such wholly-owned subsidiaries.

Credit Fund, the Company and Credit Partners entered into an administration agreement with Carlyle Global Credit Administration L.L.C., the administrative agent of Credit Fund (in such capacity, the "Administrative Agent"), pursuant to which the Administrative Agent is delegated certain administrative and non-discretionary functions, is authorized to enter into sub-administration agreements at the expense of Credit Fund with the approval of the board of managers of Credit Fund, and is reimbursed by Credit Fund for its costs and expenses and Credit Fund's allocable portion of overhead incurred by the Administrative Agent in performing its obligations thereunder.

Selected Financial Data

Since inception of Credit Fund and through December 31, 2019 and 2018, the Company and Credit Partners each made capital contributions of \$1 and \$1 in members' equity, respectively, and \$123,500 and \$118,000 in subordinated loans, respectively, to Credit Fund. Below is certain summarized consolidated information for Credit Fund as of December 31, 2019 and 2018.

	As of December 31,	
	2019	2018
ASSETS		
Investments, at fair value (amortized cost of \$1,258,157 and \$1,198,537, respectively)	\$ 1,246,839	\$ 1,173,508
Cash and cash equivalents	64,787	55,698
Other assets	9,369	6,849
Total assets	<u>\$ 1,320,995</u>	<u>\$ 1,236,055</u>
LIABILITIES AND MEMBERS' EQUITY		
Secured borrowings	\$ 441,077	\$ 572,178
Notes payable, net of unamortized debt issuance costs of \$3,441 and \$1,849, respectively)	528,407	309,114
Mezzanine loans ⁽¹⁾	93,000	112,000
Other liabilities	32,383	34,195
Subordinated loans and members' equity ⁽¹⁾	226,128	208,568
Total liabilities and members' equity	<u>\$ 1,320,995</u>	<u>\$ 1,236,055</u>

(1) As of December 31, 2019 and 2018, the Company's ownership interest in the subordinated loans and members' equity was \$111,596 and \$110,295, respectively, and \$93,000 and \$112,000, respectively in the mezzanine loans.

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	For the Years Ended December 31,	
	2019	2018
Total investment income	\$ 94,092	\$ 82,560
Expenses		
Interest and credit facility expenses	59,228	51,936
Other expenses	2,230	1,988
Total expenses	61,458	53,924
Net investment income (loss)	32,634	28,636
Net realized gain (loss) on investments	(8,285)	33
Net change in unrealized appreciation (depreciation) on investments	13,711	(26,133)
Net increase (decrease) resulting from operations	\$ 38,060	\$ 2,536

Below is a summary of Credit Fund's portfolio, followed by a listing of the loans in Credit Fund's portfolio as of December 31, 2019 and 2018:

	As of December 31,	
	2019	2018
Senior secured loans ⁽¹⁾	\$ 1,260,582	\$ 1,207,913
Weighted average yields of senior secured loans based on amortized cost ⁽²⁾	6.51%	7.16%
Weighted average yields of senior secured loans based on fair value ⁽²⁾	6.55%	7.32%
Number of portfolio companies in Credit Fund	61	60
Average amount per portfolio company ⁽¹⁾	\$ 20,665	\$ 20,132
Number of loans on non-accrual status	1	1
Fair value of loans on non-accrual status	\$ 21,150	\$ 25,400
Percentage of portfolio at floating interest rates ⁽³⁾⁽⁴⁾	98.3%	99.9%
Percentage of portfolio at fixed interest rates ⁽⁴⁾	1.7%	0.1%
Fair value of loans with PIK provisions	\$ 21,150	\$ 1,119
Percentage of portfolio with PIK provisions ⁽⁴⁾	1.7%	0.1%

(1) At par/principal amount.

(2) Weighted average yields include the effect of accretion of discounts and amortization of premiums and are based on interest rates as of December 31, 2019 and 2018. Weighted average yield on debt and income producing securities at fair value is computed as (a) the annual stated interest rate or yield earned plus the net annual amortization of OID and market discount earned on accruing debt included in such securities, divided by (b) total first lien and second lien debt at fair value included in such securities. Weighted average yield on debt and income producing securities at amortized cost is computed as (a) the annual stated interest rate or yield earned plus the net annual amortization of OID and market discount earned on accruing debt included in such securities, divided by (b) total first lien and second lien debt at amortized cost included in such securities. Actual yields earned over the life of each investment could differ materially from the yields presented above.

(3) Floating rate debt investments are generally subject to interest rate floors.

(4) Percentages based on fair value.

Consolidated Schedule of Investments as of December 31, 2019

Investments ⁽¹⁾		Footnotes	Industry	Reference Rate & Spread ⁽²⁾	Interest Rate ⁽²⁾	Maturity Date	Par/Principal Amount	Amortized Cost ⁽⁵⁾	Fair Value ⁽⁶⁾
First Lien Debt (98.11% of fair value)									
Achilles Acquisition, LLC	\#	(2) (3)	Banking, Finance, Insurance & Real Estate	L + 4.00%	5.75%	10/13/2025	\$ 17,865	\$ 17,776	\$ 17,763
Acisure, LLC	+ \	(2) (3)	Banking, Finance, Insurance & Real Estate	L + 3.75%	5.85%	11/22/2023	11,820	11,810	11,805
Acisure, LLC	+ #	(2) (3)	Banking, Finance, Insurance & Real Estate	L + 4.25%	6.35%	11/22/2023	20,674	20,639	20,674
Advanced Instruments, LLC	^+ *	(2) (3) (7)	Healthcare & Pharmaceuticals	L + 5.25%	6.99%	10/31/2022	35,610	35,536	35,466
Alku, LLC	+ #	(2) (3)	Business Services	L + 5.50%	7.44%	7/29/2026	25,000	24,754	24,624
Alpha Packaging Holdings, Inc.	+ * \	(2) (3)	Containers, Packaging & Glass	L + 4.25%	6.35%	5/12/2020	16,684	16,676	16,601
AmeriLife Group, LLC	^ #	(2) (3) (7)	Banking, Finance, Insurance & Real Estate	L + 4.50%	6.20%	6/5/2026	16,627	16,557	16,558
Anchor Packaging, Inc.	^ #	(2) (3) (7)	Containers, Packaging & Glass	L + 4.00%	5.70%	7/18/2026	20,462	20,363	20,457
API Technologies Corp.	\ +	(2) (3)	Aerospace & Defense	L + 4.25%	5.95%	5/9/2026	14,925	14,853	14,807
Aptean, Inc.	+ \	(2) (3)	Software	L + 4.25%	6.34%	4/23/2026	12,406	12,344	12,385
AQA Acquisition Holding, Inc.	^ * \	(2) (3) (7)	High Tech Industries	L + 4.25%	6.16%	5/24/2023	18,954	18,922	18,860
Avalign Technologies, Inc.	+ \	(2) (3)	Healthcare & Pharmaceuticals	L + 4.50%	6.70%	12/22/2025	14,741	14,610	14,626
Big Ass Fans, LLC	+ * \	(2) (3)	Capital Equipment	L + 3.75%	5.85%	5/21/2024	13,909	13,841	13,903
Borchers, Inc.	+ * \	(2) (3) (7)	Chemicals, Plastics & Rubber	L + 4.50%	6.60%	11/1/2024	15,116	15,072	15,085
Brooks Equipment Company, LLC	*	(2) (3)	Construction & Building	L + 5.00%	6.91%	8/29/2020	5,144	5,141	5,141
Clarity Telecom LLC.	+	(2) (3)	Media: Broadcasting & Subscription	L + 4.50%	6.20%	8/30/2026	14,963	14,915	14,902
Clearent Newco, LLC	^+ \	(2) (3) (7)	High Tech Industries	L + 5.50%	7.44%	3/20/2025	29,738	29,436	29,134
Datto, Inc.	+ \	(2) (3)	High Tech Industries	L + 4.25%	5.95%	4/2/2026	12,438	12,375	12,420
DecoPac, Inc.	+ * \	(2) (3) (7)	Non-durable Consumer Goods	L + 4.25%	6.01%	9/29/2024	12,336	12,233	12,292
Dent Wizard International Corporation	+ \	(2) (3)	Automotive	L + 4.00%	5.70%	4/7/2020	36,880	36,843	36,717
DTI Holdco, Inc.	+ * \	(2) (3)	High Tech Industries	L + 4.75%	6.68%	9/30/2023	18,885	18,771	17,611
Eliassen Group, LLC	+ \	(2) (3)	Business Services	L + 4.50%	6.20%	11/5/2024	7,581	7,548	7,579
EIP Merger Sub, LLC (Evolve IP)	+ ^	(2) (3) (7)	Telecommunications	L + 5.75%	7.45%	6/7/2023	19,661	19,605	19,661
Exactech, Inc.	+ \#	(2) (3)	Healthcare & Pharmaceuticals	L + 3.75%	5.45%	2/14/2025	21,772	21,634	21,751
Excel Fitness Holdings, Inc.	+ #	(2) (3)	Hotel, Gaming & Leisure	L + 5.25%	6.95%	10/7/2025	25,000	24,758	24,875
Golden West Packaging Group LLC	+ * \	(2) (3)	Containers, Packaging & Glass	L + 5.75%	7.45%	6/20/2023	29,464	29,303	29,072
HMT Holding Inc.	^+ * \	(2) (3) (7)	Energy: Oil & Gas	L + 5.00%	6.74%	11/17/2023	33,157	32,678	32,972
Jensen Hughes, Inc.	\+ ^ *	(2) (3) (7)	Utilities: Electric	L + 4.50%	6.24%	3/22/2024	33,909	33,757	33,550
KAMC Holdings, Inc.	+ #	(2) (3)	Energy: Electricity	L + 4.00%	5.91%	8/14/2026	13,965	13,899	13,881
MAG DS Corp.	^+ \	(2) (3) (7)	Aerospace & Defense	L + 4.75%	6.46%	6/6/2025	28,471	28,242	28,286
Maravai Intermediate Holdings, LLC	+ #	(2) (3)	Healthcare & Pharmaceuticals	L + 4.25%	6.00%	8/2/2025	\$ 29,625	\$ 29,378	\$ 29,400
Marco Technologies, LLC	^+ \	(2) (3) (7)	Media: Advertising, Printing & Publishing	L + 4.25%	6.16%	10/30/2023	7,463	7,410	7,463

Consolidated Schedule of Investments as of December 31, 2019

Investments ⁽¹⁾		Footnotes	Industry	Reference Rate & Spread ⁽²⁾	Interest Rate ⁽²⁾	Maturity Date	Par/Principal Amount	Amortized Cost ⁽⁵⁾	Fair Value ⁽⁶⁾
First Lien Debt (98.11% of fair value) (continued)									
Mold-Rite Plastics, LLC	+ \	(2) (3)	Chemicals, Plastics & Rubber	L + 4.25%	5.95%	12/14/2021	14,557	14,519	14,524
MSHC, Inc.	^+* \	(2) (3) (7)	Construction & Building	L + 4.25%	5.95%	12/31/2024	38,251	38,138	38,166
Newport Group Holdings II, Inc.	\+#	(2) (3)	Banking, Finance, Insurance & Real Estate	L + 3.75%	5.65%	9/13/2025	23,715	23,487	23,663
Odyssey Logistics & Technology Corp.	+* \#	(2) (3)	Transportation: Cargo	L + 4.00%	5.70%	10/12/2024	39,013	38,859	38,763
Output Services Group	^+ \	(2) (3) (7)	Media: Advertising, Printing & Publishing	L + 4.50%	6.20%	3/27/2024	19,621	19,570	19,469
PAI Holdco, Inc.	+* \	(2) (3)	Automotive	L + 4.25%	6.35%	1/5/2025	19,532	19,458	19,532
Park Place Technologies, Inc.	+ \#	(2) (3)	High Tech Industries	L + 4.00%	5.70%	3/28/2025	22,566	22,489	22,566
Pasternack Enterprises, Inc.	+ \	(2) (3)	Capital Equipment	L + 4.00%	5.70%	7/2/2025	22,755	22,742	22,653
Pathway Vet Alliance LLC	+ \	(2) (3) (7)	Consumer Services	L + 4.50%	6.21%	12/20/2024	19,085	18,708	19,217
Pharmalogic Holdings Corp.	+ \	(2) (3)	Healthcare & Pharmaceuticals	L + 4.00%	5.70%	6/11/2023	11,320	11,296	11,302
Premise Health Holding Corp.	^+ \#	(2) (3) (7)	Healthcare & Pharmaceuticals	L + 3.50%	5.60%	7/10/2025	13,723	13,665	13,501
Propel Insurance Agency, LLC	^+ \	(2) (3) (7)	Banking, Finance, Insurance & Real Estate	L + 4.25%	6.35%	6/1/2024	22,532	22,056	22,395
Q Holding Company	+* \#	(2) (3)	Automotive	L + 5.00%	6.70%	12/31/2023	21,955	21,777	21,922
QW Holding Corporation (Quala)	^+ *	(2) (3) (7)	Environmental Industries	L + 5.75%	7.73%	8/31/2022	11,630	11,449	11,531
Radiology Partners, Inc.	+ \#	(2) (3)	Healthcare & Pharmaceuticals	L + 4.75%	6.66%	7/9/2025	28,719	28,590	28,768
RevSpring Inc.	+* \#	(2) (3)	Media: Advertising, Printing & Publishing	L + 4.00%	5.95%	10/11/2025	24,750	24,631	24,608
Situs Group Holdings Corporation	\+ ^	(2) (3) (7)	Banking, Finance, Insurance & Real Estate	L + 4.75%	6.45%	6/28/2025	13,715	13,621	13,697
Systems Maintenance Services Holding, Inc.	+ *	(2) (3)	High Tech Industries	L + 5.00%	6.70%	10/30/2023	23,765	23,672	18,180
Surgical Information Systems, LLC	+* \	(2) (3) (6)	High Tech Industries	L + 4.75%	7.47%	4/24/2023	26,168	26,005	25,715
T2 Systems, Inc.	^+ *	(2) (3) (7)	Transportation: Consumer	L + 6.75%	8.85%	9/28/2022	18,045	17,789	18,045
The Original Cakerie, Ltd. (Canada)	+ *	(2) (3) (7)	Beverage, Food & Tobacco	L + 5.00%	6.84%	7/20/2022	8,928	8,897	8,887
The Original Cakerie, Ltd. (Canada)	^ *	(2) (3) (7)	Beverage, Food & Tobacco	L + 4.50%	6.34%	7/20/2022	6,826	6,801	6,790
ThoughtWorks, Inc.	+* \	(2) (3)	Business Services	L + 4.00%	5.70%	10/11/2024	11,824	11,794	11,824
U.S. Acute Care Solutions, LLC	+ *	(2) (3)	Healthcare & Pharmaceuticals	L + 5.00%	6.91%	5/15/2021	31,431	31,331	29,869
U.S. TelePacific Holdings Corp.	+* \	(2) (3)	Telecommunications	L + 5.00%	7.10%	5/2/2023	26,660	26,499	25,430
Valet Waste Holdings, Inc.	+ \	(2) (3)	Construction & Building	L + 3.75%	5.70%	9/28/2025	11,850	11,825	11,688
Welocalize, Inc.	+ ^	(2) (3) (7)	Business Services	L + 4.50%	6.21%	12/2/2024	\$ 23,038	\$ 22,788	\$ 22,787
WIRB - Copernicus Group, Inc.	+* \	(2) (3) (7)	Healthcare & Pharmaceuticals	L + 4.25%	5.95%	8/15/2022	20,888	20,822	20,887

Consolidated Schedule of Investments as of December 31, 2019

Investments ⁽¹⁾	Footnotes	Industry	Reference Rate & Spread ⁽²⁾	Interest Rate ⁽²⁾	Maturity Date	Par/Principal Amount	Amortized Cost ⁽⁵⁾	Fair Value ⁽⁶⁾	
First Lien Debt (98.11% of fair value) (continued)									
WRE Holding Corp.	^+*	(2) (3) (7)	Environmental Industries	L + 5.00%	6.91%	1/3/2023	\$ 7,431	\$ 7,372	\$ 7,304
Zywave, Inc.	+*\	(2) (3) (7)	High Tech Industries	L + 5.00%	6.93%	11/17/2022	19,228	19,107	19,211
First Lien Debt Total								\$ 1,231,436	\$ 1,223,215
Second Lien Debt (1.75% of fair value)									
DBI Holding, LLC	^*	(2) (3) (8)	Transportation: Cargo	8.00% PIK	8.00%	2/1/2026	\$ 21,150	\$ 20,697	\$ 21,150
Zywave, Inc.	*	(2) (3)	High Tech Industries	L + 9.00%	10.94%	11/17/2023	666	660	664
Second Lien Debt Total								\$ 21,357	\$ 21,814
Equity Investments (0.15% of fair value)									
DBI Holding, LLC	^		Transportation: Cargo			16,957	\$ 5,364	\$ 1,810	
Equity Investments Total								\$ 5,364	\$ 1,810
Total Investments								\$ 1,258,157	\$ 1,246,839

^ Denotes that all or a portion of the assets are owned by Credit Fund. Credit Fund has entered into a revolving credit facility (the "Credit Fund Facility"). Accordingly, such assets are not available to creditors of Credit Fund Sub, the 2017-1 Issuer, the 2019-2 Issuer or Credit Fund Warehouse II.

+ Denotes that all or a portion of the assets are owned by Credit Fund Sub. Credit Fund Sub has entered into a revolving credit facility (the "Credit Fund Sub Facility"). The lenders of the Credit Fund Sub Facility have a first lien security interest in substantially all of the assets of Credit Fund Sub. Accordingly, such assets are not available to creditors of Credit Fund, the 2017-1 Issuer, the 2019-2 Issuer or Credit Fund Warehouse II.

* Denotes that all or a portion of the assets are owned by the 2017-1 Issuer and secure the notes issued in connection with a \$399,900 term debt securitization completed by Credit Fund on December 19, 2017 (the "2017-1 Debt Securitization"). Accordingly, such assets are not available to creditors of Credit Fund, Credit Fund Sub, the 2019-2 Issuer or Credit Fund Warehouse II.

\ Denotes that all or a portion of the assets are owned by the 2019-2 Issuer and secure the notes issued in connection with a \$399,900 term debt securitization completed by Credit Fund on May 21, 2019 (the "2019-2 Debt Securitization"). Accordingly, such assets are not available to creditors of Credit Fund, Credit Fund Sub, the 2017-1 Issuer or Credit Fund Warehouse II.

Denotes that all or a portion of the assets are owned by the Credit Fund Warehouse II. Credit Fund Warehouse II has entered into a revolving credit facility (the "Credit Fund Warehouse II"). The lenders of the Credit Fund Warehouse II Facility have a first lien security interest in substantially all of the assets of the Credit Fund Warehouse II. Accordingly, such assets are not available to creditors of Credit Fund, Credit Fund Sub, 2017-1 Issuer or 2019-2 Issuer.

- Unless otherwise indicated, issuers of investments held by Credit Fund are domiciled in the United States. As of December 31, 2019, the geographical composition of investments as a percentage of fair value was 1.26% in Canada and 98.60% in the United States. Certain portfolio company investments are subject to contractual restrictions on sales.
- Variable rate loans to the portfolio companies bear interest at a rate that is determined by reference to either LIBOR or an alternate base rate (commonly based on the Federal Funds Rate or the U.S. Prime Rate), which generally resets quarterly. For each such loan, Credit Fund has indicated the reference rate used and provided the spread and the interest rate in effect as of December 31, 2019. As of December 31, 2019, the reference rates for Credit Fund's variable rate loans were the 30-day LIBOR at 1.75%, the 90-day LIBOR at 1.91% and the 180-day LIBOR at 1.91%.
- Loan includes interest rate floor feature, which is generally 1.00%.
- Amortized cost represents original cost, including origination fees and upfront fees received that are deemed to be an adjustment to yield, adjusted for the accretion/amortization of discounts/premiums, as applicable, on debt investments using the effective interest method.
- Fair value is determined in good faith by or under the direction of the board of managers of Credit Fund, pursuant to Credit Fund's valuation policy, with the fair value of all investments determined using significant unobservable inputs, which is substantially similar to the valuation policy of the Company provided in Note 3, Fair Value Measurements, to the consolidated financial statements in Part II, Item 8 of this Form 10-K.
- In addition to the interest earned based on the stated interest rate of this loan, which is the amount reflected in this schedule, Credit Fund is entitled to receive additional interest as a result of an agreement among lenders as follows: Surgical Information Systems, LLC (0.89%). Pursuant to the agreement among lenders in respect of these loans, these investments represent a first lien/last out loan, which has a secondary priority behind the first lien/first out loan with respect to principal, interest and other payment.

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(7) As of December 31, 2019, Credit Fund and Credit Fund Sub had the following unfunded commitments to fund delayed draw and revolving senior secured loans:

First Lien Debt – unfunded delayed draw and revolving term loans commitments	Type	Unused Fee	Par/ Principal Amount	Fair Value
Advanced Instruments, LLC	Revolver	0.50%	\$ 563	\$ (2)
AmeriLife Group, LLC	Delayed Draw	1.00	298	(1)
Anchor Packaging, Inc.	Delayed Draw	1.00	4,487	(1)
AQA Acquisition Holding, Inc.	Revolver	0.50	2,459	(11)
Borchers, Inc.	Revolver	0.50	1,935	(3)
Clearent Newco, LLC	Delayed Draw	1.00	6,636	(110)
DecoPac, Inc.	Revolver	0.50	2,143	(7)
EIP Merger Sub, LLC (Evolve IP)	Revolver	0.50	1,680	—
EIP Merger Sub, LLC (Evolve IP)	Delayed Draw	1.00	2,240	—
HMT Holding Inc.	Revolver	0.50	6,173	(29)
Jensen Hughes, Inc.	Revolver	0.50	1,136	(11)
Jensen Hughes, Inc.	Delayed Draw	1.00	2,365	(23)
MAG DS Corp.	Revolver	0.50	2,188	(13)
Marco Technologies, LLC	Delayed Draw	1.00	7,500	—
MSHC, Inc.	Delayed Draw	1.00	1,913	(4)
Output Services Group	Delayed Draw	4.25	116	(1)
Pathway Vet Alliance LLC	Delayed Draw	1.00	19,867	68
Premise Health Holding Corp.	Delayed Draw	1.00	1,103	(17)
Propel Insurance Agency, LLC	Revolver	0.50	2,381	(10)
Propel Insurance Agency, LLC	Delayed Draw	0.50	7,143	(31)
QW Holding Corporation (Quala)	Revolver	0.50	5,498	(31)
QW Holding Corporation (Quala)	Delayed Draw	1.00	217	(1)
Situs Group Holdings Corporation	Delayed Draw	1.00	1,216	(1)
T2 Systems, Inc.	Revolver	0.50	1,369	—
The Original Cakerie, Ltd. (Canada)	Revolver	0.50	1,199	(5)
Welocalize, Inc.	Revolver	0.50	2,057	(21)
WIRB - Copernicus Group, Inc.	Revolver	0.50	1,000	—
WIRB - Copernicus Group, Inc.	Delayed Draw	1.00	2,592	—
WRE Holding Corp.	Revolver	0.50	441	(6)
WRE Holding Corp.	Delayed Draw	1.00	1,981	(25)
Zywave, Inc.	Revolver	0.50	998	(1)
Total unfunded commitments			\$ 92,894	\$ (297)

(8) Loan was on non-accrual status as of December 31, 2019.

Consolidated Schedule of Investments as of December 31, 2018

Investments ⁽¹⁾		Footnotes	Industry	Reference Rate & Spread ⁽²⁾	Interest Rate ⁽²⁾	Maturity Date	Par/Principal Amount	Amortized Cost ⁽⁵⁾	Fair Value ⁽⁶⁾
First Lien Debt (99.91% of fair value)									
Achilles Acquisition, LLC	+ \	(2) (3)	Banking, Finance, Insurance & Real Estate	L + 4.00%	6.56%	10/11/2025	\$ 18,000	\$ 17,906	\$ 17,716
Acisure, LLC	+	(2) (3)	Banking, Finance, Insurance & Real Estate	L + 4.25%	6.77%	11/22/2023	20,886	20,843	19,981
Acisure, LLC	+ \	(2) (3)	Banking, Finance, Insurance & Real Estate	L + 3.75%	6.27%	11/22/2023	11,940	11,928	11,333
Advanced Instruments, LLC	^+*	(2) (3) (8)	Healthcare & Pharmaceuticals	L + 5.25%	7.63%	10/31/2022	11,791	11,695	11,690
Ahead, LLC	^+	(2) (3) (8)	High Tech Industries	L + 4.25%	6.87%	6/29/2023	20,059	19,959	19,856
Alpha Packaging Holdings, Inc.	+*	(2) (3)	Containers, Packaging & Glass	L + 4.25%	7.05%	5/12/2020	16,860	16,830	16,813
AM Conservation Holding Corporation	+*	(2) (3)	Energy: Electricity	L + 4.50%	7.30%	10/31/2022	38,310	38,079	38,027
AQA Acquisition Holding, Inc.	^+*	(2) (3) (8)	High Tech Industries	L + 4.25%	7.05%	5/24/2023	19,148	19,111	18,978
Avalign Technologies, Inc.	+ \	(2) (3)	Healthcare & Pharmaceuticals	L + 4.50%	7.00%	12/22/2025	13,000	12,874	12,848
Big Ass Fans, LLC	+* \	(2) (3)	Capital Equipment	L + 3.75%	6.55%	5/21/2024	14,052	13,973	13,840
Borchers, Inc.	^+*	(2) (3) (8)	Chemicals, Plastics & Rubber	L + 4.50%	7.30%	11/1/2024	15,589	15,533	15,545
Brooks Equipment Company, LLC	+*	(2) (3)	Construction & Building	L + 5.00%	7.71%	8/29/2020	5,948	5,940	5,935
Clearent Newco, LLC	^+	(2) (3) (8)	High Tech Industries	L + 4.00%	6.52%	3/20/2024	23,093	22,702	22,819
DBI Holding, LLC	+*	(2) (3) (9)	Transportation: Cargo	L + 5.25%	7.76%	8/1/2021	34,494	34,276	25,400
DBI Holding, LLC	^		Transportation: Cargo	15% (100% PIK)	7.76%	2/1/2020	1,119	1,119	1,119
DecoPac, Inc.	^+*	(2) (3) (8)	Non-durable Consumer Goods	L + 4.25%	7.05%	9/29/2024	12,696	12,571	12,619
Dent Wizard International Corporation	+	(2) (3)	Automotive	L + 4.00%	6.51%	4/7/2020	24,256	24,183	24,110
DTI Holdco, Inc.	+* \	(2) (3)	High Tech Industries	L + 4.75%	7.28%	9/30/2023	19,081	18,941	17,793
EIP Merger Sub, LLC (Evolve IP)	+*	(2) (3) (4)	Telecommunications	L + 5.75%	8.27%	6/7/2022	22,358	21,923	21,788
EIP Merger Sub, LLC (Evolve IP)	*	(2) (3) (7)	Telecommunications	L + 5.75%	8.27%	6/7/2022	1,500	1,469	1,462
Eliassen Group, LLC	+	(2) (3)	Business Services	L + 4.50%	7.00%	11/5/2024	6,250	6,226	6,202
Exactech, Inc.	+ \	(2) (3)	Healthcare & Pharmaceuticals	L + 3.75%	6.27%	2/14/2025	12,903	12,849	12,741
Executive Consulting Group, LLC, Inc.	^+	(2) (3) (8)	Business Services	L + 4.50%	7.30%	6/20/2024	15,318	15,168	15,132
Golden West Packaging Group LLC	+*	(2) (3)	Containers, Packaging & Glass	L + 5.25%	7.77%	6/20/2023	30,180	29,978	29,760
HMT Holding Inc.	^+*	(2) (3) (8)	Energy: Oil & Gas	L + 4.50%	7.02%	11/17/2023	33,490	32,902	33,172
J.S. Held, LLC	+*	(2) (3)	Banking, Finance, Insurance & Real Estate	L + 4.50%	7.30%	9/25/2024	20,309	20,137	19,998
Jensen Hughes, Inc.	^+*	(2) (3) (8)	Utilities: Electric	L + 4.50%	7.30%	3/22/2024	27,978	27,896	27,382
Kestra Financial, Inc.	+*	(2) (3)	Banking, Finance, Insurance & Real Estate	L + 4.25%	6.76%	6/24/2022	21,744	21,547	21,690
MAG DS Corp.	^+	(2) (3) (8)	Aerospace & Defense	L + 4.75%	7.27%	6/6/2025	22,885	22,679	22,665
Maravai Intermediate Holdings, LLC	+ \	(2)	Healthcare & Pharmaceuticals	L + 4.25%	6.81%	8/2/2025	29,925	29,640	29,578

Consolidated Schedule of Investments as of December 31, 2018

Investments ⁽¹⁾		Footnotes	Industry	Reference Rate & Spread ⁽²⁾	Interest Rate ⁽²⁾	Maturity Date	Par/Principal Amount	Amortized Cost ⁽⁵⁾	Fair Value ⁽⁶⁾
First Lien Debt (99.91% of fair value)									
Mold-Rite Plastics, LLC	+	(2) (3)	Chemicals, Plastics & Rubber	L + 4.50%	7.30%	12/14/2021	\$ 14,850	\$ 14,793	\$ 14,762
MSHC, Inc.	^+*	(2) (3) (8)	Construction & Building	L + 4.25%	6.89%	7/31/2023	23,579	23,514	23,088
Newport Group Holdings II, Inc.	+ \	(2)	Banking, Finance, Insurance & Real Estate	L + 3.75%	6.54%	9/13/2025	17,790	17,666	17,564
North American Dental Management, LLC	^+*	(2) (3) (8)	Healthcare & Pharmaceuticals	L + 5.25%	8.04%	7/7/2023	37,781	37,329	37,093
North Haven CA Holdings, Inc.	^+*	(2) (3) (8)	Business Services	L + 4.50%	7.02%	10/2/2023	35,139	34,789	34,401
Odyssey Logistics & Technology Corporation	+* \	(2) (3)	Transportation: Cargo	L + 4.00%	6.52%	10/12/2024	39,680	39,496	39,149
Output Services Group	^+ \	(2) (3) (8)	Media: Advertising, Printing & Publishing	L + 4.25%	6.77%	3/27/2024	17,400	17,338	16,663
PAI Holdco, Inc.	+*	(2) (3)	Automotive	L + 4.25%	7.05%	1/5/2025	19,727	19,637	19,459
Park Place Technologies, Inc.	+ \	(2) (3)	High Tech Industries	L + 4.00%	6.52%	3/29/2025	15,922	15,856	15,639
Pasternack Enterprises, Inc.	+	(2) (3)	Capital Equipment	L + 4.00%	6.52%	7/2/2025	20,076	20,076	19,745
Pharmalogic Holdings Corp.	^+	(2) (3) (8)	Healthcare & Pharmaceuticals	L + 4.00%	6.52%	6/11/2023	7,017	6,995	6,949
Ping Identity Corporation	+ \	(2) (3)	High Tech Industries	L + 3.75%	6.27%	1/25/2025	4,975	4,956	4,915
Premier Senior Marketing, LLC	*	(2) (3)	Banking, Finance, Insurance & Real Estate	L + 4.25%	6.75%	11/30/2025	4,953	4,953	4,875
Premise Health Holding Corp.	^+ \	(2) (3) (8)	Healthcare & Pharmaceuticals	L + 3.75%	6.55%	7/10/2025	13,862	13,805	13,717
Propel Insurance Agency, LLC	^+	(2) (3) (8)	Banking, Finance, Insurance & Real Estate	L + 4.25%	6.75%	6/1/2024	21,088	20,535	20,628
PSI Services, LLC	^+*	(2) (3) (8)	Business Services	L + 5.00%	7.52%	1/20/2023	29,919	29,469	29,239
Q Holding Company	+*	(2) (3)	Automotive	L + 5.00%	7.52%	12/18/2021	17,099	17,058	16,969
QW Holding Corporation (Quala)	^+*	(2) (3) (8)	Environmental Industries	L + 6.75%	9.22%	8/31/2022	9,704	9,338	9,489
RevSpring, Inc.	+* \	(2) (3)	Media: Advertising, Printing & Publishing	L + 4.25%	7.05%	10/11/2025	20,000	19,953	19,680
Situs Group Holdings Corporation	+	(2) (3)	Banking, Finance, Insurance & Real Estate	L + 4.50%	7.02%	2/26/2023	8,915	8,892	8,887
Surgical Information Systems, LLC	+*	(2) (3) (7)	High Tech Industries	L + 4.85%	7.37%	4/24/2023	27,708	27,494	27,171
Systems Maintenance Services Holding, Inc.	+*	(2) (3)	High Tech Industries	L + 5.00%	7.52%	10/28/2023	24,010	23,907	17,842
T2 Systems Canada, Inc.	+	(2) (3)	Transportation: Consumer	L + 6.75%	9.34%	9/28/2022	2,646	2,598	2,630
T2 Systems, Inc.	^+*	(2) (3) (8)	Transportation: Consumer	L + 6.75%	9.34%	9/28/2022	15,775	15,484	15,677
The Original Cakerie, Co. (Canada)	+*	(2) (3)	Beverage, Food & Tobacco	L + 5.00%	7.50%	7/20/2022	9,019	8,968	8,932
The Original Cakerie, Ltd. (Canada)	+	(2) (3) (8)	Beverage, Food & Tobacco	L + 4.50%	7.02%	7/20/2022	6,957	6,917	6,883
ThoughtWorks, Inc.	+* \	(2) (3)	Business Services	L + 4.00%	6.52%	10/12/2024	11,944	11,909	11,770
U.S. Acute Care Solutions, LLC	+*	(2) (3)	Healthcare & Pharmaceuticals	L + 5.00%	7.52%	5/15/2021	31,705	31,540	31,395
U.S. TelePacific Holdings Corp.	+* \	(2) (3)	Telecommunications	L + 5.00%	7.80%	5/2/2023	26,660	26,459	24,768
Upstream Intermediate, LLC	^+	(2) (3) (8)	Healthcare & Pharmaceuticals	L + 4.25%	6.77%	1/3/2024	17,939	17,863	17,677

Consolidated Schedule of Investments as of December 31, 2018

Investments (1)		Footnotes	Industry	Reference Rate & Spread (2)	Interest Rate (2)	Maturity Date	Par/Principal Amount	Amortized Cost (5)	Fair Value (6)
First Lien Debt (99.91% of fair value)									
Valet Waste Holdings, Inc.	+ \	(2) (3)	Construction & Building	L + 4.00%	6.52%	9/28/2025	\$ 11,970	\$ 11,947	\$ 11,902
Valicor Environmental Services, LLC	^+*	(2) (3) (8)	Environmental Industries	L + 4.75%	7.27%	6/1/2023	33,410	32,914	32,995
WIRB - Copernicus Group, Inc.	^+*	(2) (3) (8)	Healthcare & Pharmaceuticals	L + 4.25%	6.77%	8/15/2022	17,194	17,098	16,931
WRE Holding Corp.	^+*	(2) (3) (8)	Environmental Industries	L + 5.00%	7.52%	1/3/2023	7,238	7,162	6,993
Zywave, Inc.	^+*	(2) (3) (8)	High Tech Industries	L + 5.00%	7.52%	11/17/2022	18,050	17,914	17,991
First Lien Debt Total								\$ 1,197,499	\$ 1,172,460
Second Lien Debt (0.09% of fair value)									
Zywave, Inc.	*	(2) (3)	High Tech Industries	L + 9.00%	11.65%	11/17/2023	\$ 1,050	\$ 1,038	\$ 1,048
Second Lien Debt Total								\$ 1,038	\$ 1,048
Total Investments								\$ 1,198,537	\$ 1,173,508

^ Denotes that all or a portion of the assets are owned by Credit Fund. Credit Fund has entered into the Credit Fund Facility. The lenders of the Credit Fund Facility have a first lien security interest in substantially all of the assets of Credit Fund. Accordingly, such assets are not available to creditors of Credit Fund Sub, the 2017-1 Issuer or the Credit Fund Warehouse.

+ Denotes that all or a portion of the assets are owned by Credit Fund Sub. Credit Fund Sub has entered into a revolving credit facility (the "Credit Fund Sub Facility"). The lenders of the Credit Fund Sub Facility have a first lien security interest in substantially all of the assets of Credit Fund Sub. Accordingly, such assets are not available to creditors of Credit Fund, the 2017-1 Issuer or the Credit Fund Warehouse.

* Denotes that all or a portion of the assets are owned by the 2017-1 Issuer and secure the notes issued in connection with a \$399,900 term debt securitization completed by Credit Fund on December 19, 2017 (the "2017-1 Debt Securitization"). Accordingly, such assets are not available to creditors of Credit Fund, Credit Fund Sub or the Credit Fund Warehouse.

\ Denotes that all or a portion of the assets are owned by the Credit Fund Warehouse. Credit Fund Warehouse has entered into a revolving credit facility (the "Credit Fund Warehouse Facility"). The lenders of the Credit Fund Warehouse Facility have a first lien security interest in substantially all of the assets of the Credit Fund Warehouse. Accordingly, such assets are not available to creditors of Credit Fund, Credit Fund Sub or the 2017-1 Issuer.

- Unless otherwise indicated, issuers of investments held by Credit Fund are domiciled in the United States. As of December 31, 2018, the geographical composition of investments as a percentage of fair value was 1.35% in Canada and 98.65% in the United States. Certain portfolio company investments are subject to contractual restrictions on sales.
- Variable rate loans to the portfolio companies bear interest at a rate that may be determined by reference to either LIBOR or an alternate base rate (commonly based on the Federal Funds Rate or the U.S. Prime Rate), which generally resets quarterly. For each such loan, Credit Fund has provided the interest rate in effect as of December 31, 2018. As of December 31, 2018, all of Credit Fund's LIBOR loans were indexed to the 30-day LIBOR at 2.50%, the 90-day LIBOR at 2.81% and the 180-day LIBOR at 2.88%.
- Loan includes interest rate floor feature, which is generally 1.00%.
- Credit Fund receives less than the stated interest rate of this loan as a result of an agreement among lenders. The interest rate reduction is 1.20% on EIP Merger Sub, LLC (Evolve IP). Pursuant to the agreement among lenders in respect of this loan, this investment represents a first lien/first out loan, which has first priority ahead of the first lien/last out loan with respect to principal, interest and other payments.
- Amortized cost represents original cost, including origination fees and upfront fees received that are deemed to be an adjustment to yield, adjusted for the accretion/amortization of discounts/premiums, as applicable, on debt investments using the effective interest method.
- Fair value is determined in good faith by or under the direction of the board of managers of Credit Fund, pursuant to Credit Fund's valuation policy, with the fair value of all investments determined using significant unobservable inputs, which is substantially similar to the valuation policy of the Company provided in Note 3, Fair Value Measurements.
- In addition to the interest earned based on the stated interest rate of this loan, which is the amount reflected in this schedule, Credit Fund is entitled to receive additional interest as a result of an agreement among lenders as follows: EIP Merger Sub, LLC (Evolve IP) (3.75%) and Surgical Information Systems, LLC (0.89%). Pursuant to the agreement among lenders in respect of this loan, this investment represents a first lien/last out loan, which has a secondary priority behind the first lien/first out loan with respect to principal, interest and other payments.

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(8) As of December 31, 2018, Credit Fund had the following unfunded commitments to fund delayed draw and revolving senior secured loans:

First Lien Debt – unfunded delayed draw and revolving term loans commitments	Type	Unused Fee	Par/ Principal Amount	Fair Value
Advanced Instruments, LLC	Revolver	0.50%	\$ 1,333	\$ (10)
Ahead, LLC	Revolver	0.50	4,688	(38)
AQA Acquisition Holding, Inc.	Revolver	0.50	2,459	(19)
Borchers, Inc.	Revolver	0.50	1,935	(5)
Clearent Newco, LLC	Delayed Draw	1.00	4,988	(46)
Clearent Newco, LLC	Revolver	0.50	1,760	(16)
DecoPac, Inc.	Revolver	0.50	2,143	(11)
Executive Consulting Group, LLC, Inc.	Revolver	0.50	2,368	(25)
HMT Holding Inc.	Revolver	0.50	6,173	(49)
Jensen Hughes, Inc.	Revolver	0.50	2,000	(39)
Jensen Hughes, Inc.	Delayed Draw	1.00	337	(7)
MAG DS Corp.	Revolver	0.50	2,022	(18)
MSHC, Inc.	Delayed Draw	0.32	9,852	(145)
North American Dental Management, LLC	Revolver	0.50	2,000	(35)
North Haven CA Holdings, Inc. (CoAdvantage)	Revolver	0.50	6,114	(109)
Output Services Group	Delayed Draw	4.25	2,518	(93)
Pharmalogic Holdings Corp.	Delayed Draw	1.00	2,947	(20)
Premise Health Holding Corp.	Delayed Draw	1.00	1,103	(11)
Propel Insurance Agency, LLC	Delayed Draw	0.50	7,143	(110)
Propel Insurance Agency, LLC	Revolver	0.50	1,667	(26)
PSI Services LLC	Revolver	0.50	754	(17)
QW Holding Corporation (Quala)	Revolver	0.50	5,498	(52)
T2 Systems, Inc.	Revolver	0.50	1,173	(7)
The Original Cakerie, Ltd. (Canada)	Revolver	0.50	1,132	(10)
Upstream Intermediate, LLC	Revolver	0.50	1,606	(22)
Valicor Environmental Services, LLC	Revolver	0.50	4,971	(54)
WIRB - Copernicus Group, Inc.	Delayed Draw	1.00	6,480	(69)
WIRB - Copernicus Group, Inc.	Revolver	0.50	1,000	(11)
WRE Holding Corp.	Delayed Draw	0.89	2,069	(51)
WRE Holding Corp.	Revolver	0.50	613	(15)
Zywave, Inc.	Revolver	0.50	600	(2)
Total unfunded commitments			\$ 91,446	\$ (1,142)

(9) Loan was on non-accrual status as of December 31, 2018.

Debt

The Credit Fund, Credit Fund Sub and Credit Fund Warehouse II are party to separate credit facilities as described below. In addition, until May 15, 2019, the 2019-2 Issuer (formerly known as the Credit Fund Warehouse) was party to the Credit Fund Warehouse Facility. As of December 31, 2019, Credit Fund, Credit Fund Sub, and Credit Fund Warehouse II were in compliance with all covenants and other requirements of their respective credit facility agreements. As of December 31, 2018, Credit Fund, Credit Fund Sub and the 2019-2 Issuer were in compliance with all covenants and other requirements of their respective credit facility agreements. Below is a summary of the borrowings and repayments under the credit facilities for the respective periods.

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	Credit Fund Facility	Credit Fund Sub Facility	Credit Fund Warehouse Facility	Credit Fund Warehouse II Facility
Outstanding balance as of December 31, 2017	\$ 85,750	\$ 377,686	\$ —	N/A
Borrowings	120,150	239,235	101,044	N/A
Repayments	(93,900)	(145,787)	—	N/A
Outstanding balance as of December 31, 2018	112,000	471,134	101,044	—
Borrowings	126,200	223,870	34,544	97,571
Repayments	(145,200)	(351,498)	(135,588)	—
Outstanding balance as of December 31, 2019	<u>\$ 93,000</u>	<u>\$ 343,506</u>	<u>\$ —</u>	<u>\$ 97,571</u>

Credit Fund Facility. On June 24, 2016, Credit Fund entered into the Credit Fund Facility with the Company, which was subsequently amended on June 5, 2017, October 2, 2017, November 3, 2017, June 22, 2018, June 29, 2018 and February 21, 2019, pursuant to which Credit Fund may from time to time request mezzanine loans from the Company. The maximum principal amount of the Credit Fund Facility is \$175,000. The maturity date of the Credit Fund Facility is March 22, 2020. Amounts borrowed under the Credit Fund Facility bear interest at a rate of LIBOR plus 9.00%.

Credit Fund Sub Facility. On June 24, 2016, Credit Fund Sub closed on the Credit Fund Sub Facility with lenders, which was subsequently amended on May 31, 2017, October 27, 2017, August 24, 2018 and December 12, 2019. The Credit Fund Sub Facility provides for secured borrowings during the applicable revolving period up to an amount equal to \$640,000. The facility is secured by a first lien security interest in substantially all of the portfolio investments held by Credit Fund Sub. The maturity date of the Credit Fund Sub Facility is May 22, 2024. Amounts borrowed under the Credit Fund Sub Facility bear interest at a rate of LIBOR plus 2.25%.

Credit Fund Warehouse Facility. On November 26, 2018, Credit Fund Warehouse closed on the Credit Fund Warehouse Facility with lenders. The Credit Fund Warehouse Facility provided for secured borrowings during the applicable revolving period up to an amount equal to \$150,000. The Credit Fund Warehouse Facility was secured by a first lien security interest in substantially all of the portfolio investments held by the Credit Fund Warehouse. The maturity date of the Credit Fund Warehouse Facility was November 26, 2019. Amounts borrowed under the Credit Fund Warehouse Facility bore interest at a rate of LIBOR plus 1.05%. Effective May 15, 2019, the Warehouse Facility changed its name from “MMCF Warehouse, LLC” to “MMCF CLO 2019-2, LLC” and secured borrowings outstanding were repaid in connection with the 2019-2 Debt Securitization.

Credit Fund Warehouse II Facility. On August 16, 2019, Credit Fund Warehouse II closed on a revolving credit facility (the “Credit Fund Warehouse II Facility”) with lenders. The Credit Fund Warehouse II Facility provides for secured borrowings during the applicable revolving period up to an amount equal to \$150,000. The Credit Fund Warehouse II Facility is secured by a first lien security interest in substantially all of the portfolio investments held by the Credit Fund Warehouse II Facility. The maturity date of the Credit Fund Warehouse II Facility is August 16, 2022. Amounts borrowed under the Credit Fund Warehouse II Facility bear interest at a rate of LIBOR plus 1.05% for the first 12 months, LIBOR plus 1.15% for the next 12 months and LIBOR plus 1.50% in the final 12 months.

2017-1 Notes

On December 19, 2017, Credit Fund completed the 2017-1 Debt Securitization. The notes offered in the 2017-1 Debt Securitization (the “2017-1 Notes”) were issued by the 2017-1 Issuer, a wholly owned and consolidated subsidiary of Credit Fund, and are secured by a diversified portfolio of the 2017-1 Issuer consisting primarily of first and second lien senior secured loans. The 2017-1 Debt Securitization was executed through a private placement of the 2017-1 Notes, consisting of:

- \$231,700 of Aaa/AAA Class A-1 Notes, which bear interest at the three-month LIBOR plus 1.17%;
- \$48,300 of Aa2/AA Class A-2 Notes, which bear interest at the three-month LIBOR plus 1.50%;
- \$15,000 of A2/A Class B-1 Notes, which bear interest at the three-month LIBOR plus 2.25%;
- \$9,000 of A2/A Class B-2 Notes which bear interest at 4.30%;
- \$22,900 of Baa2/BBB Class C Notes which bear interest at the three-month LIBOR plus 3.20%; and
- \$25,100 of Ba2/BB Class D Notes which bear interest at the three-month LIBOR plus 6.38%.

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The 2017-1 Notes are scheduled to mature on January 15, 2028. Credit Fund received 100% of the preferred interests issued by the 2017-1 Issuer (the “2017-1 Issuer Preferred Interests”) on the closing date of the 2017-1 Debt Securitization in exchange for Credit Fund’s contribution to the 2017-1 Issuer of the initial closing date loan portfolio. The 2017-1 Issuer Preferred Interests do not bear interest and had a nominal value of \$47,900 at closing.

As of December 31, 2019 and 2018, the 2017-1 Issuer was in compliance with all covenants and other requirements of the indenture.

2019-2 Notes

On May 21, 2019, Credit Fund completed the 2019-2 Debt Securitization. The notes offered in the 2019-2 Debt Securitization (the “2019-2 Notes”) were issued by the 2019-2 Issuer, a wholly owned and consolidated subsidiary of Credit Fund, and are secured by a diversified portfolio of the 2019-2 Issuer consisting primarily of first and second lien senior secured loans. The 2019-2 Debt Securitization was executed through a private placement of the 2019-2 Notes, consisting of:

- \$233,000 of Aaa/AAA Class A-1 Notes, which bear interest at the three-month LIBOR plus 1.50%;
- \$48,000 of Aa2/AA Class A-2 Notes, which bear interest at the three-month LIBOR plus 2.40%;
- \$23,000 of A2/A Class B Notes, which bear interest at the three-month LIBOR plus 3.45%;
- \$27,000 of Baa2/BBB- Class C Notes which bear interest at the three-month LIBOR plus 4.55%; and
- \$21,000 of Ba2/BB- Class D Notes which bear interest at the three-month LIBOR plus 8.03%.

The 2019-2 Notes are scheduled to mature on April 15, 2029. Credit Fund received 100% of the preferred interests issued by the 2019-2 Issuer (the “2019-2 Issuer Preferred Interests”) on the closing date of the 2019-2 Debt Securitization in exchange for Credit Fund’s contribution to the 2019-2 Issuer of the initial closing date loan portfolio. The 2019-2 Issuer Preferred Interests do not bear interest and had a nominal value of \$48,300 at closing.

As of December 31, 2019, the 2019-2 Issuer was in compliance with all covenants and other requirements of the indenture.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

We generate cash from the net proceeds of offerings of our common stock and through cash flows from operations, including investment sales and repayments as well as income earned on investments and cash equivalents. We may also fund a portion of our investments through borrowings under the Facilities, the issuance of debt, and through securitization of a portion of our existing investments. The primary use of existing funds and any funds raised in the future is expected to be for investments in portfolio companies, repayment of indebtedness, cash distributions to our stockholders and for other general corporate purposes.

The SPV closed on May 24, 2013 on the SPV Credit Facility, which was subsequently amended on June 30, 2014, June 19, 2015, June 9, 2016, May 26, 2017 and August 9, 2018. The SPV Credit Facility provides for secured borrowings during the applicable revolving period up to an amount equal to the lesser of \$275,000 (the borrowing base as calculated pursuant to the terms of the SPV Credit Facility) and the amount of net cash proceeds and unpledged capital commitments the Company has received, with an accordion feature that can, subject to certain conditions, increase the aggregate maximum credit commitment up to an amount not to exceed \$750,000, subject to restrictions imposed on borrowings under the Investment Company Act and certain restrictions and conditions set forth in the SPV Credit Facility, including adequate collateral to support such borrowings. The SPV Credit Facility imposes financial and operating covenants on us and the SPV that restrict our and its business activities. Continued compliance with these covenants will depend on many factors, some of which are beyond our control.

We closed on March 21, 2014 on the Credit Facility, which was subsequently amended on January 8, 2015, May 25, 2016, March 22, 2017, September 25, 2018 and June 14, 2019. The maximum principal amount of the Credit Facility is \$688,000, subject to availability under the Credit Facility, which is based on certain advance rates multiplied by the value of the Company’s portfolio investments (subject to certain concentration limitations) net of certain other indebtedness that the Company may incur in accordance with the terms of the Credit Facility. Proceeds of the Credit Facility may be used for general corporate purposes, including the funding of portfolio investments. Maximum capacity under the Credit Facility may be increased, subject to certain conditions, to \$900,000 through the exercise by the Company of an uncommitted accordion feature through which existing and new lenders may, at their option, agree to provide additional financing. The Credit Facility includes a \$50,000 limit for swingline loans and a \$20,000 limit for letters of credit. Subject to certain exceptions, the Credit Facility is

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secured by a first lien security interest in substantially all of the portfolio investments held by the Company. The Credit Facility includes customary covenants, including certain financial covenants related to asset coverage, shareholders' equity and liquidity, certain limitations on the incurrence of additional indebtedness and liens, and other maintenance covenants, as well as usual and customary events of default for senior secured revolving credit facilities of this nature.

Although we believe that we and the SPV will remain in compliance, there are no assurances that we or the SPV will continue to comply with the covenants in the Credit Facility and SPV Credit Facility, as applicable. Failure to comply with these covenants could result in a default under the Credit Facility and/or the SPV Credit Facility that, if we or the SPV were unable to obtain a waiver from the applicable lenders, could result in the immediate acceleration of the amounts due under the Credit Facility and/or the SPV Credit Facility, and thereby have a material adverse impact on our business, financial condition and results of operations.

For more information on the SPV Credit Facility and the Credit Facility, see Note 6 to the consolidated financial statements in Part II, Item 8 of this Form 10-K.

On December 30, 2019, the Company closed a private offering of \$115.0 million in aggregate principal amount of 4.750% Senior Unsecured Notes due December 31, 2024 (the "Senior Notes"). Interest is payable quarterly, beginning March 31, 2020. This interest rate is subject to increase (up to 5.75%) in the event that, subject to certain exceptions, the Senior Notes cease to have an investment grade rating. The note purchase agreement for the Senior Notes contains customary terms and conditions for senior unsecured notes issued in a private placement, including, without limitation, affirmative and negative covenants such as information reporting, maintenance of the Company's status as a business development company within the meaning of the Investment Company Act and a regulated investment company under the Code, minimum asset coverage ratio and interest coverage ratio, and prohibitions on certain fundamental changes at the Company or any subsidiary guarantor. Continued compliance with these covenants will depend on many factors, some of which are beyond our control. In particular, the Company is obligated to offer to repay the notes at par if certain change in control events occur. The note purchase agreement also contains customary events of default with customary cure and notice, including, without limitation, nonpayment, breach of covenant, material breach of representation or warranty under the note purchase agreement, cross-acceleration under other indebtedness of the Company or certain significant subsidiaries, certain judgments and orders, and certain events of bankruptcy. The Senior Notes are general unsecured obligations of the Company that rank pari passu with all outstanding and future unsecured unsubordinated indebtedness issued by the Company.

On June 26, 2015, we completed the 2015-1 Debt Securitization. The 2015-1 Notes were issued by Carlyle Direct Lending CLO 2015-1R LLC (formerly known as Carlyle GMS Finance MM CLO 2015-1 LLC) (the "2015-1 Issuer"), a wholly owned and consolidated subsidiary of us. On August 30, 2018, the 2015-1 Issuer refinanced the 2015-1 Debt Securitization (the "2015-1 Debt Securitization Refinancing") by redeeming in full the 2015-1 Notes and issuing new notes (the "2015-1R Notes"). The 2015-1R Notes are secured by a diversified portfolio of the 2015-1 Issuer consisting primarily of first and second lien senior secured loans. On the closing date of the 2015-1 Debt Securitization Refinancing, the 2015-1 Issuer, among other things:

- (a) refinanced the issued Class A-1A Notes by redeeming in full the Class A-1A Notes and issuing new AAA Class A-1-1-R Notes in an aggregate principal amount of \$234,800 which bear interest at the three-month LIBOR plus 1.55%;
- (b) refinanced the issued Class A-1B Notes by redeeming in full the Class A-1B Notes and issuing new AAA Class A-1-2-R Notes in an aggregate principal amount of \$50,000 which bear interest at the three-month LIBOR plus 1.48% for the first 24 months and the three-month LIBOR plus 1.78% thereafter;
- (c) refinanced the issued Class A-1C Notes by redeeming in full the Class A-1C Notes and issuing new AAA Class A-1-3-R Notes in an aggregate principal amount of \$25,000 which bear interest at 4.56%;
- (d) refinanced the issued Class A-2 Notes by redeeming in full the Class A-2 Notes and issuing new Class A-2-R Notes in an aggregate principal amount of \$66,000 which bear interest at the three-month LIBOR plus 2.20%;
- (e) issued new single-A Class B Notes and BBB- Class C Notes in aggregate principal amounts of \$46,400 and \$27,000, respectively, which bear interest at the three-month LIBOR plus 3.15% and the three-month LIBOR plus 4.00%, respectively;
- (f) reduced the 2015-1 Issuer Preferred Interests by approximately \$21,375 from a nominal value of \$125,900 to approximately \$104,525 at close; and
- (g) extended the reinvestment period end date and maturity date applicable to the 2015-1 Issuer to October 15, 2023 and October 15, 2031, respectively.

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In connection with the contribution, we have made customary representations, warranties and covenants to the 2015-1 Issuer. The Class A-1-1-R, Class A-1-2-R, Class A-1-3-R, Class A-2-R, Class B and Class C Notes are included in the consolidated financial statements included in Part II, Item 8 of this Form 10-K. The 2015-1 Issuer Preferred Interests were eliminated in consolidation.

For more information on the Senior Notes and the 2015-1R Notes, see Note 7 to the consolidated financial statements in Part II, Item 8 of this Form 10-K.

As of December 31, 2019 and 2018, we had \$36,751 and \$87,186, respectively, in cash and cash equivalents. The Facilities consisted of the following as of December 31, 2019 and 2018:

	December 31, 2019			
	Total Facility	Borrowings Outstanding	Unused Portion ⁽¹⁾	Amounts Available ⁽²⁾
SPV Credit Facility	\$ 275,000	\$ 232,469	\$ 42,531	\$ 4,225
Credit Facility	688,000	384,074	303,926	264,198
Total	\$ 963,000	\$ 616,543	\$ 346,457	\$ 268,423

	December 31, 2018			
	Total Facility	Borrowings Outstanding	Unused Portion ⁽¹⁾	Amounts Available ⁽²⁾
SPV Credit Facility	\$ 400,000	\$ 224,135	\$ 175,865	\$ 2,547
Credit Facility	413,000	290,500	122,500	122,500
Total	\$ 813,000	\$ 514,635	\$ 298,365	\$ 125,047

(1) The unused portion is the amount upon which commitment fees are based.

(2) Available for borrowing based on the computation of collateral to support the borrowings and subject to compliance with applicable covenants and financial ratios.

As the Senior Notes were issued on December 30, 2019, their fair value approximates carrying value as of December 31, 2019. The following were the carrying values (before debt issuance costs) and fair values of the Company's 2015-1R Notes disclosed but not carried at fair value as of December 31, 2019 and 2018:

2015-1R Notes	December 31, 2019		December 31, 2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Aaa/AAA Class A-1-1-R Notes	\$ 234,800	\$ 233,053	\$ 234,800	\$ 229,632
Aaa/AAA Class A-1-2-R Notes	50,000	49,908	50,000	49,442
Aaa/AAA Class A-1-3-R Notes	25,000	25,163	25,000	24,990
AA Class A-2-R Notes	66,000	66,000	66,000	66,000
A Class B Notes	46,400	46,400	46,400	44,242
BBB- Class C Notes	27,000	27,000	27,000	24,809
Total	\$ 449,200	\$ 447,524	\$ 449,200	\$ 439,115

As of December 31, 2019 and 2018, we had a combined \$1,180,743 and \$963,835, respectively, of outstanding consolidated indebtedness under our Facilities, the 2015-1R Notes and the Senior Notes. Our annualized interest cost as of December 31, 2019 and 2018, was 4.01% and 4.55%, excluding fees (such as fees on undrawn amounts and amortization of upfront fees). For the years ended December 31, 2019, 2018 and 2017, we incurred \$50,587, \$37,801 and \$24,510, respectively, of interest expense and \$1,263, \$1,260 and \$1,117, respectively, of unused commitment fees.

Equity Activity

On June 9, 2017, in connection with the NFIC Acquisition, the Company issued 434,233 shares of common stock valued at approximately \$8,046. See Note 14 to the consolidated financial statements in Part II, Item 8 of this Form 10-K for additional information regarding the NFIC Acquisition.

On June 19, 2017, we closed our IPO, issuing 9,454,200 shares of our common stock (including shares issued pursuant to the exercise of the underwriters' over-allotment option on July 5, 2017) at a public offering price of \$18.50 per

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share. Net of underwriting costs, we received cash proceeds of \$169,488. Shares of common stock of TCG BDC began trading on the Nasdaq Global Select Market under the symbol “CGBD” on June 14, 2017. Upon the completion of the IPO, uncalled capital commitments payable to the Company by the Company’s pre-IPO investors were automatically reduced to zero.

Shares issued and outstanding as of December 31, 2019 and 2018 were 57,763,811 and 62,230,251, respectively.

The following table summarizes activity in the number of shares of our common stock outstanding during the years ended December 31, 2019, 2018 and 2017:

	For the years ended December 31,		
	2019	2018	2017
Shares outstanding, beginning of year	62,230,251	62,207,603	41,702,318
Common stock issued	—	—	20,146,561
Reinvestment of dividends	—	361,056	358,724
Repurchase of common stock	(4,466,440)	(338,408)	—
Shares outstanding, end of year	57,763,811	62,230,251	62,207,603

Contractual Obligations

A summary of our significant contractual payment obligations was as follows as of December 31, 2019 and 2018:

Payment Due by Period	As of December 31,	
	2019	2018
Less than 1 Year	\$ —	\$ —
1-3 Years	—	—
3-5 Years ⁽¹⁾	731,543	514,635
More than 5 Years ⁽²⁾	449,200	449,200
Total	\$ 1,180,743	\$ 963,835

(1) Includes amounts outstanding under the Facilities and the Senior Notes.

(2) Includes amounts outstanding under the 2015-1R Notes.

OFF BALANCE SHEET ARRANGEMENTS

In the ordinary course of our business, we enter into contracts or agreements that contain indemnifications or warranties. Future events could occur which may give rise to liabilities arising from these provisions against us. We believe that the likelihood of such an event is remote; however, the maximum potential exposure is unknown. No accrual has been made in these consolidated financial statements as of December 31, 2019 and 2018, in Part II, Item 8 of this Form 10-K, for any such exposure.

We have in the past and may in the future become obligated to fund commitments such as revolving credit facilities, bridge financing commitments, or delayed draw commitments.

We had the following unfunded commitments to fund delayed draw and revolving senior secured loans as of the indicated dates:

	Principal Amount as of December 31,	
	2019	2018
Unfunded delayed draw commitments	\$ 75,874	\$ 97,261
Unfunded revolving term loan commitments	74,016	59,856
Total unfunded commitments	\$ 149,890	\$ 157,117

Pursuant to an undertaking by us in connection with the 2015-1 Debt Securitization, we agreed to hold on an ongoing basis the 2015-1 Issuer Preferred Interests with an aggregate dollar purchase price at least equal to 5% of the aggregate outstanding amount of all collateral obligations by the 2015-1 Issuer for so long as any securities of the 2015-1 Issuer remains outstanding. As of December 31, 2019 and 2018, we were in compliance with this undertaking.

DIVIDENDS AND DISTRIBUTIONS TO COMMON STOCKHOLDERS

Prior to July 5, 2017, we had an “opt in” dividend reinvestment plan. Effective on July 5, 2017, we converted our “opt in” dividend reinvestment plan to an “opt out” dividend reinvestment plan that provides for reinvestment of our dividends and other distributions on behalf of our stockholders, other than those stockholders who have “opted out” of the plan. As a result of adopting the plan, if our Board of Directors authorizes, and we declare, a cash dividend or distribution, our stockholders who have not elected to “opt out” of our dividend reinvestment plan will have their cash dividends or distributions automatically reinvested in additional shares of our common stock, rather than receiving cash. Each registered stockholder may elect to have such stockholder’s dividends and distributions distributed in cash rather than participate in the plan. For any registered stockholder that does not so elect, distributions on such stockholder’s shares will be reinvested by State Street Bank and Trust Company, our plan administrator, in additional shares. The number of shares to be issued to the stockholder will be determined based on the total dollar amount of the cash distribution payable, net of applicable withholding taxes. We intend to use primarily newly issued shares to implement the plan so long as the market value per share is equal to or greater than the net asset value per share on the relevant valuation date. If the market value per share is less than the net asset value per share on the relevant valuation date, the plan administrator would implement the plan through the purchase of common stock on behalf of participants in the open market, unless we instruct the plan administrator otherwise.

The following table summarizes the Company’s dividends declared during the three most recent fiscal years:

<u>Date Declared</u>	<u>Record Date</u>	<u>Payment Date</u>	<u>Per Share Amount</u>
2017			
March 20, 2017	March 20, 2017	April 24, 2017	\$ 0.41
June 20, 2017	June 30, 2017	July 18, 2017	0.37
August 7, 2017	September 29, 2017	October 18, 2017	0.37
November 7, 2017	December 29, 2017	January 17, 2018	0.37
December 13, 2017	December 29, 2017	January 17, 2018	0.12 ⁽¹⁾
Total			\$ 1.64
2018			
February 26, 2018	March 29, 2018	April 17, 2018	\$ 0.37
May 2, 2018	June 29, 2018	July 17, 2018	0.37
August 6, 2018	September 28, 2018	October 17, 2018	0.37
November 5, 2018	December 28, 2018	January 17, 2019	0.37
December 12, 2018	December 28, 2018	January 17, 2019	0.20 ⁽¹⁾
Total			\$ 1.68
2019			
February 22, 2019	March 29, 2019	April 17, 2019	\$ 0.37
May 6, 2019	June 28, 2019	July 17, 2019	0.37
June 17, 2019	June 28, 2019	July 17, 2019	0.08 ⁽¹⁾
August 5, 2019	September 30, 2019	October 17, 2019	0.37
November 4, 2019	December 31, 2019	January 17, 2020	0.37
December 12, 2019	December 31, 2019	January 17, 2020	0.18 ⁽¹⁾
Total			\$ 1.74

(1) Represents a special dividend.

ASSET COVERAGE

In accordance with the Investment Company Act, a BDC is only allowed to borrow amounts such that its “asset coverage,” as defined in the Investment Company Act, satisfies the minimum asset coverage ratio specified in the Investment Company Act after such borrowing. “Asset coverage” generally refers to a company’s total assets, less all liabilities and indebtedness not represented by “senior securities,” as defined in the Investment Company Act, divided by total senior securities representing indebtedness and, if applicable, preferred stock. “Senior securities” for this purpose includes borrowings from banks or other lenders, debt securities and preferred stock.

Prior to March 23, 2018, BDCs were required to maintain a minimum asset coverage ratio of 200%. On March 23, 2018, an amendment to Section 61(a) of the Investment Company Act was signed into law to permit BDCs to reduce the minimum asset coverage ratio from 200% to 150%, so long as certain approval and disclosure requirements are satisfied. Under the 200% minimum asset coverage ratio, BDCs are permitted to borrow up to one dollar for investment purposes for every one dollar of investor equity, and under the 150% minimum asset coverage ratio, BDCs are permitted to borrow up to two dollars for investment purposes for every one dollar of investor equity. In other words, Section 61(a) of the 1940 Act, as amended, permits BDCs to potentially increase their debt-to-equity ratio from a maximum of 1 to 1 to a maximum of 2 to 1.

On April 9, 2018 and June 6, 2018, the Board of Directors, including a “required majority” (as such term is defined in Section 57(o) of the Investment Company Act), and the stockholders of the Company, respectively, approved the application to the Company of the 150% minimum asset coverage ratio set forth in Section 61(a)(2) of the 1940 Act. As a result, the minimum asset coverage ratio applicable to the Company was reduced from 200% to 150%, effective as of June 7, 2018.

As of December 31, 2019 and 2018, the Company had total senior securities of \$1,180,743 and \$963,835, respectively, consisting of secured borrowings under the Facilities, the Senior Notes and the 2015-1R Notes, and had asset coverage ratios of 181.01% and 210.31%, respectively. For a

discussion of the principal risk factors associated with these senior securities, see Part I, Item 1A of this Form 10-K.

CRITICAL ACCOUNTING POLICIES

The preparation of our consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Changes in the economic environment, financial markets, and any other parameters used in determining such estimates could cause actual results to differ. Our critical accounting policies, including those relating to the valuation of our investment portfolio, are described below. The critical accounting policies should be read in connection with our “*Risk Factors*” in Part I, Item 1A of this Form 10-K.

Fair Value Measurements

The Company applies fair value accounting in accordance with the terms of Financial Accounting Standards Board ASC Topic 820, *Fair Value Measurement* (“ASC 820”). ASC 820 defines fair value as the amount that would be exchanged to sell an asset or transfer a liability in an orderly transfer between market participants at the measurement date. The Company values securities/instruments traded in active markets on the measurement date by multiplying the closing price of such traded securities/instruments by the quantity of shares or amount of the instrument held. The Company may also obtain quotes with respect to certain of its investments, such as its securities/instruments traded in active markets and its liquid securities/instruments that are not traded in active markets, from pricing services, brokers, or counterparties (i.e. “consensus pricing”). When doing so, the Company determines whether the quote obtained is sufficient according to U.S. GAAP to determine the fair value of the security. The Company may use the quote obtained or alternative pricing sources may be utilized including valuation techniques typically utilized for illiquid securities/instruments.

Securities/instruments that are illiquid or for which the pricing source does not provide a valuation or methodology or provides a valuation or methodology that, in the judgment of the Investment Adviser or the Board of Directors, does not represent fair value shall each be valued as of the measurement date using all techniques appropriate under the circumstances and for which sufficient data is available. These valuation techniques may vary by investment and include comparable public market valuations, comparable precedent transaction valuations and/or discounted cash flow analyses. The process generally used to determine the applicable value is as follows: (i) the value of each portfolio company or investment is initially reviewed by the investment professionals responsible for such portfolio company or investment and, for non-traded investments, a standardized template designed to approximate fair market value based on observable market inputs, updated credit statistics and unobservable inputs is used to determine a preliminary value, which is also reviewed alongside consensus pricing, where available; (ii) preliminary valuation conclusions are documented and reviewed by a valuation committee comprised of members of senior management; (iii) the Board of Directors engages a third-party valuation firm to provide positive assurance

on portions of the Middle Market Senior Loans and equity investments portfolio each quarter (such that each non-traded investment other than Credit Fund is reviewed by a third-party valuation firm at least once on a rolling twelve month basis) including a review of management’s preliminary valuation and conclusion on fair value; (iv) the Audit Committee of the Board of Directors (the “Audit Committee”) reviews the assessments of the Investment Adviser and the third-party valuation firm and provides the Board of Directors with any recommendations with respect to changes to the fair value of each investment in the portfolio; and (v) the Board of Directors discusses the valuation recommendations of the Audit Committee and determines the fair value of each investment in the portfolio in good faith based on the input of the Investment Adviser and, where applicable, the third-party valuation firm.

All factors that might materially impact the value of an investment are considered, including, but not limited to the assessment of the following factors, as relevant:

- the nature and realizable value of any collateral;
- call features, put features and other relevant terms of debt;
- the portfolio company’s leverage and ability to make payments;
- the portfolio company’s public or private credit rating;
- the portfolio company’s actual and expected earnings and discounted cash flow;
- prevailing interest rates and spreads for similar securities and expected volatility in future interest rates;
- the markets in which the portfolio company does business and recent economic and/or market events; and
- comparisons to comparable transactions and publicly traded securities.

Investment performance data utilized are the most recently available financial statements and compliance certificate received from the portfolio companies as of the measurement date which in many cases may reflect a lag in information.

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 fluctuate from period to period. Because of the inherent uncertainty of valuation, these estimated values may differ significantly from the values that would have been reported had a ready market for the investments existed, and it is reasonably possible that the difference could be material.

In addition, changes in the market environment and other events that may occur over the life of the investments may cause the realized gains or losses on investments to be different from the net change in unrealized appreciation or depreciation currently reflected in the consolidated financial statements as of December 31, 2019 and 2018.

U.S. GAAP establishes a hierarchical disclosure framework which ranks the level of observability of market price inputs used in measuring investments at fair value. The observability of inputs is impacted by a number of factors, including the type of investment and the characteristics specific to the investment and state of the marketplace, including the existence and transparency of transactions between market participants. Investments with readily available quoted prices or for which fair value can be measured from quoted prices in active markets generally have a higher degree of market price observability and a lesser degree of judgment applied in determining fair value.

For further information on the fair value hierarchies, our framework for determining fair value, and the composition of our portfolio, see Note 3 to the consolidated financial statements in Part II, Item 8 of this Form 10-K for further information on fair value measurements.

Use of Estimates

The preparation of consolidated financial statements in Part II, Item 8 of this Form 10-K in conformity with US GAAP requires management to make assumptions and estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management's estimates are based on historical experiences and other factors, including expectations of future events that management believes to be reasonable under the circumstances. It also requires management to exercise judgment in the process of applying the Company's accounting policies. Assumptions and estimates regarding the valuation of investments and their resulting impact on base management and incentive fees involve a higher degree of judgment and complexity and these assumptions and estimates may be significant to the consolidated financial statements in Part II, Item 8 of this Form 10-K. Actual results could differ from these estimates and such differences could be material.

Investments

Investment transactions are recorded on the trade date. Realized gains or losses are measured by the difference between the net proceeds from the repayment or sale and the amortized cost basis of the investment using the specific identification method without regard to unrealized appreciation or depreciation previously recognized, and includes investments charged off during the period, net of recoveries. Net change in unrealized appreciation or depreciation on investments as presented in the Consolidated Statements of Operations in Part II, Item 8 of this Form 10-K reflects the net change in the fair value of investments, including the reversal of previously recorded unrealized appreciation or depreciation when gains or losses are realized.

Revenue Recognition

Interest from Investments and Realized Gain/Loss on Investments

Interest income is recorded on an accrual basis and includes the accretion of discounts and amortization of premiums. Discounts from and premiums to par value on debt investments purchased are accreted/amortized into interest income over the life of the respective security using the effective interest method. The amortized cost of debt investments represents the original cost, including origination fees and upfront fees received that are deemed to be an adjustment to yield, adjusted for the accretion of discounts and amortization of premiums, if any. At time of exit, the realized gain or loss on an investment is the difference between the amortized cost at time of exit and the cash received at exit using the specific identification method.

The Company may have loans in its portfolio that contain payment-in-kind (“PIK”) provisions. PIK represents interest that is accrued and recorded as interest income at the contractual rates, increases the loan principal on the respective capitalization dates, and is generally due at maturity. Such income is included in interest income in the Consolidated Statements of Operations included in Part II, Item 8 of this Form 10-K.

Dividend Income

Dividend income from the investment fund is recorded on the record date for the investment fund to the extent that such amounts are payable by the investment fund and are expected to be collected.

Other Income

Other income may include income such as consent, waiver, amendment, unused, syndication and prepayment fees associated with the Company’s investment activities as well as any fees for managerial assistance services rendered by the Company to the portfolio companies. Such fees are recognized as income when earned or the services are rendered. The Company may receive fees for guaranteeing the outstanding debt of a portfolio company. Such fees are amortized into other income over the life of the guarantee. The unamortized amount, if any, is included in other assets in the Consolidated Statements of Assets and Liabilities included in Part II, Item 8 of this Form 10-K.

Non-Accrual Income

Loans are generally placed on non-accrual status when principal or interest payments are past due 30 days or more or when there is reasonable doubt that principal or interest will be collected in full. Accrued and unpaid interest is generally reversed when a loan is placed on non-accrual status. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon management’s judgment regarding collectability. Non-accrual loans are restored to accrual status when past due principal and interest are paid current and, in management’s judgment, are likely to remain current. Management may not place a loan on non-accrual status if the loan has sufficient collateral value and is in the process of collection.

Income Taxes

For federal income tax purposes, the Company has elected to be treated as a RIC under the Code, and intends to make the required distributions to its stockholders as specified therein. In order to qualify as a RIC, the Company must meet certain minimum distribution, source-of-income and asset diversification requirements. If such requirements are met, then the Company is generally required to pay income taxes only on the portion of its taxable income and gains it does not distribute.

The minimum distribution requirements applicable to RICs require the Company to distribute to its stockholders at least 90% of its investment company taxable income (“ICTI”), as defined by the Code, each year. Depending on the level of ICTI earned in a tax year, the Company may choose to carry forward ICTI in excess of current year distributions into the next

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tax year. Any such carryover ICTI must be distributed before the end of that next tax year through a dividend declared prior to filing the final tax return related to the year which generated such ICTI.

In addition, based on the excise distribution requirements, the Company is subject to a 4% nondeductible federal excise tax on undistributed income unless the Company distributes in a timely manner an amount at least equal to the sum of (1) 98% of its ordinary income for each calendar year, (2) 98.2% of capital gain net income (both long-term and short-term) for the one-year period ending October 31 in that calendar year and (3) any income realized, but not distributed, in the preceding year. For this purpose, however, any ordinary income or capital gain net income retained by the Company that is subject to corporate income tax is considered to have been distributed. The Company intends to make sufficient distributions each taxable year to satisfy the excise distribution requirements.

The Company evaluates tax positions taken or expected to be taken in the course of preparing its consolidated financial statements to determine whether the tax positions are “more-likely than not” to be sustained by the applicable tax authority. All penalties and interest associated with income taxes, if any, are included in income tax expense.

The SPV and the 2015-1 Issuer are disregarded entities for tax purposes and are consolidated with the tax return of the Company.

Dividends and Distributions to Common Stockholders

To the extent that the Company has taxable income available, the Company intends to make quarterly distributions to its common stockholders. Dividends and distributions to common stockholders are recorded on the record date. The amount to be distributed is determined by the Board of Directors each quarter and is generally based upon the taxable earnings estimated by management and available cash. Net realized capital gains, if any, are generally distributed at least annually, although the Company may decide to retain such capital gains for investment.

RELATED PARTY TRANSACTIONS

Investment Advisory Agreement

On April 3, 2013, the Company’s Board of Directors, including a majority of the directors who are not “interested persons” as defined in Section 2(a)(19) of the Investment Company Act (the “Independent Directors”), approved an investment advisory agreement (the “Original Investment Advisory Agreement”) between the Company and the Investment Adviser in accordance with, and on the basis of an evaluation satisfactory to such directors as required by, Section 15(c) of the Investment Company Act.

The Original Investment Advisory Agreement was amended on September 15, 2017 (as amended, the “First Amended and Restated Investment Advisory Agreement”) after the approval of the Company’s Board of Directors, including a majority of the Independent Directors, at an in-person meeting of the Board of Directors held on May 30, 2017 and the approval of the Company’s stockholders at a special meeting of stockholders held on September 15, 2017. The First Amended and Restated Investment Advisory Agreement amended the Original Investment Advisory Agreement to, among other things, (i) reduce the incentive fee payable by the Company to the Investment Adviser from an annual rate of 20% to an annual rate of 17.5%, (ii) delete the incentive fee payment deferral test described below, and (iii) include in the pre-incentive fee net investment income, in the case of investments with a deferred interest feature, accrued income that the Company has not yet received in cash.

On August 6, 2018, the First Amended and Restated Investment Advisory Agreement was further amended (as amended, the “Investment Advisory Agreement”) after the approval of the Company’s Board of Directors, including a majority of the Independent Directors, at an in-person meeting of the Board of Directors held on August 6, 2018. The Investment Advisory Agreement amended the First Amended and Restated Investment Advisory Agreement to incorporate a one-third (0.50%) reduction in the 1.50% annual base management fee rate charged by the Investment Adviser on assets financed using leverage in excess of 1.0x debt to equity, effective July 1, 2018.

The initial term of the Investment Advisory Agreement is two years from September 15, 2017 and, unless terminated earlier, the Investment Advisory Agreement will renew automatically for successive annual periods, provided that such continuance is specifically approved at least annually by the vote of the Board of Directors and by the vote of a majority of the Independent Directors. The Investment Advisory Agreement will automatically terminate in the event of an assignment and may be terminated by either party without penalty upon at least 60 days’ written notice to the other party. Subject to the overall supervision of the Board of Directors, the Investment Adviser provides investment advisory services to the Company. For

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providing these services, the Investment Adviser receives fees from the Company consisting of two components—a base management fee and an incentive fee.

Effective September 15, 2017, the base management fee has been calculated and payable quarterly in arrears at an annual rate of 1.50% of the average value of the gross assets at the end of the two most recently completed fiscal quarters; provided, however, effective July 1, 2018, the base management fee has been calculated at an annual rate of 1.00% of the average value of the gross assets as of the end of the two most recently completed calendar quarters that exceeds the product of (A) 200% and (B) the average value of the Company's net asset value at the end of the two most recently completed calendar quarters. The base management fee will be appropriately adjusted for any share issuances or repurchases during such fiscal quarter and the base management fees for any partial month or quarter will be pro-rated. The Company's gross assets exclude any cash and cash equivalents and include assets acquired through the incurrence of debt from use of the SPV Credit Facility, Credit Facility, 2015-1R Notes and 2015-1 Notes (see Note 6, Borrowings, and Note 7, Notes Payable, to the consolidated financial statements in Part II, Item 8 of this Form 10-K). For purposes of this calculation, cash and cash equivalents include any temporary investments in cash-equivalents, U.S. government securities and other high quality investment grade debt investments that mature in 12 months or less from the date of investment.

Prior to September 15, 2017, under the Original Investment Advisory Agreement, the base management fee was calculated and payable quarterly in arrears at an annual rate of 1.50% of the average daily gross assets of the Company for the period adjusted for share issuances or repurchases. Prior to the IPO, the Investment Adviser waived its right to receive one-third (0.50%) of the 1.50% base management fee. Any waived base management fees are not subject to recoupment by the Investment Adviser. The fee waiver terminated when the IPO had been consummated. As previously disclosed, in connection with the IPO, the Investment Adviser agreed to continue the fee waiver until the completion of the first full quarter after the consummation of the IPO. As a result, beginning October 1, 2017, the base management fee has been calculated at an annual rate of 1.50% of the Company's gross assets; provided, however, effective July 1, 2018, the base management fee has been calculated at an annual rate of 1.00% of the average value of the gross assets as of the end of the two most recently completed calendar quarters that exceeds the product of (A) 200% and (B) the average value of the Company's net asset value at the end of the two most recently completed calendar quarters.

The incentive fee has two parts. The first part is calculated and payable quarterly in arrears based on the pre-incentive fee net investment income for the immediately preceding calendar quarter. The second part is determined and payable in arrears based on capital gains as of the end of each calendar year.

Pre-incentive fee net investment income means interest income, dividend income and any other income (including any other fees (other than fees for providing managerial assistance), such as commitment, origination, structuring, diligence and consulting fees or other fees that the Company receives from portfolio companies) accrued during the calendar quarter, minus the operating expenses accrued for the quarter (including the base management fee, expenses payable under the administration agreement, and any interest expense or fees on any credit facilities or outstanding debt 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, accrued income that the Company has not yet received in cash. Pre-incentive fee net investment income does not include any realized capital gains, realized capital losses or unrealized capital appreciation or depreciation.

Effective September 15, 2017, pre-incentive fee net investment income, expressed as a rate of return on the value of our net assets at the end of the immediately preceding calendar quarter, has been compared to a "hurdle rate" of 1.50% per quarter (6% annualized) or a "catch-up rate" of 1.82% per quarter (7.28% annualized), as applicable.

Pursuant to the Investment Advisory Agreement, the Company pays its Investment Adviser an incentive fee with respect to its pre-incentive fee net investment income in each calendar quarter as follows:

- no incentive fee based on pre-incentive fee net investment income in any calendar quarter in which its pre-incentive fee net investment income does not exceed the hurdle rate of 1.50%;
- 100% of pre-incentive fee net investment income with respect to that portion of such pre-incentive fee net investment income, if any, that exceeds the hurdle rate but is less than 1.82% in any calendar quarter (7.28% annualized). The Company refers to this portion of the pre-incentive fee net investment income (which exceeds the hurdle rate but is less than 1.82%) as the "catch-up." The "catch-up" is meant to provide the Investment Adviser with approximately 17.5% of the Company's pre-incentive fee net investment income as if a hurdle rate did not apply if this net investment income exceeds 1.82% in any calendar quarter; and

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- 17.5% of the amount of pre-incentive fee net investment income, if any, that exceeds 1.82% in any calendar quarter (7.28% annualized) will be payable to the Investment Adviser. This reflects that once the hurdle rate is reached and the catch-up is achieved, 17.5% of all pre-incentive fee investment income thereafter is allocated to the Investment Adviser.

The second part of the incentive fee is determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Advisory Agreement, as of the termination date), and equals 17.5% of realized capital gains, if any, on a cumulative basis from inception through the date of determination, computed net of all realized capital losses on a cumulative basis and unrealized capital depreciation, less the aggregate amount of any previously paid capital gain incentive fees, provided that, the incentive fee determined at the end of the first calendar year of operations may be calculated for a period of shorter than twelve calendar months to take into account any realized capital gains computed net of all realized capital losses on a cumulative basis and unrealized capital depreciation.

Prior to the September 15, 2017, under the Original Investment Advisory Agreement, pre-incentive fee net investment income, which did not include, in the case of investments with a deferred interest feature, accrued income that the Company has not yet received in cash, and was expressed as a rate of return on the average daily Hurdle Calculation Value (as defined below) throughout the immediately preceding calendar quarter, was compared to a “hurdle rate” of 1.50% per quarter (6% annualized) or a “catch-up” of 1.875% per quarter (7.50% annualized), as applicable. “Hurdle Calculation Value” meant, on any given day, the sum of (x) the value of net assets as of the end of the calendar quarter immediately preceding such day plus (y) the aggregate amount of capital drawn from investors (or reinvested in the Company pursuant to a dividend reinvestment plan) from the beginning of the current quarter to such day minus (z) the aggregate amount of distributions (including share repurchases) made by the Company from the beginning of the current quarter to such day, but only to the extent such distributions were not declared and accounted for on the books and records in a previous quarter. In addition, under the Original Investment Advisory Agreement, the Company deferred payment of any incentive fee otherwise earned by the Investment Adviser if, during the most recent four full calendar quarter periods ending on or prior to the date such payment is to be made, the sum of (a) the aggregate distributions to stockholders and (b) the change in net assets (defined as gross assets less indebtedness and before taking into account any incentive fees payable during the period) is less than 6.0% of net assets (defined as gross assets less indebtedness) at the beginning of such period. These calculations were adjusted for any share issuances or repurchases. Any deferred incentive fees were carried over for payment in subsequent calculation periods.

As previously disclosed, in connection with the IPO, the Investment Adviser agreed to charge 17.5% instead of 20% with respect to, or effectively waive 2.5% from, the entire calculation of the incentive fee beginning on the first full quarter following the consummation of the IPO until the earlier of (i) October 1, 2017 and (ii) the date that the Company’s stockholders vote on the approval of the amendment to the Original Investment Advisory Agreement. The Company’s stockholders voted to approve the Investment Advisory Agreement on September 15, 2017.

On April 3, 2013, the Investment Adviser entered into a personnel agreement with Carlyle Employee Co., pursuant to which Carlyle Employee Co. provides the Investment Adviser with access to investment professionals.

Administration Agreement

On April 3, 2013, the Company’s Board of Directors approved an administration agreement (the “Administration Agreement”) between the Company and the Administrator. Pursuant to the Administration Agreement, the Administrator provides services and receives reimbursements equal to an amount that reimburses the Administrator for its costs and expenses and the Company’s allocable portion of overhead incurred by the Administrator in performing its obligations under the Administration Agreement, including the Company’s allocable portion of the compensation paid to or compensatory distributions received by the Company’s officers (including the Chief Compliance Officer and Chief Financial Officer) and respective staff who provide services to the Company, operations staff who provide services to the Company, and any internal audit staff, to the extent internal audit performs a role in the Company’s Sarbanes-Oxley Act internal control assessment. Reimbursement under the Administration Agreement occurs quarterly in arrears.

The initial term of the Administration Agreement was two years from April 3, 2013 and, unless terminated earlier, the Administration Agreement will renew automatically for successive annual periods, provided that such continuance is specifically approved at least annually by (i) the vote of the Board of Directors or by a majority vote of the outstanding voting securities of the Company and (ii) the vote of a majority of the Company’s Independent Directors. On May 6, 2019, the Company’s Board of Directors, including a majority of the Independent Directors, approved the continuance of the Administration Agreement for a one year period. The Administration Agreement may not be assigned by a party without the consent of the other party and may be terminated by either party without penalty upon at least 60 days’ written notice to the other party.

Sub-Administration Agreements

On April 3, 2013, the Administrator entered into a sub-administration agreement with Carlyle Employee Co. (the “Carlyle Sub-Administration Agreement”). Pursuant to the Carlyle Sub-Administration Agreement, Carlyle Employee Co. provides the Administrator with access to personnel.

On April 3, 2013, the Administrator entered into a sub-administration agreement with State Street Bank and Trust Company (“State Street” and, such agreement, the “State Street Sub-Administration Agreement” and, together with the Carlyle Sub-Administration Agreement, the “Sub-Administration Agreements”). On March 11, 2015, the Company’s Board of Directors, including a majority of the Independent Directors, approved an amendment to the State Street Sub-Administration Agreement. The initial term of the State Street Sub-Administration Agreement ends on April 1, 2017 and, unless terminated earlier, the State Street Sub-Administration Agreement will renew automatically for successive annual periods, provided that such continuance is specifically approved at least annually by (i) the vote of the Board of Directors or by the vote of a majority of the outstanding voting securities of the Company and (ii) the vote of a majority of the Company’s Independent Directors. On May 6, 2019, the Company’s Board of Directors, including a majority of the Independent Directors, approved the continuance of the State Street Sub-Administration Agreement for a one year period. The State Street Sub-Administration Agreement may be terminated upon at least 60 days’ written notice and without penalty by the vote of a majority of the outstanding securities of the Company, or by the vote of the Board of Directors or by either party to the State Street Sub-Administration Agreement.

Board of Directors

The Company’s Board of Directors currently consists of five members, three of whom are Independent Directors. On April 3, 2013, the Board of Directors established an Audit Committee consisting of its Independent Directors. The Board of Directors also established a Pricing Committee of the Board of Directors, a Nominating and Governance Committee of the Board of Directors and a Compensation Committee of the Board of Directors, and may establish additional committees in the future.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are subject to financial market risks, including changes in the valuations of our investment portfolio and interest rates.

Valuation Risk

Our investments may not have a readily available market price, and we value these investments at fair value as determined in good faith by our Board of Directors in accordance with our valuation policy. There is no single standard for determining fair value in good faith. As a result, determining fair value requires that judgment be applied to the specific facts and circumstances of each portfolio investment while employing a consistently applied valuation process for the types of investments we make. 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 our investments may fluctuate from period to period. Because of the inherent uncertainty of valuation, these estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and it is possible that the difference could be material.

Interest Rate Risk

As of December 31, 2019, on a fair value basis, approximately 0.3% of our debt investments bear interest at a fixed rate and approximately 99.7% of our debt investments bear interest at a floating rate, which primarily are subject to interest rate floors. Interest rates on the investments held within our portfolio of investments are typically based on floating LIBOR, with many of these investments also having a LIBOR floor. Additionally, our Facilities are also subject to floating interest rates and are currently paid based on floating LIBOR rates.

Interest rate sensitivity refers to the change in earnings that may result from changes in the level of interest rates. There can be no assurance that a significant change in market interest rates will not have a material adverse effect on our income in the future.

The following table estimates the potential changes in net cash flow generated from interest income, should interest rates increase or decrease by 100, 200 or 300 basis points. Interest income is calculated as revenue from interest generated from our settled portfolio of debt investments held as of December 31, 2019 and 2018, excluding structured finance obligations and our investment in Credit Fund. These hypothetical calculations are based on a model of the settled debt investments in our portfolio, excluding structured finance obligations and our investment in Credit Fund, held as of December 31, 2019 and 2018, and are only adjusted for assumed changes in the underlying base interest rates and the impact of that change on interest income. Interest expense is calculated based on outstanding secured borrowings and notes payable as of December 31, 2019 and 2018 and based on the terms of our Facilities and notes payable. Interest expense on our Facilities and notes payable is calculated using the stated interest rate as of December 31, 2019 and 2018, adjusted for the hypothetical changes in rates, as shown below. We intend to continue to finance a portion of our investments with borrowings and the interest rates paid on our borrowings may impact significantly our net interest income.

We regularly measure exposure to interest rate risk. We assess interest rate risk and manage interest rate exposure on an ongoing basis by comparing our interest rate sensitive assets to our interest rate sensitive liabilities. Based on that review, we determine whether or not any hedging transactions are necessary to mitigate exposure to changes in interest rates.

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Based on our Consolidated Statements of Assets and Liabilities as of December 31, 2019 and 2018, the following table shows the annual impact on net investment income of base rate changes in interest rates for our settled debt investments (considering interest rate floors for variable rate instruments), excluding our investment in Credit Fund, and outstanding secured borrowings and notes payable assuming no changes in our investment and borrowing structure:

Basis Point Change	As of December 31, 2019			As of December 31, 2018		
	Interest Income	Interest Expense	Net Investment Income	Interest Income	Interest Expense	Net Investment Income
Up 300 basis points	\$ 57,441	\$ (31,167)	\$ 26,274	\$ 52,554	\$ (28,165)	\$ 24,389
Up 200 basis points	\$ 38,294	\$ (20,778)	\$ 17,516	\$ 35,036	\$ (18,777)	\$ 16,259
Up 100 basis points	\$ 19,147	\$ (10,389)	\$ 8,758	\$ 17,518	\$ (9,388)	\$ 8,130
Down 100 basis points	\$ (16,433)	\$ 10,389	\$ (6,044)	\$ (17,477)	\$ 9,388	\$ (8,089)
Down 200 basis points	\$ (18,678)	\$ 20,225	\$ 1,547	\$ (28,103)	\$ 18,777	\$ (9,326)
Down 300 basis points	\$ (19,053)	\$ 20,823	\$ 1,770	\$ (28,741)	\$ 22,953	\$ (5,788)

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Item 8. Financial Statements and Supplementary Data

**TCG BDC, INC.
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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of TCG BDC, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of assets and liabilities of TCG BDC, Inc. (the “Company”), including the consolidated schedules of investments, as of December 31, 2019 and 2018, the related consolidated statements of operations, changes in net assets and cash flows for each of the three years in the period ended December 31, 2019, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2019 and 2018, and the results of its operations, changes in its net assets, and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 25, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of investments owned as of December 31, 2019 and 2018, by correspondence with the custodians and debt agents. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosures to which it relates.

Valuation of investments using significant unobservable inputs

Description of the Matter

At December 31, 2019, the fair value of the Company's investments categorized in Level III of the fair value hierarchy (Level III investments) totaled \$2.124 billion. As discussed in Note 3 to the consolidated financial statements (Note 3), management determined the fair value of the Company's Level III investments by using valuation techniques such as comparable public market valuations, comparable precedent transaction valuations and/or discounted cash flow analyses and using inputs which were significant to the valuation of these investments, such as observable market inputs, updated credit statistics, and significant unobservable inputs (significant inputs). The significant unobservable inputs used to determine fair value required significant management judgment or estimation and, as disclosed in Note 3, included discount rates, comparable multiples, recovery rates, default rates, and indicative quotes.

Auditing the fair value of the Company's Level III investments was complex and judgmental due to the valuation techniques and significant unobservable inputs used by the Company to determine fair value.

How We Addressed the Matter in our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's investment valuation process. This included controls over management's assessment of the valuation techniques and significant inputs used by management to determine the fair value measurements.

To test the valuation of the Company's Level III investments, our audit procedures included, among others, evaluating the valuation techniques and significant inputs used by the Company. For each Level III investment, we gained an understanding of the valuation technique(s) and significant inputs used to value the investment and reviewed the information considered by the Board of Directors relating to the valuation. Our procedures also included testing, for a sample of Level III investments, significant inputs and the mathematical accuracy of the Company's valuation models. For example, we compared market spreads, market value (EBITDA) multiples of publicly traded comparable companies, available precedent sales transactions of comparable companies, default rates and recovery rates to information available from third-party market research providers. We also compared certain of the significant inputs to underlying sources like public and private credit ratings and the most recently available portfolio company financial statements and compliance certificates provided by management. To evaluate the reasonableness of the unobservable inputs, we assessed whether these inputs were developed in a manner consistent with the Company's valuation policies and in some instances, with the assistance of our valuation specialists, we independently developed fair value estimates using portfolio company and market information and compared them to the Company's estimates. We searched for and evaluated information that corroborated or contradicted the Company's significant inputs. We also evaluated subsequent events and transactions and considered whether they corroborated or contradicted the Company's year-end valuations.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2012.

New York, NY
February 25, 2020

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of
TCG BDC, Inc.

Opinion on Internal Control over Financial Reporting

We have audited TCG BDC, Inc.'s internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, TCG BDC, Inc. (the "Company") maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of assets and liabilities of the Company, including the consolidated schedules of investments, as of December 31, 2019 and 2018, and the related consolidated statements of operations, changes in net assets and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and our report dated February 25, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP
New York, NY
February 25, 2020

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TCG BDC, INC.
CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES
(dollar amounts in thousands, except per share data)

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
ASSETS		
Investments, at fair value		
Investments—non-controlled/non-affiliated, at fair value (amortized cost of \$1,960,755 and \$1,799,751, respectively)	\$ 1,897,057	\$ 1,731,319
Investments—non-controlled/affiliated, at fair value (amortized cost of \$0 and \$13,839, respectively)	—	18,543
Investments—controlled/affiliated, at fair value (amortized cost of \$240,696 and \$230,001, respectively)	226,907	222,295
Total investments, at fair value (amortized cost of \$2,201,451 and \$2,043,591, respectively)	<u>2,123,964</u>	<u>1,972,157</u>
Cash and cash equivalents	36,751	87,186
Receivable for investment sold	6,162	8,060
Deferred financing costs	4,032	3,950
Interest receivable from non-controlled/non-affiliated investments	9,462	5,853
Interest receivable from non-controlled/affiliated investments	—	3
Interest and dividend receivable from controlled/affiliated investments	6,845	7,405
Prepaid expenses and other assets	317	129
Total assets	<u>\$ 2,187,533</u>	<u>\$ 2,084,743</u>
LIABILITIES		
Secured borrowings (Note 6)	\$ 616,543	\$ 514,635
2015-1R Notes, net of unamortized debt issuance costs of \$2,911 and \$3,157, respectively (Note 7)	446,289	446,043
Senior Notes	115,000	—
Payable for investments purchased	—	1,870
Due to Investment Adviser	—	236
Interest and credit facility fees payable (Notes 6 and 7)	6,764	7,500
Dividend payable (Note 9)	31,760	35,497
Base management and incentive fees payable (Note 4)	13,236	13,834
Administrative service fees payable (Note 4)	77	94
Other accrued expenses and liabilities	1,393	1,816
Total liabilities	<u>1,231,062</u>	<u>1,021,525</u>
Commitments and contingencies (Notes 8 and 11)		
NET ASSETS		
Common stock, \$0.01 par value; 200,000,000 shares authorized; 57,763,811 and 62,230,251 shares issued and outstanding at December 31, 2019 and December 31, 2018, respectively	578	622
Paid-in capital in excess of par value	1,109,238	1,174,334
Offering costs	(1,633)	(1,633)
Total distributable earnings (loss)	<u>(151,712)</u>	<u>(110,105)</u>
Total net assets	<u>\$ 956,471</u>	<u>\$ 1,063,218</u>
NET ASSETS PER SHARE	<u>\$ 16.56</u>	<u>\$ 17.09</u>

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

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TCG BDC, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(dollar amounts in thousands, except per share data)

	For the years ended December 31,		
	2019	2018	2017
Investment income:			
From non-controlled/non-affiliated investments:			
Interest income	\$ 184,529	\$ 168,222	\$ 133,807
Other income	7,329	9,134	10,526
Total investment income from non-controlled/non-affiliated investments	191,858	177,356	144,333
From non-controlled/affiliated investments:			
Interest income	1,209	1,680	1,215
Total investment income from non-controlled/affiliated investments	1,209	1,680	1,215
From controlled/affiliated investments:			
Interest income	12,481	13,240	10,753
Dividend income	15,750	15,250	8,700
Total investment income from controlled/affiliated investments	28,231	28,490	19,453
Total investment income	221,298	207,526	165,001
Expenses:			
Base management fees (Note 4)	31,316	29,626	25,254
Incentive fees (Note 4)	22,872	23,002	21,084
Professional fees	2,745	3,404	2,895
Administrative service fees (Note 4)	539	701	661
Interest expense (Notes 6 and 7)	50,587	37,801	24,510
Credit facility fees (Note 6)	3,079	2,295	1,983
Directors' fees and expenses	353	370	443
Other general and administrative	1,738	1,661	1,683
Total expenses	113,229	98,860	78,513
Waiver of base management fees (Note 4)	—	—	5,927
Net expenses	113,229	98,860	72,586
Net investment income (loss) before taxes	108,069	108,666	92,415
Excise tax expense	404	230	264
Net investment income (loss)	107,665	108,436	92,151
Net realized gain (loss) and net change in unrealized appreciation (depreciation) on investments:			
Net realized gain (loss) from:			
Non-controlled/non-affiliated investments	(29,285)	(1,368)	(11,692)
Controlled/affiliated investments	(9,091)	—	—
Currency gains (losses) on non-investment assets and liabilities	33	—	—
Net change in unrealized appreciation (depreciation) on investments:			
Non-controlled/non-affiliated investments	4,734	(65,528)	6,590
Non-controlled/affiliated investments	(4,704)	5,546	(842)
Controlled/affiliated investments	(6,083)	(7,971)	(2,007)
Net change in unrealized currency gains (losses) on non-investment assets and liabilities	(1,939)	—	—
Net realized gain (loss) and net change in unrealized appreciation (depreciation) on investments and non-investment assets and liabilities	(46,335)	(69,321)	(7,951)
Net increase (decrease) in net assets resulting from operations	\$ 61,330	\$ 39,115	\$ 84,200
Basic and diluted earnings per common share (Note 9)	\$ 1.02	\$ 0.63	\$ 1.59
Weighted-average shares of common stock outstanding—Basic and Diluted (Note 9)	60,189,502	62,533,614	52,997,450

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

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TCG BDC, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
(dollar amounts in thousands)

	For the years ended December 31,		
	2019	2018	2017
Increase (decrease) in net assets resulting from operations:			
Net investment income (loss)	\$ 107,665	\$ 108,436	\$ 92,151
Net realized gain (loss) on investments and non-investment assets and liabilities	(38,343)	(1,368)	(11,692)
Net change in unrealized appreciation (depreciation) on investments	(6,053)	(67,953)	3,741
Net change in unrealized currency gains (losses) on non-investment assets and liabilities	(1,939)	—	—
Net increase (decrease) in net assets resulting from operations	61,330	39,115	84,200
Capital transactions:			
Common stock issued, net of offering and underwriting costs	—	(15)	365,475
Reinvestment of dividends	—	6,629	6,681
Repurchase of common stock	(64,717)	(4,867)	—
Dividends declared (Note 12)	(103,360)	(104,948)	(93,189)
Net increase (decrease) in net assets resulting from capital share transactions	(168,077)	(103,201)	278,967
Net increase (decrease) in net assets	(106,747)	(64,086)	363,167
Net assets at beginning of year	1,063,218	1,127,304	764,137
Net assets at end of year	\$ 956,471	\$ 1,063,218	\$ 1,127,304

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

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TCG BDC, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollar amounts in thousands)

	For the years ended December 31,		
	2019	2018	2017
Cash flows from operating activities:			
Net increase (decrease) in net assets resulting from operations	\$ 61,330	\$ 39,115	\$ 84,200
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by (used in) operating activities:			
Amortization of deferred financing costs	1,864	1,896	949
Net accretion of discount on investments	(12,955)	(12,814)	(11,747)
Paid-in-kind interest	(7,958)	(4,676)	(1,057)
Net realized (gain) loss on investments	38,343	1,368	11,692
Net change in unrealized (appreciation) depreciation on investments	6,053	67,953	(3,741)
Net change in unrealized currency (gains) losses on non-investment assets and liabilities	1,939	—	—
Cost of investments purchased and change in payable for investments purchased	(994,374)	(953,163)	(1,280,124)
Proceeds from sales and repayments of investments and change in receivable for investments sold	819,084	888,069	812,576
<i>Changes in operating assets:</i>			
Interest receivable	(3,606)	(1,312)	(3,767)
Dividend receivable	560	(860)	(1,515)
Prepaid expenses and other assets	(188)	(53)	(34)
<i>Changes in operating liabilities:</i>			
Due to Investment Adviser	(236)	167	(146)
Interest and credit facility fees payable	(736)	2,147	1,754
Base management and incentive fees payable	(598)	736	4,941
Administrative service fees payable	(17)	(1)	(42)
Other accrued expenses and liabilities	(397)	223	410
Net cash provided by (used in) operating activities	(91,892)	28,795	(385,651)
Cash flows from financing activities:			
Proceeds from issuance of common stock, net of offering and underwriting costs	—	(15)	357,429
Repurchase of common stock	(64,717)	(4,867)	—
Borrowings on SPV Credit Facility and Credit Facility	755,179	812,650	816,216
Repayments of SPV Credit Facility and Credit Facility	(655,209)	(860,908)	(675,208)
Proceeds from issuance of Senior Unsecured Notes	115,000	—	—
Repayments of debt assumed from NFIC Acquisition	—	—	(42,128)
Proceeds from issuance of 2015-1R Notes	—	449,200	—
Redemption of 2015-1 Notes	—	(273,000)	—
Debt issuance costs paid	(1,699)	(3,405)	(1,063)
Dividends paid in cash	(107,097)	(93,303)	(76,045)
Net cash provided by (used in) financing activities	41,457	26,352	379,201
Net increase (decrease) in cash and cash equivalents	(50,435)	55,147	(6,450)
Cash and cash equivalents, beginning of year	87,186	32,039	38,489
Cash and cash equivalents, end of year	\$ 36,751	\$ 87,186	\$ 32,039
Supplemental disclosures:			
Offering expenses and debt issuance costs due	\$ —	\$ 25	\$ —
Interest paid during the year	\$ 49,981	\$ 34,676	\$ 22,519
Taxes, including excise tax, paid during year	\$ 225	\$ 105	\$ 179
Dividends declared during the year	\$ 103,360	\$ 104,948	\$ 93,189
Reinvestment of dividends	\$ —	\$ 6,629	\$ 6,681
Cost of investments received in the NFIC Acquisition from shares issued (Note 13)	\$ —	\$ —	\$ (8,046)
Shares issued in consideration of NFIC Acquisition (Note 13)	\$ —	\$ —	\$ 8,046
Debt assumed from NFIC Acquisition (Note 13)	\$ —	\$ —	\$ 42,128

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

TCG BDC, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2019
(dollar amounts in thousands)

Investments—non-controlled/non-affiliated ⁽¹⁾		Footnotes	Industry	Reference Rate & Spread ⁽²⁾	Interest Rate ⁽²⁾	Acquisition Date	Maturity Date	Par/ Principal Amount **	Amortized Cost ⁽⁴⁾	Fair Value ⁽⁵⁾	% of Net Assets
First Lien Debt (77.29%)											
Aero Operating, LLC (Dejana Industries, Inc.)	^+*	(2) (3) (13)	Business Services	L + 7.25%	9.16%	1/5/2018	12/29/2022	\$ 3,517	\$ 3,491	\$ 3,449	0.36%
Aimov, Inc.	^	(2) (3) (13)	Containers, Packaging & Glass	L + 5.25%	7.16%	12/20/2019	12/19/2025	12,813	12,602	12,601	1.32
Alpha Packaging Holdings, Inc.	+*	(2) (3)	Containers, Packaging & Glass	L + 4.25%	6.35%	6/26/2015	5/12/2020	2,836	2,836	2,822	0.30
Alpine SG, LLC	^*	(2) (3)	High Tech Industries	L + 6.50%	8.43%	2/2/2018	11/16/2022	15,301	15,187	15,244	1.59
American Physician Partners, LLC	^+*	(2) (3) (13)	Healthcare & Pharmaceuticals	L + 6.50%	8.58%	1/7/2019	12/21/2021	38,235	37,868	38,110	3.98
AMS Group HoldCo, LLC	^+*	(2) (3) (13)	Transportation: Cargo	L + 6.00%	8.07%	9/29/2017	9/29/2023	30,808	30,361	30,457	3.18
Analogic Corporation	^+*	(2) (3) (13)	Healthcare & Pharmaceuticals	L + 6.00%	7.70%	6/22/2018	6/22/2024	34,784	34,190	34,784	3.64
Anchor Hocking, LLC	^	(2) (3)	Durable Consumer Goods	L + 8.75%	10.66%	1/25/2019	1/25/2024	10,707	10,410	10,359	1.08
Apptio, Inc.	^	(2) (3) (13)	Software	L + 7.25%	8.96%	1/10/2019	1/10/2025	35,541	34,874	35,237	3.68
Aurora Lux FinCo S.A.R.L. (Luxembourg)	^	(2) (3) (7)	Software	L + 6.00%	7.93%	12/24/2019	12/24/2026	37,500	36,563	36,563	3.82
Avenu Holdings, LLC	+*	(2) (3)	Sovereign & Public Finance	L + 5.25%	7.35%	9/28/2018	9/28/2024	38,665	38,125	37,227	3.89
Barnes & Noble, Inc.	^	(2) (3) (11)	Retail	L + 5.50%	9.07%	8/7/2019	8/7/2024	17,637	17,225	17,196	1.80
BMS Holdings III Corp.	^*	(2) (3) (13)	Construction & Building	L + 5.25%	7.35%	9/30/2019	9/30/2026	11,638	11,274	11,591	1.21
Brooks Equipment Company, LLC	+*	(2) (3)	Construction & Building	L + 5.00%	6.91%	6/26/2015	8/29/2020	2,443	2,439	2,441	0.26
Capstone Logistics Acquisition, Inc.	+*	(2) (3)	Transportation: Cargo	L + 4.50%	6.20%	6/26/2015	10/7/2021	3,976	3,962	3,894	0.41
Captive Resources Midco, LLC	^*	(2) (3) (13)	Banking, Finance, Insurance & Real Estate	L + 6.00%	8.18%	6/30/2015	5/31/2025	30,301	29,814	30,158	3.15
Central Security Group, Inc.	+*	(2) (3)	Consumer Services	L + 5.63%	7.33%	6/26/2015	10/6/2021	22,634	22,531	19,466	2.04
Chartis Holding, LLC	^	(2) (3) (13)	Business Services	L + 5.25%	7.28%	5/1/2019	5/1/2025	15,926	15,538	15,723	1.64
Chemical Computing Group ULC (Canada)	^*	(2) (3) (7) (13)	Software	L + 5.25%	6.95%	8/30/2018	8/30/2023	14,674	14,567	14,539	1.52
CircusTrix Holdings, LLC	^+*	(2) (3) (13)	Hotel, Gaming & Leisure	L + 5.50%	7.20%	2/2/2018	12/6/2021	9,397	9,342	9,242	0.97
Comar Holding Company, LLC	^+*	(2) (3) (13)	Containers, Packaging & Glass	L + 5.25%	6.96%	6/18/2018	6/18/2024	27,783	27,254	27,101	2.83
Cority Software Inc. (Canada)	^	(2) (3) (7) (13)	Software	L + 5.50%	7.57%	7/2/2019	7/2/2026	27,000	26,435	26,400	2.76
Dent Wizard International Corporation	+	(2) (3)	Automotive	L + 4.00%	5.70%	4/28/2015	4/7/2022	877	877	873	0.09
Derm Growth Partners III, LLC (Dermatology Associates)	^	(2) (3) (9)	Healthcare & Pharmaceuticals	L + 6.25% (100% PIK)	8.16%	5/31/2016	5/31/2022	56,310	56,026	39,716	4.15
DermaRite Industries, LLC	^*	(2) (3) (13)	Healthcare & Pharmaceuticals	L + 7.00%	8.70%	3/3/2017	3/3/2022	22,647	22,481	21,690	2.27
Digicel Limited (Jamaica)	^	(7)	Telecommunications	6.00%	6.00%	7/23/2019	4/15/2021	250	202	195	0.02
Dimensional Dental Management, LLC	^	(2) (3) (11) (13)	Healthcare & Pharmaceuticals	L + 5.75%	10.00%	2/12/2016	2/12/2021	1,224	1,199	1,224	0.13
Dimensional Dental Management, LLC	^	(2) (3) (9) (11)	Healthcare & Pharmaceuticals	L + 5.75%	8.66%	2/12/2016	7/22/2020	33,674	33,301	—	—

TCG BDC, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2019
(dollar amounts in thousands)

Investments—non-controlled/non-affiliated ⁽¹⁾		Footnotes	Industry	Reference Rate & Spread ⁽²⁾	Interest Rate ⁽²⁾	Acquisition Date	Maturity Date	Par/Principal Amount ^{**}	Amortized Cost ⁽⁴⁾	Fair Value ⁽⁵⁾	% of Net Assets
First Lien Debt (77.29%)											
(continued)											
Direct Travel, Inc.	^+*	(2) (3)	Hotel, Gaming & Leisure	L + 6.50%	8.41%	10/14/2016	12/1/2021	\$ 36,805	\$ 36,515	\$ 36,757	3.84%
DTI Holdco, Inc.	*	(2) (3)	High Tech Industries	L + 4.75%	6.68%	12/18/2018	9/30/2023	1,974	1,871	1,841	0.19
Emergency Communications Network, LLC	^+*	(2) (3)	Telecommunications	L + 6.25%	8.14%	6/1/2017	6/1/2023	24,375	24,233	22,323	2.33
Ensono, LP	*	(2) (3)	Telecommunications	L + 5.25%	6.95%	4/30/2018	6/27/2025	8,537	8,452	8,537	0.89
Ethos Veterinary Health LLC	^+	(2) (3) (13)	Consumer Services	L + 4.75%	6.45%	5/17/2019	5/15/2026	10,869	10,744	10,807	1.13
EvolveIP, LLC	^+*	(2) (3)	Telecommunications	L + 5.75%	7.45%	11/26/2019	6/7/2023	34,420	33,923	34,420	3.60
Frontline Technologies Holdings, LLC	^*	(2) (3)	Software	L + 5.75%	7.85%	9/18/2017	9/18/2023	48,242	47,949	48,705	5.09
FWR Holding Corporation	^+*	(2) (3) (13)	Beverage, Food & Tobacco	L + 5.50%	7.29%	8/21/2017	8/21/2023	48,630	47,950	48,393	5.06
Green Energy Partners/Stonewall, LLC	+*	(2) (3)	Energy: Electricity	L + 5.50%	7.60%	6/26/2015	11/10/2021	19,550	19,374	18,034	1.89
GRO Sub Holdco, LLC (Grand Rapids)	^+*	(2) (3) (13)	Healthcare & Pharmaceuticals	L + 6.00%	8.10%	2/28/2018	2/22/2023	6,465	6,380	6,085	0.64
Hummel Station, LLC	+*	(2) (3)	Energy: Electricity	L + 6.00%	7.70%	2/3/2016	10/27/2022	14,641	14,169	12,896	1.35
Hydrofarm, LLC	^	(2) (3)	Wholesale	L+10.00% (30% Cash / 70% PIK)	11.91%	5/15/2017	5/12/2022	21,556	21,254	13,647	1.43
iCIMS, Inc.	^	(2) (3) (13)	Software	L + 6.50%	8.29%	9/12/2018	9/12/2024	23,930	23,507	23,927	2.50
Innovative Business Services, LLC	^*	(2) (3) (13)	High Tech Industries	L + 5.50%	7.53%	4/5/2018	4/5/2023	16,143	15,782	15,880	1.66
K2 Insurance Services, LLC	^+*	(2) (3) (13)	Banking, Finance, Insurance & Real Estate	L + 5.00%	7.19%	7/3/2019	7/1/2024	22,027	21,487	22,062	2.31
Kaseya Inc.	^	(2) (3) (13)	High Tech Industries	L + 5.50%, 1.00% PIK	8.41%	5/3/2019	5/2/2025	19,545	19,145	19,590	2.05
Legacy.com, Inc.	^	(2) (3) (11)	High Tech Industries	L + 9.98%	11.77%	3/20/2017	3/20/2023	17,080	16,832	16,325	1.71
Lifelong Learner Holdings, LLC	^*	(2) (3) (13)	Business Services	L + 5.75%	7.51%	10/18/2019	10/18/2026	23,523	22,971	23,240	2.43
Liqui-Box Holdings, Inc.	^	(2) (3)	Containers, Packaging & Glass	L + 4.50%	6.41%	6/3/2019	6/3/2024	—	(26)	(37)	—
Mailgun Technologies, Inc.	^	(2) (3) (13)	High Tech Industries	L + 5.00%	7.10%	3/26/2019	3/26/2025	11,853	11,607	11,655	1.22
National Carwash Solutions, Inc.	^+	(2) (3) (13)	Automotive	L + 6.00%	7.69%	8/7/2018	4/28/2023	9,511	9,342	9,428	0.99
National Technical Systems, Inc.	^+*	(2) (3) (13)	Aerospace & Defense	L + 6.25%	7.94%	6/26/2015	6/12/2021	27,950	27,801	27,920	2.92
NES Global Talent Finance US, LLC (United Kingdom)	+*	(2) (3) (7)	Energy: Oil & Gas	L + 5.50%	7.43%	5/9/2018	5/11/2023	9,890	9,762	9,763	1.02
Nexus Technologies, LLC	*	(2) (3)	High Tech Industries	L + 5.50%, 1.50% PIK	8.91%	12/11/2018	12/5/2023	6,172	6,119	5,621	0.59
NMI AcquisitionCo, Inc.	^+*	(2) (3) (13)	High Tech Industries	L + 5.75%	7.45%	9/6/2017	9/6/2022	50,067	49,471	49,888	5.22

TCG BDC, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2019
(dollar amounts in thousands)

Investments—non-controlled/non-affiliated ⁽¹⁾		Footnotes	Industry	Reference Rate & Spread ⁽²⁾	Interest Rate ⁽²⁾	Acquisition Date	Maturity Date	Par/Principal Amount ^{**}	Amortized Cost ⁽⁴⁾	Fair Value ⁽⁵⁾	% of Net Assets
First Lien Debt (77.29%) (continued)											
Northland Telecommunications Corporation	^*	(2) (3) (13)	Media: Broadcast & Subscription	L + 5.75%	7.46%	10/1/2018	10/1/2025	\$ 46,603	\$ 45,916	\$ 46,529	4.86%
Paramit Corporation	+*	(2) (3)	Capital Equipment	L + 4.50%	6.22%	5/3/2019	5/3/2025	6,298	6,241	6,268	0.66
PF Growth Partners, LLC	^+*	(2) (3) (13)	Hotel, Gaming & Leisure	L + 5.00%	6.70%	7/1/2019	7/11/2025	7,161	7,045	7,135	0.75
Plano Molding Company, LLC	^	(2) (3)	Hotel, Gaming & Leisure	L + 7.50%	9.20%	5/1/2015	5/12/2021	14,752	14,645	14,085	1.47
PPC Flexible Packaging, LLC	+*	(2) (3) (13)	Containers, Packaging & Glass	L + 5.50%	7.19%	11/23/2018	11/23/2024	13,591	13,404	13,464	1.41
PPT Management Holdings, LLC	^	(2) (3)	Healthcare & Pharmaceuticals	L + 6.00%, 0.75% PIK	8.66%	12/15/2016	12/16/2022	27,744	27,627	23,155	2.42
Pretium Packaging, LLC	^	(2) (3)	Containers, Packaging & Glass	L + 5.00%	6.91%	8/15/2019	11/14/2023	7,700	7,631	7,700	0.81
PricewaterhouseCoopers Public Sector LLP	^	(2) (3) (13)	Aerospace & Defense	L + 3.25%	5.16%	5/1/2018	5/1/2023	—	(105)	(46)	—
Product Quest Manufacturing, LLC	^	(2) (3) (9) (13)	Containers, Packaging & Glass	L + 6.75%	5.75%	9/21/2017	3/31/2020	840	840	840	0.09
Propel Insurance Agency, LLC	^	(2) (3)	Banking, Finance, Insurance & Real Estate	L + 4.25%	6.35%	6/1/2018	6/1/2024	2,363	2,347	2,353	0.25
QW Holding Corporation (Quala)	^+*	(2) (3) (13)	Environmental Industries	L + 5.75%	7.73%	8/31/2016	8/31/2022	43,358	42,802	43,106	4.51
Redwood Services Group, LLC	^	(2) (3)	High Tech Industries	L + 6.00%	7.91%	11/13/2018	6/6/2023	8,427	8,363	8,342	0.87
Riveron Acquisition Holdings, Inc.	^+*	(2) (3)	Banking, Finance, Insurance & Real Estate	L + 6.00%	7.91%	5/22/2019	5/22/2025	19,968	19,605	19,587	2.05
RSC Acquisition, Inc.	^	(2) (3) (13)	Banking, Finance, Insurance & Real Estate	L + 5.50%	7.41%	11/1/2019	11/1/2026	11,594	11,222	11,449	1.20
Sapphire Convention, Inc. (Smart City)	*+^	(2) (3) (13)	Telecommunications	L + 5.25%	7.27%	11/20/2018	11/20/2025	28,577	28,009	28,329	2.96
Smile Doctors, LLC	^*+	(2) (3) (13)	Healthcare & Pharmaceuticals	L + 6.00%	8.07%	10/6/2017	10/6/2022	22,227	22,136	21,996	2.30
Sovos Brands Intermediate, Inc.	+*	(2) (3)	Beverage, Food & Tobacco	L + 5.00%	7.20%	11/16/2018	11/20/2025	19,899	19,714	19,750	2.06
SPay, Inc.	^+*	(2) (3) (13)	Hotel, Gaming & Leisure	L + 5.75%	7.46%	6/15/2018	6/17/2024	20,512	20,179	18,694	1.95
Superior Health Linens, LLC	^+*	(2) (3) (13)	Business Services	L + 7.50%, 0.50% PIK	9.91%	9/30/2016	9/30/2021	21,805	21,666	19,933	2.08
Surgical Information Systems, LLC	^+*	(2) (3) (11)	High Tech Industries	L + 4.50%	7.47%	4/24/2017	4/24/2023	26,168	26,007	25,715	2.69
T2 Systems, Inc.	^+*	(2) (3) (13)	Transportation: Consumer	L + 6.75%	8.85%	9/28/2016	9/28/2022	35,648	35,159	35,648	3.73
Tank Holding Corp.	^	(2) (3) (13)	Capital Equipment	L + 4.00%	5.76%	3/26/2019	3/26/2024	—	—	—	—
The Leaders Romans Bidco Limited (United Kingdom)	^	(2) (3) (7)	Banking, Finance, Insurance & Real Estate	L + 6.75%, 3.50% PIK	11.01%	7/23/2019	6/30/2024	£ 19,577	24,865	26,531	2.77
Transform SR Holdings, LLC	^	(2) (3)	Retail	L + 7.25%	9.18%	2/11/2019	2/12/2024	19,050	18,887	18,860	1.97
Trump Card, LLC	^+*	(2) (3) (13)	Transportation: Cargo	L + 5.50%	7.63%	6/26/2018	4/21/2022	7,918	7,881	7,869	0.82

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Investments—non-controlled/non-affiliated ⁽¹⁾		Footnotes	Industry	Reference Rate & Spread ⁽²⁾	Interest Rate ⁽²⁾	Acquisition Date	Maturity Date	Par/Principal Amount ^{**}	Amortized Cost ⁽⁴⁾	Fair Value⁽⁵⁾	% of Net Assets
First Lien Debt (77.29%)											
(continued)											
TSB Purchaser, Inc. (Teaching Strategies, LLC)	^+*	(2) (3) (13)	Media: Advertising, Printing & Publishing	L + 6.00%	8.10%	5/14/2018	5/14/2024	\$ 28,294	\$ 27,726	\$ 28,105	2.94
Turbo Buyer, Inc.	^	(2) (3) (13)	Automotive	L + 6.00%	7.69%	12/2/2019	12/2/2025	27,897	27,033	27,439	2.87
Tweddle Group, Inc.	^	(2) (3)	Media: Advertising, Printing & Publishing	L + 4.50%	6.20%	9/17/2018	9/17/2023	1,908	1,885	1,859	0.19
U.S. Acute Care Solutions, LLC	+*	(2) (3)	Healthcare & Pharmaceuticals	L + 5.00%	6.91%	2/21/2019	5/15/2021	4,265	4,230	4,053	0.42
Unifrutti Financing PLC (Cyprus)	^	(2) (3) (7)	Beverage, Food & Tobacco	7.50%, 1.00% PIK	8.50%	9/15/2019	9/15/2026	€ 4,530	4,746	4,836	0.51
USLS Acquisition, Inc.	^*	(2) (3) (13)	Business Services	L + 5.75%	7.85%	11/30/2018	11/30/2024	22,139	21,741	21,674	2.27
VRC Companies, LLC	^+*	(2) (3) (13)	Business Services	L + 6.50%	8.21%	3/31/2017	3/31/2023	57,164	56,674	57,106	5.97
Westfall Technik, Inc.	^	(2) (3) (13)	Chemicals, Plastics & Rubber	L + 5.75%	7.66%	9/13/2018	9/13/2024	27,973	27,432	26,962	2.82
WP CPP Holdings, LLC (CPP)	^	(2) (3)	Aerospace & Defense	L + 3.75%	5.66%	7/18/2019	4/30/2025	20,000	19,817	19,826	2.07
Zemax Software Holdings, LLC	^*	(2) (3) (13)	Software	L + 5.75%	7.85%	6/25/2018	6/25/2024	10,146	10,013	10,087	1.05
Zenith Merger Sub, Inc.	^	(2) (3) (13)	Business Services	L + 5.25%	7.35%	12/13/2017	12/13/2023	16,530	16,321	16,405	1.72
First Lien Debt Total								\$1,725,479	\$ 1,707,292	\$1,641,653	171.66%
Second Lien Debt (11.04%)											
Access CIG, LLC	*	(2) (3)	Business Services	L + 7.75%	9.44%	2/14/2018	2/27/2026	\$ 2,700	\$ 2,687	\$ 2,681	0.28%
Aimbridge Acquisition Co., Inc.	^*	(2) (3)	Hotel, Gaming & Leisure	L + 7.50%	9.19%	2/1/2019	2/1/2027	9,241	9,089	9,160	0.96
AQA Acquisition Holding, Inc.	^	(2) (3)	High Tech Industries	L + 8.00%	10.09%	10/1/2018	5/24/2024	40,000	39,670	39,740	4.15
Brave Parent Holdings, Inc.	^*	(2) (3)	Software	L + 7.50%	9.43%	10/3/2018	4/19/2026	19,062	18,660	18,261	1.91
Higginbotham Insurance Agency, Inc.	^	(2) (3)	Banking, Finance, Insurance & Real Estate	L + 7.50%	9.20%	12/3/2019	12/19/2025	2,500	2,475	2,493	0.26
Jazz Acquisition, Inc.	^	(2) (3)	Aerospace & Defense	L + 8.00%	10.10%	6/13/2019	6/18/2027	23,450	23,117	23,225	2.43
Le Tote, Inc.	^	(2) (3)	Retail	L + 6.75%	8.66%	11/8/2019	11/8/2024	7,143	6,969	6,964	0.73
Outcomes Group Holdings, Inc.	^*	(2) (3)	Business Services	L + 7.50%	9.41%	10/23/2018	10/26/2026	4,500	4,490	4,487	0.47
Pathway Vet Alliance, LLC	^	(2) (3) (13)	Consumer Services	L + 8.50%	10.22%	11/14/2019	12/23/2025	8,050	7,814	8,074	0.84
Pharmalogic Holdings Corp.	^	(2) (3)	Healthcare & Pharmaceuticals	L + 8.00%	9.70%	6/7/2018	12/11/2023	800	797	796	0.08
Quartz Holding Company (QuickBase, Inc.)	^	(2) (3)	Software	L + 8.00%	9.71%	4/2/2019	4/2/2027	11,900	11,677	11,662	1.22
Reladyne, Inc.	^+*	(2) (3) (13)	Wholesale	L + 9.50%	11.60%	4/19/2018	1/21/2023	12,242	12,080	12,234	1.28
Tank Holding Corp.	^*	(2) (3)	Capital Equipment	L + 8.25%	11.04%	3/26/2019	3/26/2027	37,380	36,771	37,223	3.89
Ultimate Baked Goods MIDCO, LLC (Rise Baking)	^	(2) (3)	Beverage, Food & Tobacco	L + 8.00%	9.70%	8/9/2018	8/9/2026	8,333	8,187	8,243	0.86
Watchfire Enterprises, Inc.	^	(2) (3)	Media: Advertising, Printing & Publishing	L + 8.00%	9.95%	10/2/2013	10/2/2021	7,000	6,966	6,998	0.73
WP CPP Holdings, LLC (CPP)	^*	(2) (3)	Aerospace & Defense	L + 7.75%	9.68%	7/18/2019	4/30/2026	39,500	39,125	38,833	4.06

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Investments—non-controlled/non-affiliated (1)	Footnotes	Industry	Reference Rate & Spread (2)	Interest Rate (2)	Acquisition Date	Maturity Date	Par/Principal Amount **	Amortized Cost (4)	Fair Value(5)	% of Net Assets
Second Lien Debt (11.04%) (continued)										
Zywave, Inc.	^ (2) (3)	High Tech Industries	L + 9.00%	10.94%	11/18/2016	11/17/2023	\$ 3,468	\$ 3,432	\$ 3,458	0.36
Second Lien Debt Total							\$ 237,269	\$ 234,006	\$ 234,532	24.51%
Investments—non-controlled/non-affiliated (1)	Footnotes	Industry	Acquisition Date	Shares/ Units	Cost	Fair Value (6)	Percentage of Net Assets			
Equity Investments (0.98%)										
ANLG Holdings, LLC	^ (6)	Healthcare & Pharmaceuticals	6/22/2018	880	\$ 880	\$ 973	0.10%			
Avenu Holdings, LLC	^ (6)	Sovereign & Public Finance	9/28/2018	172	172	154	0.02			
Chartis Holding, LLC	^ (6)	Business Services	5/1/2019	433	433	589	0.06			
CIP Revolution Holdings, LLC	^ (6)	Media: Advertising, Printing & Publishing	8/19/2016	318	318	444	0.05			
Cority Software Inc. (Canada)	^ (6)	Software	7/2/2019	250	250	306	0.03			
DecoPac, Inc.	^ (6)	Non-durable Consumer Goods	9/29/2017	1,500	1,500	1,999	0.21			
Derm Growth Partners III, LLC (Dermatology Associates)	^ (6)	Healthcare & Pharmaceuticals	5/31/2016	1,000	1,000	—	—			
GRO Sub Holdco, LLC (Grand Rapids)	^ (6)	Healthcare & Pharmaceuticals	3/29/2018	500	500	137	0.01			
K2 Insurance Services, LLC	^ (6)	Banking, Finance, Insurance & Real Estate	7/3/2019	433	433	486	0.05			
Legacy.com, Inc.	^ (6)	High Tech Industries	3/20/2017	1,500	1,500	783	0.08			
Mailgun Technologies, Inc.	^ (6)	High Tech Industries	3/26/2019	424	424	605	0.06			
North Haven Goldfinch Topco, LLC	^ (6)	Containers, Packaging & Glass	6/18/2018	2,315	\$ 2,315	\$ 2,542	0.27%			
Paramit Corporation	^ (6)	Capital Equipment	6/17/2019	150	500	501	0.05			
PPC Flexible Packaging, LLC	^ (6)	Containers, Packaging & Glass	2/1/2019	965	965	1,174	0.12			
Rough Country, LLC	^ (6)	Durable Consumer Goods	5/25/2017	755	755	1,225	0.13			
SiteLock Group Holdings, LLC	^ (6)	High Tech Industries	4/5/2018	446	446	587	0.06			
T2 Systems Parent Corporation	^ (6)	Transportation: Consumer	9/28/2016	556	556	628	0.07			
Tailwind HMT Holdings Corp.	^ (6)	Energy: Oil & Gas	11/17/2017	20	2,000	2,211	0.23			
Tank Holding Corp.	^ (6)	Capital Equipment	3/26/2019	850	850	1,035	0.11			
Turbo Buyer, Inc.	^ (6)	Automotive	12/2/2019	1,925	1,925	1,925	0.20			
Tweddle Holdings, Inc.	^* (6)	Media: Advertising, Printing & Publishing	9/17/2018	17	—	—	—			
USLS Acquisition, Inc.	^ (6)	Business Services	11/30/2018	641	641	720	0.08			
Zenith American Holding, Inc.	^ (6)	Business Services	12/13/2017	1,564	782	1,490	0.16			
Zillow Topco LP	^ (6)	Software	6/25/2018	313	312	358	0.04			
Equity Investments Total					\$ 19,457	\$ 20,872	2.19%			
Total investments—non-controlled/non-affiliated					\$ 1,960,755	\$ 1,897,057	198.36%			

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Investments— controlled/affiliated	Footnotes	Industry	Reference Rate & Spread ⁽²⁾	Interest Rate ⁽²⁾	Acquisition Date	Maturity Date	Par/ Principal Amount **	Amortized Cost ⁽⁴⁾	Fair Value ⁽⁵⁾	% of Net Assets	
First Lien Debt (1.01%)											
SolAero Technologies Corp. (A1 Term Loan)	^	(2) (3) (9) (10)	Telecommunications	L + 8.00% (100% PIK)	9.91%	4/12/2019	10/12/2022	\$ 3,166	\$ 3,166	\$ 3,166	0.33%
SolAero Technologies Corp. (A2 Term Loan)	^	(2) (3) (9) (10)	Telecommunications	L + 8.00% (100% PIK)	9.91%	4/12/2019	10/12/2022	8,707	8,707	8,707	0.91
SolAero Technologies Corp. (Priority Term Loan)	^	(2) (3) (10) (13)	Telecommunications	L + 6.00%	7.91%	4/12/2019	10/12/2022	9,612	9,507	9,612	1.00
First Lien Debt Total								\$ 21,485	\$ 21,380	\$ 21,485	2.24%

Investments—controlled/affiliated	Footnotes	Industry	Acquisition Date	Shares/ Units	Cost	Fair Value ⁽⁵⁾	% of Net Assets	
—%								
SolAero Technologies Corp.	^	(6) (10)	Telecommunications	4/12/2019	3	\$ 2,815	\$ 826	0.09%
Equity Investments Total						\$ 2,815	\$ 826	0.41%

Investments— controlled/affiliated	Footnotes	Industry	Reference Rate & Spread ⁽²⁾	Interest Rate ⁽²⁾	Acquisition Date	Maturity Date	Par Amount/ LLC Interest	Cost	Fair Value ⁽⁷⁾	% of Net Assets	
Investment Fund (9.63%)											
Middle Market Credit Fund, Mezzanine Loan	^	(2) (7) (8) (10)	Investment Fund	L + 9.00%	10.97%	6/30/2016	5/18/2021	\$ 93,000	\$ 93,000	\$ 93,000	9.72%
Middle Market Credit Fund, LLC, Subordinated Loan and Member's Interest	^	(7) (10)	Investment Fund	N/A	0.001%	2/29/2016	3/1/2021	123,500	123,501	111,596	11.67%
Investment Fund Total								\$ 216,500	\$ 216,501	\$ 204,596	21.39%
Total investments—controlled/affiliated								\$ 237,988	\$ 240,696	\$ 226,907	24.04%
Total investments								\$2,201,002	\$2,201,451	\$2,123,964	222.4%

^ Denotes that all or a portion of the assets are owned by TCG BDC, Inc. (together with its consolidated subsidiaries, "we," "us," "our," "TCG BDC" or the "Company"). The Company has entered into a senior secured revolving credit facility (as amended, the "Credit Facility"). The lenders of the Credit Facility have a first lien security interest in substantially all of the portfolio investments held by the Company (see Note 6, Borrowings). Accordingly, such assets are not available to creditors of TCG BDC SPV LLC (the "SPV") or Carlyle Direct Lending CLO 2015-1R LLC (formerly known as Carlyle GMS Finance MM CLO 2015-1 LLC) (the "2015-1 Issuer").

+ Denotes that all or a portion of the assets are owned by the Company's wholly owned subsidiary, the SPV. The SPV has entered into a senior secured revolving credit facility (as amended, the "SPV Credit Facility" and, together with the Credit Facility, the "Facilities"). The lenders of the SPV Credit Facility have a first lien security interest in substantially all of the assets of the SPV (see Note 6, Borrowings). Accordingly, such assets are not available to creditors of the Company or the 2015-1 Issuer.

* Denotes that all or a portion of the assets are owned by the Company's wholly owned subsidiary, the 2015-1 Issuer, and secure the notes issued in connection with a term debt securitization completed by the Company on June 26, 2015 (see Note 7, Notes Payable). Accordingly, such assets are not available to the creditors of the Company or the SPV.

** Par amount is denominated in USD ("\$") unless otherwise noted, as denominated in Euro ("€") or British Pound ("£")

- (1) Unless otherwise indicated, issuers of debt and equity investments held by the Company are domiciled in the United States. Under the Investment Company Act of 1940, as amended (together with the rules and regulations promulgated thereunder, the "Investment Company Act"), the Company would be deemed to "control" a portfolio company if the Company owned more than 25% of its outstanding voting securities and/or held the power to exercise control over the management or policies of the portfolio company. As of December 31, 2019, the Company does not "control" any of these portfolio companies.

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Under the Investment Company Act, the Company would be deemed an “affiliated person” of a portfolio company if the Company owns 5% or more of the portfolio company’s outstanding voting securities. As of December 31, 2019, the Company is not an “affiliated person” of any of these portfolio companies. Certain portfolio company investments are subject to contractual restrictions on sales.

- (2) Variable rate loans to the portfolio companies bear interest at a rate that is determined by reference to either LIBOR (“L”) or an alternate base rate (commonly based on the Federal Funds Rate or the U.S. Prime Rate), which generally resets quarterly. For each such loan, the Company has indicated the reference rate used and provided the spread and the interest rate in effect as of December 31, 2019. As of December 31, 2019, the reference rates for our variable rate loans were the 30-day LIBOR at 1.75%, the 90-day LIBOR at 1.91% and the 180-day LIBOR at 1.91%.
- (3) Loan includes interest rate floor feature, which is generally 1.00%.
- (4) Amortized cost represents original cost, including origination fees and upfront fees received that are deemed to be an adjustment to yield, adjusted for the accretion/amortization of discounts/premiums, as applicable, on debt investments using the effective interest method.
- (5) Fair value is determined in good faith by or under the direction of the Board of Directors of the Company (see Note 2, Significant Accounting Policies, and Note 3, Fair Value Measurements), pursuant to the Company’s valuation policy. The fair value of all first lien and second lien debt investments, equity investments and the investment fund was determined using significant unobservable inputs.
- (6) Security acquired in transaction exempt from registration under the Securities Act of 1933, as amended (the “Securities Act”), and may be deemed to be “restricted securities” under the Securities Act, unless otherwise noted. As of December 31, 2019, the aggregate fair value of these securities is \$21,698, or 2.60% of the Company’s net assets.
- (7) The Company has determined the indicated investments are non-qualifying assets under Section 55(a) of the Investment Company Act. Under the Investment Company Act, the Company may not acquire any non-qualifying assets unless, at the time such acquisition is made, qualifying assets represent at least 70% of the Company’s total assets.
- (8) Represents a corporate mezzanine loan, which is subordinated to senior secured term loans of the portfolio company/investment fund.
- (9) Loan was on non-accrual status as of December 31, 2019.
- (10) Under the Investment Company Act, the Company is deemed to be an “affiliated person” of and “control” this investment fund because the Company owns more than 25% of the investment fund’s outstanding voting securities and/or has the power to exercise control over management or policies of such investment fund. See Note 5, Middle Market Credit Fund, LLC, for more details. Transactions related to investments in controlled affiliates for the year ended December 31, 2019, were as follows:

Investments—controlled/affiliated	Fair Value as of December 31, 2018	Additions/Purchases	Reductions/Sales/Paydowns	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Fair Value as of December 31, 2019	Dividend and Interest Income
Middle Market Credit Fund, LLC, Mezzanine Loan	\$ 112,000	\$ 126,200	\$ (145,200)	\$ —	\$ —	\$ 93,000	\$ 12,181
Middle Market Credit Fund, LLC, Subordinated Loan and Member’s Interest	110,295	5,500	—	—	(4,199)	111,596	15,750
Total investments—controlled/affiliated	\$ 222,295	\$ 131,700	\$ (145,200)	\$ —	\$ (4,199)	\$ 204,596	\$ 27,931

Investments—controlled/affiliated	Fair Value as of December 31, 2018	Additions/Purchases	Reductions/Sales/Paydowns	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Fair Value as of December 31, 2019	Dividend and Interest Income
SolAero Technologies Corp.	\$ 17,968	\$ —	\$ (18,319)	\$ (9,091)	\$ 9,442	\$ —	\$ —
SolAero Technologies Corp. (Priority Term Loan)	—	9,630	—	—	—	9,630	226
SolAero Technologies Corp. (A1 Term Loan)	—	3,166	—	—	—	3,166	—
SolAero Technologies Corp. (A2 Term Loan)	—	8,707	—	—	—	8,707	—
Solaero Technology Corp. (Equity)	—	2,815	—	—	(554)	2,261	—
Total investments—controlled/affiliated	\$ 17,968	\$ 24,318	\$ (18,319)	\$ (9,091)	\$ 8,888	\$ 23,764	\$ 226

- (11) In addition to the interest earned based on the stated interest rate of this loan, which is the amount reflected in this schedule, the Company is entitled to receive additional interest as a result of an agreement among lenders as follows: Barnes & Noble, Inc. (1.83%), Dimensional Dental Management, LLC (4.87%), Legacy.com Inc. (3.73%) and Surgical Information Systems, LLC (1.13%) . Pursuant to the agreement among lenders in respect of this loan, this investment represents a first lien/last out loan, which has a secondary priority behind the first lien/first out loan with respect to principal, interest and other payments.

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(12) Under the Investment Company Act, the Company is deemed an “affiliated person” of this portfolio company because the Company owns 5% or more of the portfolio company’s outstanding voting securities. Transactions related to investments in non-controlled affiliates for the year ended December 31, 2019, were as follows:

Investments—non-controlled/affiliated	Fair Value as of December 31, 2018	Purchases/Paid-in-kind interest	Sales/Paydowns	Net Accretion of Discount	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Fair Value as of December 31, 2019	Interest Income
TwentyEighty, Inc. - Revolver	\$ —	\$ —	\$ —	\$ 1	\$ —	\$ (1)	\$ —	\$ —
TwentyEighty, Inc. - (Term A Loans)	316	—	(415)	1	101	(1)	—	19
TwentyEighty, Inc. - (Term B Loans)	6,855	230	(7,102)	76	—	(59)	—	498
TwentyEighty, Inc. - (Term C Loans)	6,981	489	(7,397)	179	—	(252)	—	692
TwentyEighty Investors LLC (Equity)	4,391	—	—	—	7,990	(4,391)	—	—
Total investments—non-controlled/affiliated	\$ 18,543	\$ 719	\$ (14,914)	\$ 257	\$ 8,091	\$ (4,704)	\$ —	\$ 1,209

(13) As of December 31, 2019, the Company had the following unfunded commitments to fund delayed draw and revolving senior secured loans:

Investments—non-controlled/non-affiliated	Type	Unused Fee	Par/ Principal Amount	Fair Value
First and Second Lien Debt—unfunded delayed draw and revolving term loans commitments				
Aero Operating, LLC (Dejana Industries, Inc.)	Revolver	1.00%	\$ 159	\$ (3)
Aimov, Inc.	Revolver	0.50	1,250	(19)
American Physician Partners, LLC	Revolver	0.50	1,500	(5)
AMS Group HoldCo, LLC	Revolver	0.50	2,315	(25)
Analogic Corporation	Revolver	0.50	3,029	—
Apptio, Inc.	Revolver	0.50	2,367	(19)
BMS Holdings III Corp.	Delayed Draw	1.00	3,333	(10)
Captive Resources Midco, LLC	Revolver	0.50	2,143	(9)
Chartis Group, LLC	Revolver	0.50	2,401	(20)
Chartis Group, LLC	Delayed Draw	0.50	6,402	(52)
Chemical Computing Group ULC (Canada)	Revolver	0.50	903	(8)
Comar Holding Company, LLC	Delayed Draw	1.00	5,136	(103)
Comar Holding Company, LLC	Revolver	0.50	1,168	(23)
Cority Software, Inc. (Canada)	Revolver	0.50	3,000	(60)
DermaRite Industries, LLC	Revolver	0.50	807	(33)
Dimensional Dental Management, LLC	Revolver	0.50	48	—
Ethos Veterinary Health, LLC	Delayed Draw	1.00	2,696	(12)
Evolve IP	Revolver	0.50	2,941	—
Evolve IP	Delayed Draw	1.00	3,922	—
FWR Holding Corporation	Delayed Draw	1.00	87	—
FWR Holding Corporation	Revolver	0.50	667	(3)
GRO Sub Holdco, LLC (Grand Rapids)	Revolver	0.50	\$ 1,071	\$ (54)

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Investments—non-controlled/non-affiliated	Type	Unused Fee	Par/ Principal Amount	Fair Value
iCIMS, Inc.	Revolver	0.50%	\$ 1,252	—
Innovative Business Services, LLC	Revolver	0.50	2,232	(32)
K2 Insurance Services, LLC	Revolver	0.50	2,290	3
K2 Insurance Services, LLC	Delayed Draw	1.00	5,344	6
Kaseya Inc.	Revolver	0.50	661	1
Kaseya Inc.	Delayed Draw	0.50	1,918	4
Lifelong Learner Holdings, LLC	Revolver	0.50	1,901	(19)
Lifelong Learner Holdings, LLC	Delayed Draw	—	2,878	(29)
Liqui-Box Holdings, Inc.	Revolver	0.50	2,630	(37)
Mailgun Technologies, Inc.	Revolver	0.50	1,342	(20)
National Car Wash Solutions, LP	Revolver	0.50	310	(2)
National Car Wash Solutions, LP	Delayed Draw	1.00	1,111	(8)
National Technical Systems, Inc.	Revolver	0.50	2,500	(2)
NMI AcquisitionCo, Inc.	Revolver	0.50	1,280	(4)
Northland Telecommunications Corporation	Revolver	0.50	2,960	(4)
Pathway Vet Alliance, LLC	Delayed Draw	1.00	7,950	12
PF Growth Partners, LLC	Delayed Draw	1.00	1,028	(3)
PPC Flexible Packaging, LLC	Revolver	0.50	1,957	(16)
PricewaterhouseCoopers Public Sector LLP	Revolver	0.50	6,250	(46)
QW Holding Corporation (Quala)	Delayed Draw	1.00	809	(5)
RSC Acquisition, Inc.	Revolver	0.50	608	(4)
RSC Acquisition, Inc.	Delayed Draw	1.00	7,757	(57)
Sapphire Convention, Inc. (Smart City)	Revolver	0.50	4,528	(34)
Smile Doctors, LLC	Revolver	0.50	707	(7)
Smile Doctors, LLC	Delayed Draw	1.00	1,477	(14)
SolAero Technologies Corp. (Priority Term Loan)	Revolver	1.00	542	—
SPay, Inc.	Revolver	0.50	682	(58)
Superior Health Linens, LLC	Revolver	0.50	693	(58)
T2 Systems, Inc.	Revolver	0.50	2,053	—
Tank Holding Corp.	Revolver	0.50	47	—
TSB Purchaser, Inc. (Teaching Strategies, LLC)	Revolver	0.50	1,342	(9)
The Leaders Romans Bidco Limited (United Kingdom)	Delayed Draw	1.69	£ 3,533	(94)
Trump Card, LLC	Revolver	0.50	369	(2)
Turbo Buyer, Inc.	Revolver	0.50	2,151	(28)
Turbo Buyer, Inc.	Delayed Draw	1.00	4,904	(64)
USLS Acquisition, Inc.	Revolver	0.50	946	(19)
VRC Companies, LLC	Delayed Draw	0.75	210	—
VRC Companies, LLC	Revolver	0.50	1,119	(1)
Westfall Technik, Inc.	Revolver	0.50%	431	\$ (11)

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Investments—non-controlled/non-affiliated	Type	Unused Fee	Par/ Principal Amount	Fair Value
Westfall Technik, Inc.	Delayed Draw	1.00	\$ 12,190	(304)
Zemax Software Holdings, LLC	Revolver	0.50	1,284	(7)
Zenith American Holding, Inc.	Delayed Draw	1.00	3,189	(18)
Zenith American Holding, Inc.	Revolver	0.50	3,180	(17)
Total unfunded commitments			\$ 149,890	\$ (1,465)

As of December 31, 2019, investments at fair value consisted of the following:

Type	Amortized Cost	Fair Value	% of Fair Value
First Lien Debt (excluding First Lien/Last Out)	\$ 1,649,721	\$ 1,585,042	74.63%
First Lien/Last Out Unitranche	78,951	78,096	3.68
Second Lien Debt	234,006	234,532	11.04
Equity Investments	22,272	21,698	1.02
Investment Fund	216,501	204,596	9.63
Total	\$ 2,201,451	\$ 2,123,964	100.00%

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The rate type of debt investments at fair value as of December 31, 2019 was as follows:

Rate Type	Amortized Cost	Fair Value	% of Fair Value of First and Second Lien Debt
Floating Rate	\$ 1,957,730	\$ 1,892,639	99.73%
Fixed Rate	4,948	5,031	0.27
Total	\$ 1,962,678	\$ 1,897,670	100.00%

The industry composition of investments at fair value as of December 31, 2019 was as follows:

Industry	Amortized Cost	Fair Value	% of Fair Value
Aerospace & Defense	\$ 109,755	\$ 109,758	5.17%
Automotive	39,177	39,665	1.87
Banking, Finance, Insurance & Real Estate	112,248	115,119	5.42
Beverage, Food & Tobacco	80,597	81,222	3.82
Business Services	167,435	167,497	7.89
Capital Equipment	44,362	45,027	2.12
Chemicals, Plastics & Rubber	27,432	26,962	1.27
Construction & Building	13,713	14,032	0.66
Consumer Services	41,089	38,347	1.81
Containers, Packaging & Glass	67,821	68,207	3.21
Durable Consumer Goods	11,165	11,584	0.55
Energy: Electricity	33,543	30,930	1.46
Energy: Oil & Gas	11,762	11,974	0.56
Environmental Industries	42,802	43,106	2.03
Healthcare & Pharmaceuticals	248,615	192,719	9.07
High Tech Industries	215,856	215,274	10.13
Hotel, Gaming & Leisure	96,815	95,073	4.48
Investment Fund	216,501	204,596	9.63
Media: Broadcast & Subscription	45,916	46,529	2.19
Media: Advertising, Printing & Publishing	36,895	37,406	1.76
Non-durable Consumer Goods	1,500	1,999	0.09
Retail	43,081	43,020	2.03
Software	224,807	226,045	10.63
Sovereign & Public Finance	38,297	37,381	1.76
Telecommunications	119,014	116,115	5.47
Transportation: Cargo	42,204	42,220	1.99
Transportation: Consumer	35,715	36,276	1.71
Wholesale	33,334	25,881	1.22
Total	\$ 2,201,451	\$ 2,123,964	100.00%

TCG BDC, INC.
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The geographical composition of investments at fair value as of December 31, 2019 was as follows:

Geography	Amortized Cost	Fair Value	% of Fair Value
Canada	\$ 41,002	\$ 40,939	1.93%
Cyprus	4,746	4,836	0.23
Jamaica	202	195	0.01
Luxembourg	36,563	36,563	1.72
United Kingdom	24,865	26,531	1.25
United States	2,094,073	2,014,900	94.86
Total	\$ 2,201,451	\$ 2,123,964	100.00%

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

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Investments—non-controlled/non-affiliated ⁽¹⁾		Footnotes	Industry	Reference Rate & Spread ⁽²⁾	Interest Rate ⁽²⁾	Acquisition Date	Maturity Date	Par/Principal Amount	Amortized Cost ⁽⁴⁾	Fair Value⁽⁵⁾	% of Net Assets
First Lien Debt (77.62%)											
Advanced Instruments, LLC	^+*	(2) (3) (14)	Healthcare & Pharmaceuticals	L + 5.25%	7.63%	11/1/2016	10/31/2022	\$ 19,967	\$ 19,716	\$ 19,804	1.86 %
Aero Operating, LLC (Dejana Industries, Inc.)	^+*	(2) (3) (14)	Business Services	L + 7.25%	9.60%	1/5/2018	12/29/2022	3,556	3,520	3,512	0.33
Alpha Packaging Holdings, Inc.	+*	(2) (3)	Containers, Packaging & Glass	L + 4.25%	7.05%	6/26/2015	5/12/2020	2,866	2,865	2,858	0.27
Alpine SG, LLC	^*	(2) (3)	High Tech Industries	L + 6.00%	8.52%	2/2/2018	11/16/2022	9,695	9,607	9,659	0.91
AMS Group HoldCo, LLC	^+*	(2) (3) (14)	Transportation: Cargo	L + 6.00%	8.80%	9/29/2017	9/29/2023	32,612	31,996	31,721	2.98
Analogic Corporation	^+*	(2) (3) (14)	Healthcare & Pharmaceuticals	L + 6.00%	8.52%	6/22/2018	6/22/2024	35,249	34,536	34,414	3.23
Avenu Holdings, LLC	+*	(2) (3)	Sovereign & Public Finance	L + 5.25%	8.05%	9/28/2018	9/28/2024	39,057	38,396	38,354	3.60
Brooks Equipment Company, LLC	+*	(2) (3)	Construction & Building	L + 5.00%	7.71%	6/26/2015	8/29/2020	2,502	2,492	2,496	0.23
Capstone Logistics Acquisition, Inc.	+*	(2) (3)	Transportation: Cargo	L + 4.50%	7.02%	6/26/2015	10/7/2021	14,306	14,234	14,262	1.34
Captive Resources Midco, LLC	^+*	(2) (3) (14)	Banking, Finance, Insurance & Real Estate	L + 5.75%	8.27%	6/30/2015	12/18/2021	29,441	29,212	29,139	2.74
Central Security Group, Inc.	+*	(2) (3)	Consumer Services	L + 5.63%	8.15%	6/26/2015	10/6/2021	30,349	30,142	29,742	2.80
Chemical Computing Group ULC (Canada)	^*	(2) (3) (8) (14)	Software	L + 5.50%	8.02%	8/30/2018	8/30/2023	15,794	15,636	15,617	1.47
CIP Revolution Holdings, LLC	^+*	(2) (3) (14)	Media: Advertising, Printing & Publishing	L + 6.00%	8.80%	8/19/2016	8/19/2021	20,592	20,463	20,358	1.91
CircusTrix Holdings, LLC	^+*	(2) (3) (14)	Hotel, Gaming & Leisure	L + 5.50%	8.02%	2/2/2018	12/16/2021	9,212	9,001	8,972	0.84
Comar Holding Company, LLC	^*	(2) (3) (14)	Containers, Packaging & Glass	L + 5.25%	7.77%	6/18/2018	6/18/2024	27,086	26,452	26,505	2.49
Continuum Managed Services Holdco, LLC	^+*	(2) (3) (14)	High Tech Industries	L + 6.25%	8.53%	6/20/2017	6/8/2023	28,243	27,621	27,711	2.60
Dade Paper & Bag, LLC	^+*	(2) (3)	Forest Products & Paper	L + 7.50%	10.02%	6/9/2017	6/10/2024	49,250	48,464	47,798	4.49
Datto, Inc.	^*	(2) (3) (14)	High Tech Industries	L + 8.00%	10.46%	12/7/2017	12/7/2022	35,622	35,178	35,280	3.31
Dent Wizard International Corporation	+	(2) (3)	Automotive	L + 4.00%	6.51%	4/28/2015	4/7/2020	886	885	881	0.08
Derm Growth Partners III, LLC (Dermatology Associates)	^+*	(2) (3) (14)	Healthcare & Pharmaceuticals	L + 6.25%	9.05%	5/31/2016	5/31/2022	51,599	51,203	50,946	4.78
DermaRite Industries, LLC	^*	(2) (3) (14)	Healthcare & Pharmaceuticals	L + 7.00%	9.52%	3/3/2017	3/3/2022	22,328	22,097	21,399	2.01
Dimensional Dental Management, LLC	^	(2) (3) (12)	Healthcare & Pharmaceuticals	L + 6.75%	9.28%	2/12/2016	2/12/2021	33,674	33,276	28,172	2.65
Direct Travel, Inc.	^+*	(2) (3) (14)	Hotel, Gaming & Leisure	L + 6.50%	9.30%	10/14/2016	12/1/2021	35,292	34,878	34,975	3.28
DTI Holdco, Inc.	^*	(2) (3)	High Tech Industries	L + 4.75%	7.28%	12/18/2018	9/30/2023	1,995	1,870	1,860	0.17
EIP Merger Sub, LLC (Evolve IP)	^+*	(2) (3) (12)	Telecommunications	L + 5.75%	8.27%	6/7/2016	6/7/2022	36,093	35,433	35,169	3.30
Emergency Communications Network, LLC	^+*	(2) (3)	Telecommunications	L + 6.25%	8.75%	6/1/2017	6/1/2023	24,625	24,452	24,133	2.27
Ensono, LP	*	(2) (3)	Telecommunications	L + 5.25%	7.77%	4/30/2018	6/27/2025	8,623	8,618	8,450	0.79
Frontline Technologies Holdings, LLC	^	(2) (3) (14)	Software	L + 6.50%	9.02%	9/18/2017	9/18/2023	38,804	38,456	38,450	3.61

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Investments—non-controlled/non-affiliated ⁽¹⁾	Footnotes	Industry	Reference Rate & Spread ⁽²⁾	Interest Rate ⁽²⁾	Acquisition Date	Maturity Date	Par/Principal Amount	Amortized Cost ⁽⁴⁾	Fair Value ⁽⁵⁾	% of Net Assets	
First Lien Debt (77.62%) (continued)											
FWR Holding Corporation	^+*	(2) (3) (14)	Beverage, Food & Tobacco	L + 5.75%	8.26%	8/21/2017	8/21/2023	\$ 46,755	\$ 45,782	\$ 46,393	4.36 %
Green Energy Partners/Stonewall, LLC	+*	(2) (3)	Energy: Electricity	L + 5.50%	8.30%	6/26/2015	11/13/2021	19,750	19,494	19,536	1.83
GRO Sub Holdco, LLC (Grand Rapids)	^+*	(2) (3) (14)	Healthcare & Pharmaceuticals	L + 6.00%	8.80%	2/28/2018	2/22/2024	6,661	6,466	6,209	0.58
Hummel Station, LLC	+*	(2) (3)	Energy: Electricity	L + 6.00%	8.52%	2/3/2016	10/27/2022	14,790	14,164	14,422	1.35
Hydrofarm, LLC	^	(2) (3)	Wholesale	L+10.00% (30% cash/70% PIK)	12.50%	5/15/2017	5/12/2022	20,306	19,958	13,989	1.31
iCIMS, Inc.	^	(2) (3) (14)	Software	L + 6.50%	8.94%	9/12/2018	9/12/2024	20,025	19,616	19,297	1.81
Indra Holdings Corp. (Totes Isotoner)	^	(2) (3)	Non-durable Consumer Goods	L + 4.25%	6.77%	4/29/2014	5/1/2021	18,965	17,561	9,483	0.89
Innovative Business Services, LLC	^*	(2) (3) (14)	High Tech Industries	L + 5.50%	7.91%	4/5/2018	4/5/2023	16,307	15,789	15,948	1.50
Legacy.com, Inc.	^	(2) (3) (12)	High Tech Industries	L + 6.00%	8.79%	3/20/2017	3/20/2023	17,000	16,696	16,827	1.58
Maravai Intermediate Holdings, LLC	^*	(2)	Healthcare & Pharmaceuticals	L + 4.25%	6.81%	8/2/2018	8/2/2025	19,950	19,766	19,719	1.85
Metrologistics, LLC	+*	(2) (3)	Transportation: Cargo	L + 6.50%	9.00%	12/13/2016	9/30/2022	17,517	17,349	17,424	1.65
Moxie Liberty, LLC	+*	(2) (3)	Energy: Electricity	L + 6.50%	9.30%	10/16/2017	8/21/2020	9,873	9,208	8,964	0.84
National Carwash Solutions, Inc.	^+	(2) (3) (14)	Automotive	L + 6.00%	8.35%	8/7/2018	4/28/2023	5,843	5,662	5,688	0.53
National Technical Systems, Inc.	^+*	(2) (3) (14)	Aerospace & Defense	L + 6.25%	8.87%	6/26/2015	6/12/2021	28,237	27,990	28,160	2.64
NES Global Talent Finance US, LLC (United Kingdom)	+*	(2) (3) (8)	Energy: Oil & Gas	L + 5.50%	8.03%	5/9/2018	5/11/2023	9,992	9,833	9,695	0.91
Nexus Technologies, LLC	^	(2) (3)	High Tech Industries	L + 5.50%	8.30%	12/11/2018	12/5/2023	6,234	6,177	6,158	0.58
NMI AcquisitionCo, Inc.	^+*	(2) (3) (14)	High Tech Industries	L + 6.75%	9.27%	9/6/2017	9/6/2022	51,424	50,646	49,501	4.65
North American Dental Management, LLC	^	(2) (3) (14)	Healthcare & Pharmaceuticals	L + 5.25%	8.04%	10/26/2018	7/7/2023	2,060	1,962	1,973	0.19
Northland Telecommunications Corporation	^*	(2) (3) (14)	Media: Broadcast & Subscription	L + 5.75%	8.10%	10/1/2018	10/1/2025	21,638	21,297	21,311	2.00
Payment Alliance International, Inc.	^	(2) (3) (12)	Business Services	L + 6.05%	8.13%	9/15/2017	9/15/2021	23,723	23,324	23,588	2.22
Plano Molding Company, LLC	^	(2) (3)	Hotel, Gaming & Leisure	L + 7.50%	9.98%	5/1/2015	5/12/2021	14,902	14,726	13,729	1.29
PPC Flexible Packaging, LLC	^+	(2) (3) (14)	Containers, Packaging & Glass	L + 5.25%	7.77%	11/23/2018	11/23/2024	11,962	11,761	11,839	1.11
PPT Management Holdings, LLC	^	(2) (3)	Healthcare & Pharmaceuticals	L+7.50% (100% PIK)	9.85%	12/15/2016	12/16/2022	26,820	26,675	22,194	2.08
PricewaterhouseCoopers Public Sector LLP	^	(2) (3) (14)	Aerospace & Defense	L + 2.75%	5.25%	5/1/2018	5/1/2023	—	(131)	(160)	(0.02)
Prime Risk Partners, Inc.	^	(2) (3) (12) (14)	Banking, Finance, Insurance & Real Estate	L + 5.00%	7.80%	8/15/2017	8/13/2023	24,389	23,906	23,466	2.20
Prime Risk Partners, Inc.	^	(2) (3)	Banking, Finance, Insurance & Real Estate	L + 5.00%	7.44%	8/15/2017	8/13/2023	1,925	1,887	1,871	0.18

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Investments—non-controlled/non-affiliated ⁽¹⁾		Footnotes	Industry	Reference Rate & Spread ⁽²⁾	Interest Rate ⁽²⁾	Acquisition Date	Maturity Date	Par/Principal Amount	Amortized Cost ⁽⁴⁾	Fair Value ⁽⁵⁾	% of Net Assets
First Lien Debt (77.62%) (continued)											
Product Quest Manufacturing, LLC	^	(2) (3) (14)	Containers, Packaging & Glass	L + 6.75%	10.00%	9/21/2017	3/31/2019	\$ 4,051	\$ 4,051	\$ 4,051	0.38 %
Product Quest Manufacturing, LLC	^	(2) (3) (10) (12)	Containers, Packaging & Glass	L + 5.75%	8.09%	9/9/2015	9/9/2020	33,000	32,270	—	—
Prowler Acquisition Corp. (Pipeline Supply and Service, LLC)	+*	(2) (3)	Wholesale	L + 4.50%	7.30%	12/1/2017	1/28/2020	14,752	14,396	14,663	1.38
PSI Services, LLC	^	(2) (3)	Business Services	L + 5.00%	7.52%	9/19/2018	1/20/2023	4,546	4,487	4,445	0.42
QW Holding Corporation (Quala)	^+*	(2) (3)	Environmental Industries	L + 6.75%	9.22%	8/31/2016	8/31/2022	36,179	35,604	35,835	3.37
Redwood Services Group, LLC	*	(2) (3)	High Tech Industries	L + 6.00%	8.71%	11/13/2018	6/6/2023	5,323	5,277	5,242	0.49
Sapphire Convention, Inc. (Smart City)	^*	(2) (3) (14)	Telecommunications	L + 5.25%	7.89%	11/20/2018	11/20/2025	28,866	28,207	28,264	2.65
Smile Doctors, LLC	^+*	(2) (3) (14)	Healthcare & Pharmaceuticals	L + 5.75%	8.55%	10/6/2017	10/6/2022	18,155	18,037	17,782	1.67
SolAero Technologies Corp.	^	(2) (3) (10)	Telecommunications	L + 5.25%	7.75%	5/24/2016	12/10/2020	24,362	23,787	14,327	1.35
SolAero Technologies Corp.	^	(2) (3)	Telecommunications	L+ 7.25%, 4.00% PIK	10.25%	9/6/2018	3/31/2019	3,641	3,623	3,641	0.34
Sovos Brands Intermediate, Inc.	^	(2)	Beverage, Food & Tobacco	L + 5.00%	7.64%	11/16/2018	11/20/2025	20,100	19,903	19,782	1.86
SPay, Inc.	^+*	(2) (3) (14)	Hotel, Gaming & Leisure	L + 5.75%	8.22%	6/15/2018	6/15/2024	19,909	19,347	19,009	1.79
Superior Health Linens, LLC	^+*	(2) (3) (14)	Business Services	L + 7.00%	9.52%	9/30/2016	9/30/2021	21,100	20,891	20,840	1.96
Surgical Information Systems, LLC	^+*	(2) (3) (12)	High Tech Industries	L + 4.85%	7.37%	4/24/2017	4/24/2023	27,708	27,497	27,171	2.55
T2 Systems Canada, Inc.	*	(2) (3)	Transportation: Consumer	L + 6.75%	9.34%	5/24/2017	9/28/2022	3,969	3,899	3,946	0.37
T2 Systems, Inc.	^+*	(2) (3) (14)	Transportation: Consumer	L + 6.75%	9.34%	9/28/2016	9/28/2022	32,331	31,756	32,133	3.02
The Hilb Group, LLC	^	(2) (3) (12)	Banking, Finance, Insurance & Real Estate	L + 6.00%	8.80%	6/24/2015	6/24/2021	49,451	48,861	48,456	4.55
The Topps Company, Inc.	+*	(2) (3)	Non-durable Consumer Goods	L + 6.00%	8.80%	6/26/2015	10/2/2020	22,127	21,951	22,127	2.08
Trump Card, LLC	^+*	(2) (3) (14)	Transportation: Cargo	L + 5.00%	7.80%	6/26/2018	4/21/2022	8,157	8,107	8,036	0.75
TSB Purchaser, Inc. (Teaching Strategies, LLC)	^+*	(2) (3) (14)	Media: Advertising, Printing & Publishing	L + 6.00%	8.80%	5/14/2018	5/14/2024	28,028	27,352	27,462	2.58
Tweddle Group, Inc.	^	(2) (3)	Media: Advertising, Printing & Publishing	L + 4.50%	6.97%	9/17/2018	9/17/2023	2,400	2,366	2,386	0.22
USLS Acquisition, Inc.	^	(2) (3) (14)	Business Services	L + 5.75%	8.46%	11/30/2018	11/30/2024	17,730	17,282	17,178	1.61
VRC Companies, LLC	^+*	(2) (3) (14)	Business Services	L + 6.50%	9.02%	3/31/2017	3/31/2023	54,181	53,345	53,410	5.03
Watchfire Enterprises, Inc.	*	(2) (3)	Media: Advertising, Printing & Publishing	L + 4.00%	6.80%	6/9/2017	10/2/2020	1,248	1,241	1,248	0.12
Westfall Technik, Inc.	^	(2) (3) (14)	Chemicals, Plastics & Rubber	L + 5.00%	7.79%	9/13/2018	9/13/2024	10,585	10,218	9,902	0.93
Zemax Software Holdings, LLC	^*	(2) (3) (14)	Software	L + 5.75%	8.55%	6/25/2018	6/25/2024	10,248	10,111	10,144	0.95
Zenith Merger Sub, Inc.	^+*	(2) (3) (14)	Business Services	L + 5.50%	8.30%	12/13/2017	12/13/2023	10,881	10,732	10,778	1.01
First Lien Debt Total								\$1,629,394	\$1,602,861	\$1,532,119	143.88 %

TCG BDC, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)
As of December 31, 2018
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Investments—non-controlled/non-affiliated ⁽¹⁾	Footnotes	Industry	Reference Rate & Spread ⁽²⁾	Interest Rate ⁽²⁾	Acquisition Date	Maturity Date	Par/Principal Amount	Amortized Cost ⁽⁴⁾	Fair Value ⁽⁵⁾	% of Net Assets
Second Lien Debt (9.07%)										
Access CIG, LLC	^ (2)	Business Services	L + 7.75%	10.46%	2/14/2018	2/27/2026	\$ 2,701	\$ 2,678	\$ 2,650	0.25 %
AmeriLife Group, LLC	^* (2) (3)	Banking, Finance, Insurance & Real Estate	L + 8.75%	11.27%	7/9/2015	1/10/2023	22,000	21,712	21,910	2.06
AQA Acquisition Holding, Inc.	^ (2) (3)	High Tech Industries	L + 8.00%	10.40%	10/1/2018	5/24/2024	40,000	39,623	39,336	3.69
Argon Medical Devices Holdings, Inc.	^* (2) (3)	Healthcare & Pharmaceuticals	L + 8.00%	10.52%	11/2/2017	1/23/2026	7,500	7,468	7,446	0.70
Brave Parent Holdings, Inc.	^* (2) (3)	Software	L + 7.50%	10.02%	10/3/2018	4/19/2026	19,062	18,616	18,301	1.72
Drew Marine Group Inc.	^+* (2) (3)	Chemicals, Plastics & Rubber	L + 7.00%	9.52%	11/19/2013	5/19/2021	12,500	12,487	12,396	1.16
Outcomes Group Holdings, Inc.	^* (2)	Business Services	L + 7.50%	10.28%	10/23/2018	10/26/2026	4,500	4,500	4,447	0.42
Pharmalogic Holdings Corp.	^ (2) (3) (14)	Healthcare & Pharmaceuticals	L + 8.00%	10.52%	6/7/2018	12/11/2023	563	560	563	0.05
Project Accelerate Parent, LLC	^* (2) (3)	Software	L + 8.50%	10.89%	1/2/2018	1/2/2026	22,500	21,986	22,109	2.08
Prowler Acquisition Corp. (Pipeline Supply and Service, LLC)	^ (2) (3)	Wholesale	L + 8.50%	11.30%	1/24/2014	7/28/2020	3,000	2,972	2,939	0.28
Reladyne, Inc.	^+* (2) (3)	Wholesale	L + 9.50%	12.30%	4/19/2018	1/21/2023	10,000	9,830	9,915	0.93
Santa Cruz Holdco, Inc.	^ (2) (3)	Non-durable Consumer Goods	L + 8.25%	10.69%	12/15/2017	12/13/2024	17,138	16,984	16,903	1.59
Ultimate Baked Goods MIDCO, LLC (Rise Baking)	^ (2) (3)	Beverage, Food & Tobacco	L + 8.00%	10.52%	8/9/2018	8/9/2026	8,333	8,176	8,108	0.76
Watchfire Enterprises, Inc.	^ (2) (3)	Media: Advertising, Printing & Publishing	L + 8.00%	10.80%	10/2/2013	10/2/2021	7,000	6,950	6,996	0.66
Zywave, Inc.	^ (2) (3)	High Tech Industries	L + 9.00%	11.65%	11/18/2016	11/17/2023	4,950	4,892	4,939	0.46
Second Lien Debt Total							\$181,747	\$179,434	\$178,958	16.81 %

Investments—non-controlled/non-affiliated (1)	Footnotes	Industry	Acquisition Date	Shares/ Units	Cost	Fair Value ⁽⁵⁾	Percentage of Net Assets
Equity Investments (1.03%)							
ANLG Holdings, LLC	^ (7)	Healthcare & Pharmaceuticals	43,273	879,689	\$ 880	\$ 880	0.08%
Avenu Holdings, LLC	^ (7)	Sovereign & Public Finance	43,371	172,413	172	172	0.02
CIP Revolution Holdings, LLC	^ (7)	Media: Advertising, Printing & Publishing	42,601	31,825	318	262	0.03
Dade Paper & Bag, LLC	^ (7)	Forest Products & Paper	42,895	1,500,000	1,500	1,639	0.15
DecoPac, Inc.	^ (7)	Non-durable Consumer Goods	43,007	1,500,000	1,500	1,434	0.13
Derm Growth Partners III, LLC (Dermatology Associates)	^ (7)	Healthcare & Pharmaceuticals	42,521	1,000,000	1,000	1,415	0.13
GRO Sub Holdco, LLC (Grand Rapids)	^ (7)	Healthcare & Pharmaceuticals	43,188	500,000	500	219	0.02
Legacy.com, Inc.	^ (7)	High Tech Industries	42,814	1,500,000	1,500	1,227	0.12
North Haven Goldfinch Topco, LLC	^ (7)	Containers, Packaging & Glass	43,269	2,314,815	2,315	2,103	0.20
Power Stop Intermediate Holdings, LLC	^ (7)	Automotive	42,153	7,150	—	34	—
Rough Country, LLC	^ (7)	Durable Consumer Goods	42,880	754,775	755	988	0.09

TCG BDC, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)
As of December 31, 2018
(dollar amounts in thousands)

Investments—non-controlled/non-affiliated (1)	Footnotes	Industry	Acquisition Date	Shares/ Units	Cost	Fair Value (5)	% of Net Assets
Equity Investments (1.03%) (continued)							
SiteLock Group Holdings, LLC	^ (7)	High Tech Industries	43,195	446,429	\$ 446	\$ 446	0.04%
T2 Systems Parent Corporation	^ (7)	Transportation: Consumer	42,641	555,556	555	483	0.05
Tailwind HMT Holdings Corp.	^ (7)	Energy: Oil & Gas	43,056	20,000	2,000	2,373	0.22
THG Acquisition, LLC (The Hilb Group, LLC)	^ (7)	Banking, Finance, Insurance & Real Estate	42,179	1,500,000	1,500	3,100	0.29
Tweddle Holdings, Inc.	^ (7)	Media: Advertising, Printing & Publishing	43,360	17,208	—	—	—
USLS Acquisition, Inc.	^ (7)	Business Services	43,434	640,569	640	641	0.06
Zenith American Holding, Inc.	^ (7)	Business Services	43,082	1,561,644	1,562	2,513	0.24
Zillow Topco LP	^ (7)	Software	43,276	312,500	313	313	0.03
Equity Investments Total					\$ 17,456	\$ 20,242	1.90%
Total investments—non-controlled/non-affiliated					\$ 1,799,751	\$ 1,731,319	162.59%

Investments—non-controlled/affiliated	Footnotes	Industry	Reference Rate & Spread (2)	Interest Rate (2)	Acquisition Date	Maturity Date	Par/Principal Amount	Amortized Cost (4)	Fair Value (5)	% of Net Assets
First Lien Debt (0.72%)										
TwentyEighty, Inc. - Revolver	^ (2) (3) (13) (14)	Business Services	L + 8.00%	10.90%	1/31/2017	3/21/2020	\$ —	\$ (3)	\$ —	—%
TwentyEighty, Inc. - (Term A Loans)	^ (2) (3) (13)	Business Services	L + 8.00%	11.06%	1/31/2017	3/21/2020	316	315	316	0.03
TwentyEighty, Inc. - (Term B Loans)	^ (13)	Business Services	N/A	8.00% (4.00% cash, 4.00% PIK)	1/31/2017	3/21/2020	6,995	6,853	6,855	0.72
TwentyEighty, Inc. - (Term C Loans)	^ (13)	Business Services	N/A	9.00% (0.25% cash, 8.75% PIK)	1/31/2017	3/21/2020	7,123	6,674	6,981	0.73
First Lien Debt Total							\$ 14,434	\$ 13,839	\$ 14,152	1.48%

Investments—non-controlled/affiliated	Footnotes	Industry	Acquisition Date	Shares/ Units	Cost	Fair Value (5)	% of Net Assets
Equity Investments (0.22%)							
TwentyEighty Investors LLC	^ (7) (13)	Business Services	1/31/2017	69,786	\$ —	\$ 4,391	0.46%
Equity Investments Total					\$ —	\$ 4,391	0.41%
Total investments—non-controlled/affiliated					\$ 13,839	\$ 18,543	1.89%

TCG BDC, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)
As of December 31, 2018
(dollar amounts in thousands)

Investments— controlled/affiliated		Industry	Reference Rate & Spread ⁽²⁾	Interest Rate ⁽²⁾	Acquisition Date	Maturity Date	Par Amount/ LLC Interest	Cost	Fair Value ⁽⁷⁾	% of Net Assets	
Investment Fund (11.34%)											
Middle Market Credit Fund, LLC, Mezzanine Loan	^	(2) (8) (9) (11)	Investment Fund	L+9.00%	11.47%	6/30/2016	3/22/2019	\$ 112,000	\$ 112,000	\$ 112,000	11.71%
Middle Market Credit Fund, LLC, Subordinated Loan and Member's Interest	^	(8) (11)	Investment Fund	N/A	0.001%	2/29/2016	3/1/2021	118,001	118,001	110,295	11.53%
Investment Fund Total								\$ 230,001	\$ 230,001	\$ 222,295	23.24%
Total investments—controlled/affiliated								\$ 230,001	\$ 230,001	\$ 222,295	23.24%
Total investments								\$2,073,835	\$2,043,591	\$ 1,972,157	187.72%

^ Denotes that all or a portion of the assets are owned by TCG BDC, Inc. (together with its consolidated subsidiaries, "we," "us," "our," "TCG BDC" or the "Company"). The Company has entered into a senior secured revolving credit facility (as amended, the "Credit Facility" and, together with the SPV Credit Facility, the "Facilities"). The lenders of the Credit Facility have a first lien security interest in substantially all of the portfolio investments held by the Company (see Note 6, Borrowings, to these consolidated financial statements). Accordingly, such assets are not available to creditors of the SPV or the 2015-1 Issuer.

+ Denotes that all or a portion of the assets are owned by the Company's wholly owned subsidiary, TCG BDC SPV LLC (the "SPV"). The SPV has entered into a senior secured revolving credit facility (as amended, the "SPV Credit Facility"). The lenders of the SPV Credit Facility have a first lien security interest in substantially all of the assets of the SPV (see Note 6, Borrowings, to these consolidated financial statements). Accordingly, such assets are not available to creditors of the Company or Carlyle Direct Lending CLO 2015-1R LLC (formerly known as Carlyle GMS Finance MM CLO 2015-1 LLC) (the "2015-1 Issuer").

* Denotes that all or a portion of the assets are owned by the 2015-1 Issuer and secure the notes issued in connection with a term debt securitization completed by the Company on June 26, 2015 (see Note 7, Notes Payable, to these consolidated financial statements). Accordingly, such assets are not available to the creditors of the SPV or the Company.

- (1) Unless otherwise indicated, issuers of debt and equity investments held by the Company are domiciled in the United States. Under the Investment Company Act of 1940, as amended (together with the rules and regulations promulgated thereunder, the "Investment Company Act"), the Company would be deemed to "control" a portfolio company if the Company owned more than 25% of its outstanding voting securities and/or held the power to exercise control over the management or policies of the portfolio company. As of December 31, 2018, the Company does not "control" any of these portfolio companies. Under the Investment Company Act, the Company would be deemed an "affiliated person" of a portfolio company if the Company owns 5% or more of the portfolio company's outstanding voting securities. As of December 31, 2018, the Company is not an "affiliated person" of any of these portfolio companies. Certain portfolio company investments are subject to contractual restrictions on sales.
- (2) Variable rate loans to the portfolio companies bear interest at a rate that is determined by reference to either LIBOR ("L") or an alternate base rate (commonly based on the Federal Funds Rate or the U.S. Prime Rate), which generally resets quarterly. For each such loan, the Company has indicated the reference rate used and provided the spread and the interest rate in effect as of December 31, 2018. As of December 31, 2018, the reference rates for our variable rate loans were the 30-day LIBOR at 2.50%, the 90-day LIBOR at 2.81% and the 180-day LIBOR at 2.88%.
- (3) Loan includes interest rate floor feature, which is generally 1.00%.
- (4) Amortized cost represents original cost, including origination fees and upfront fees received that are deemed to be an adjustment to yield, adjusted for the accretion/amortization of discounts/premiums, as applicable, on debt investments using the effective interest method.
- (5) Fair value is determined in good faith by or under the direction of the Board of Directors of the Company (see Note 2, Significant Accounting Policies, and Note 3, Fair Value Measurements, to these consolidated financial statements), pursuant to the Company's valuation policy. The fair value of all first lien and second lien debt investments, equity investments and the investment fund mezzanine loan was determined using significant unobservable inputs.
- (6) Amortized cost represents original cost, including origination fees and upfront fees received that are deemed to be an adjustment to yield, adjusted for the accretion/amortization of discounts/premiums, as applicable, on debt investments using the effective interest method.
- (7) Security acquired in transaction exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"), and may be deemed to be "restricted securities" under the Securities Act, unless otherwise noted. As of December 31, 2018, the aggregate fair value of these securities is \$24,633, or 2.58% of the Company's net assets.
- (8) The Company has determined the indicated investments are non-qualifying assets under Section 55(a) of the Investment Company Act. Under the Investment Company Act, the Company may not acquire any non-qualifying assets unless, at the time such acquisition is made, qualifying assets represent at least 70% of the Company's total assets.
- (9) Represents a corporate mezzanine loan, which is subordinated to senior secured term loans of the portfolio company/investment fund.
- (10) Loan was on non-accrual status as of December 31, 2018.
- (11) Under the Investment Company Act, the Company is deemed to be an "affiliated person" of and "control" this investment fund because the Company owns more than 25% of the investment fund's outstanding voting securities and/or has the power to exercise control over management or policies of such investment fund. See Note 5, Middle Market Credit Fund, LLC, to these consolidated financial statements for more details. Transactions related to investments in controlled affiliates for the year ended December 31, 2018 were as follows:

TCG BDC, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)
As of December 31, 2018
(dollar amounts in thousands)

Investments—controlled/affiliated	Fair Value as of December 31, 2017	Additions/ Purchases	Reductions/ Sales/ Paydowns	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Fair Value as of December 31, 2018	Dividend and Interest Income
Middle Market Credit Fund, LLC, Mezzanine Loan	\$ 85,750	\$ 120,150	\$ (93,900)	\$ —	\$ —	\$ 112,000	\$ 12,481
Middle Market Credit Fund, LLC, Subordinated Loan and Member's Interest	86,766	31,500	—	—	(6,083)	110,295	15,750
Total investments—controlled/affiliated	\$ 172,516	\$ 151,650	\$ (93,900)	\$ —	\$ (6,083)	\$ 222,295	\$ 28,231

(12) In addition to the interest earned based on the stated interest rate of this loan, which is the amount reflected in this schedule, the Company is entitled to receive additional interest as a result of an agreement among lenders as follows: Dimensional Dental Management, LLC (4.51%), EIP Merger Sub, LLC (Evolve IP) (3.75%), Legacy.com Inc. (4.00%), Payment Alliance International Inc. (3.06%), Prime Risk Partners, Inc. (2.88%), Product Quest Manufacturing, LLC (3.54%), Surgical Information Systems, LLC (0.89%) and The Hilb Group, LLC (3.33%). Pursuant to the agreement among lenders in respect of this loan, this investment represents a first lien/last out loan, which has a secondary priority behind the first lien/first out loan with respect to principal, interest and other payments.

(13) Under the Investment Company Act, the Company is deemed an "affiliated person" of this portfolio company because the Company owns 5% or more of the portfolio company's outstanding voting securities. Transactions related to investments in non-controlled affiliates for the year ended December 31, 2018 were as follows:

Investments—non-controlled/affiliated	Fair Value as of December 31, 2017	Purchases/ Paid-in-kind interest	Sales/ Paydowns	Net Accretion of Discount	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Fair value as of December 31, 2018	Interest Income
TwentyEighty, Inc. - Revolver	\$ (20)	\$ —	\$ —	\$ 3	\$ —	\$ 17	\$ —	\$ 3
TwentyEighty, Inc. - (Term A Loans)	3,760	—	(3,574)	18	—	112	316	264
TwentyEighty, Inc. - (Term B Loans)	6,360	240	—	119	—	136	6,855	654
TwentyEighty, Inc. - (Term C Loans)	5,331	602	—	158	—	890	6,981	759
TwentyEighty Investors LLC (Equity)	—	—	—	—	—	4,391	4,391	—
Total investments—non-controlled/affiliated	\$ 15,431	\$ 842	\$ (3,574)	\$ 298	\$ —	\$ 5,546	\$ 18,543	\$ 1,680

(14) As of December 31, 2018, the Company had the following unfunded commitments to fund delayed draw and revolving senior secured loans:

Investments—non-controlled/non-affiliated	Type	Unused Fee	Par/ Principal Amount	Fair Value
First and Second Lien Debt—unfunded delayed draw and revolving term loans commitments				
Advanced Instruments, LLC	Revolver	0.50%	\$ 1,167	(9)
Aero Operating LLC (Dejana Industries, Inc.)	Revolver	1.00	202	(2)
AMS Group HoldCo, LLC	Delayed Draw	1.00	4,009	(95)
AMS Group HoldCo, LLC	Revolver	0.50	810	(19)
Analogic Corporation	Revolver	0.50	3,365	(73)
Captive Resources Midco, LLC	Delayed Draw	1.25	3,572	(31)
Captive Resources Midco, LLC	Revolver	0.50	2,143	(18)
Investments—non-controlled/non-affiliated	Type	Unused Fee	Par/ Principal Amount	Fair Value

TCG BDC, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)
As of December 31, 2018
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Chemical Computing Group ULC	Revolver	0.50%	\$ 903	\$ (10)
CIP Revolution Holdings, LLC	Revolver	0.50	532	(6)
CircusTrix Holdings, LLC	Delayed Draw	1.00	1,115	(26)
Comar Holding Company, LLC	Delayed Draw	1.00	5,136	(87)
Comar Holding Company, LLC	Revolver	0.50	2,129	(36)
Continuum Managed Services HoldCo, LLC	Revolver	0.50	2,500	(43)
Datto, Inc.	Revolver	0.50	726	(7)
DermaRite Industries LLC	Revolver	0.50	1,324	(52)
Derm Growth Partners III, LLC (Dermatology Associates)	Revolver	0.50	968	(12)
Direct Travel, Inc.	Delayed Draw	1.00	1,872	(16)
FWR Holding Corporation	Revolver	0.50	2,778	(20)
Frontline Technologies Holdings, LLC	Delayed Draw	1.00	7,705	(59)
GRO Sub Holdco, LLC (Grand Rapids)	Delayed Draw	1.00	7,000	(85)
GRO Sub Holdco, LLC (Grand Rapids)	Revolver	0.50	1,071	(13)
iCIMS, Inc.	Revolver	0.50	1,252	(43)
Innovative Business Services, LLC	Delayed Draw	1.00	3,886	(62)
Innovative Business Services, LLC	Revolver	0.50	2,232	(36)
National Carwash Solutions, Inc.	Delayed Draw	1.00	3,817	(57)
National Carwash Solutions, Inc.	Revolver	0.50	632	(9)
National Technical Systems, Inc.	Revolver	0.50	2,500	(6)
NMI AcquisitionCo, Inc.	Revolver	0.50	435	(16)
North American Dental Management, LLC	Delayed Draw	1.00	3,002	(52)
Northland Telecommunications Corporation	Revolver	0.50	1,702	(24)
Pharmalogic Holdings Corp.	Delayed Draw	1.00	237	—
PPC Flexible Packaging, LLC	Revolver	0.50	1,737	(16)
Prime Risk Partners, Inc.	Delayed Draw	0.50	457	(10)
Prime Risk Partners, Inc.	Delayed Draw	0.50	5,694	(175)
Product Quest Manufacturing, LLC	Revolver	0.50	1,906	—
PricewaterhouseCoopers Public Sector LLP	Revolver	0.50	6,250	(160)
SPay, Inc.	Delayed Draw	1.00	10,227	(197)
SPay, Inc.	Revolver	0.50	546	(19)
Sapphire Convention, Inc.	Revolver	0.50	4,528	(81)
Smile Doctors, LLC	Delayed Draw	1.00	6,394	(97)
Smile Doctors, LLC	Revolver	0.50	51	(1)

Investments—non-controlled/non-affiliated	Type	Unused Fee	Par/ Principal Amount	Fair Value
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TCG BDC, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)
As of December 31, 2018
(dollar amounts in thousands)

Superior Health Linens, LLC	Revolver	0.50%	\$ 1,867	\$ (21)
T2 Systems, Inc.	Revolver	0.50	1,760	(10)
TSB Purchaser, Inc. (Teaching Strategies, LLC)	Revolver	0.50	1,891	(36)
The Hilb Group, LLC	Delayed Draw	1.00	11,262	(185)
Trump Card, LLC	Revolver	0.50	635	(9)
TwentyEighty, Inc. (f/k/a Miller Heiman, Inc.)	Revolver	0.50	607	—
USLS Acquisition, Inc.	Delayed Draw	1.00	4,137	(98)
USLS Acquisition, Inc.	Revolver	0.50	1,418	(34)
VRC Companies, LLC	Delayed Draw	1.00	2,481	(33)
VRC Companies, LLC	Revolver	0.50	1,227	(16)
Westfall Technik, Inc.	Delayed Draw	1.00	15,259	(372)
Westfall Technik, Inc.	Revolver	0.50	2,155	(53)
Zemax Software Holdings, LLC	Revolver	0.50	1,284	(12)
Zenith Merger Sub, Inc.	Revolver	0.50	2,622	(20)
Total unfunded commitments			\$ 157,117	\$ (2,679)

As of December 31, 2018, investments at fair value consisted of the following:

Type	Amortized Cost	Fair Value	% of Fair Value
First Lien Debt (excluding First Lien/Last Out)	\$ 1,375,437	\$ 1,343,422	68.12%
First Lien/Last Out Unitranche	241,263	202,849	10.29
Second Lien Debt	179,434	178,958	9.07
Equity Investments	17,456	24,633	1.25
Investment Fund	230,001	222,295	11.27
Total	\$ 2,043,591	\$ 1,972,157	100.00%

The rate type of debt investments at fair value as of December 31, 2018 was as follows:

Rate Type	Amortized Cost	Fair Value	% of Fair Value of First and Second Lien Debt
Floating Rate	\$ 1,782,607	\$ 1,711,393	99.20%
Fixed Rate	13,527	13,836	0.80
Total	\$ 1,796,134	\$ 1,725,229	100.00%

TCG BDC, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)
As of December 31, 2018
(dollar amounts in thousands)

The industry composition of investments at fair value as of December 31, 2018 was as follows:

Industry	Amortized Cost	Fair Value	% of Fair Value
Aerospace & Defense	\$ 27,859	\$ 28,000	1.42%
Automotive	6,547	6,603	0.33
Banking, Finance, Insurance & Real Estate	127,078	127,942	6.49
Beverage, Food & Tobacco	73,861	74,283	3.77
Business Services	156,800	162,545	8.24
Chemicals, Plastics & Rubber	22,705	22,298	1.13
Construction & Building	2,492	2,496	0.13
Consumer Services	30,142	29,742	1.51
Containers, Packaging & Glass	79,714	47,356	2.40
Durable Consumer Goods	755	988	0.05
Energy: Electricity	42,866	42,922	2.18
Energy: Oil & Gas	11,833	12,068	0.61
Environmental Industries	35,604	35,835	1.82
Forest Products & Paper	49,964	49,437	2.51
Healthcare & Pharmaceuticals	244,142	233,135	11.82
High Tech Industries	242,819	241,305	12.24
Hotel, Gaming & Leisure	77,952	76,685	3.89
Investment Fund	230,001	222,295	11.27
Media: Broadcast & Subscription	21,297	21,311	1.08
Media: Advertising, Printing & Publishing	58,690	58,712	2.98
Non-durable Consumer Goods	57,996	49,947	2.53
Software	124,734	124,231	6.30
Sovereign & Public Finance	38,568	38,526	1.95
Telecommunications	124,120	113,984	5.78
Transportation: Cargo	71,686	71,443	3.62
Transportation: Consumer	36,210	36,562	1.85
Wholesale	47,156	41,506	2.10
Total	\$ 2,043,591	\$ 1,972,157	100.00%

The geographical composition of investments at fair value as of December 31, 2018 was as follows:

Geography	Amortized Cost	Fair Value	% of Fair Value
Canada	\$ 15,636	\$ 15,617	0.79%
United Kingdom	9,833	9,695	0.49
United States	2,018,122	1,946,845	98.72
Total	\$ 2,043,591	\$ 1,972,157	100.00%

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

TCG BDC, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2019

(dollar amounts in thousands, except per share data)

1. ORGANIZATION

TCG BDC, Inc. (together with its consolidated subsidiaries, “we,” “us,” “our,” “TCG BDC” or the “Company”) is a Maryland corporation formed on February 8, 2012, and structured as an externally managed, non-diversified closed-end investment company. The Company is managed by its investment adviser, Carlyle Global Credit Investment Management L.L.C. (“CGCIM” or “Investment Adviser”), a wholly owned subsidiary of The Carlyle Group Inc. The Company has elected to be regulated as a business development company (“BDC”) under the Investment Company Act of 1940, as amended (together with the rules and regulations promulgated thereunder, the “Investment Company Act”). In addition, the Company has elected to be treated, and intends to continue to comply with the requirements to qualify annually, as a regulated investment company (“RIC”) under Subchapter M of the Internal Revenue Code of 1986, as amended (together with the rules and regulations promulgated thereunder, the “Code”).

The Company’s investment objective is to generate current income and capital appreciation primarily through debt investments in U.S. middle market companies. The Company’s core investment strategy focuses on lending to U.S. middle market companies, which the Company defines as companies with approximately \$25 million to \$100 million of earnings before interest, taxes, depreciation and amortization (“EBITDA”), which the Company believes is a useful proxy for cash flow. The Company complements this core strategy with additive, diversifying assets including, but not limited to, specialty lending investments. The Company seeks to achieve its investment objective primarily through direct origination of secured debt instruments, including first lien senior secured loans (which may include stand-alone first lien loans, first lien/last out loans and “unitranche” loans) and second lien senior secured loans (collectively, “Middle Market Senior Loans”), with the balance of its assets invested in higher yielding investments (which may include unsecured debt, mezzanine debt and investments in equities). The Middle Market Senior Loans are generally made to private U.S. middle market companies that are, in many cases, controlled by private equity firms. Depending on market conditions, the Company expects that between 70% and 80% of the value of its assets will be invested in Middle Market Senior Loans. The Company expects that the composition of its portfolio will change over time given the Investment Adviser’s view on, among other things, the economic and credit environment (including with respect to interest rates) in which the Company is operating.

The Company invests primarily in loans to middle market companies whose debt, if rated, is rated below investment grade, and, if not rated, would likely be rated below investment grade if it were rated (that is, below BBB- or Baa3, which is often referred to as “junk”). Exposure to below investment grade instruments involves certain risks, including speculation with respect to the borrower’s capacity to pay interest and repay principal.

On May 2, 2013, the Company completed its initial closing of capital commitments (the “Initial Closing”) and subsequently commenced substantial investment operations. Effective March 15, 2017, the Company changed its name from “Carlyle GMS Finance, Inc.” to “TCG BDC, Inc.” On June 19, 2017, the Company closed its initial public offering (“IPO”), issuing 9,454,200 shares of its common stock (including shares issued pursuant to the exercise of the underwriters’ over-allotment option on July 5, 2017) at a public offering price of \$18.50 per share. Net of underwriting costs, the Company received cash proceeds of \$169,488. Shares of common stock of TCG BDC began trading on the Nasdaq Global Select Market under the symbol “CGBD” on June 14, 2017.

Until December 31, 2017, the Company was an “emerging growth company,” as that term is used in the Jumpstart Our Business Startups Act of 2012. As of June 30, 2017, the market value of the common stock held by non-affiliates exceeded \$700,000. Accordingly, the Company ceased to be an emerging growth company as of December 31, 2017.

The Company is externally managed by the Investment Adviser, an investment adviser registered under the Investment Advisers Act of 1940, as amended. Carlyle Global Credit Administration L.L.C. (“CGCA” or the “Administrator”) provides the administrative services necessary for the Company to operate. Both the Investment Adviser and the Administrator are wholly owned subsidiaries of Carlyle Investment Management L.L.C., a subsidiary of The Carlyle Group Inc. “Carlyle” refers to The Carlyle Group Inc. and its affiliates and its consolidated subsidiaries (other than portfolio companies of its affiliated funds), a global alternative asset manager publicly traded on the Nasdaq Global Select Market under the symbol “CG”. Refer to the sec.gov website for further information on Carlyle.

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TCG BDC SPV LLC (the “SPV”) is a Delaware limited liability company that was formed on January 3, 2013. The SPV invests in first and second lien senior secured loans. The SPV is a wholly owned subsidiary of the Company and is consolidated in these consolidated financial statements commencing from the date of its formation, January 3, 2013. Effective March 15, 2017, the SPV changed its name from “Carlyle GMS Finance SPV LLC” to “TCG BDC SPV LLC”.

On June 9, 2017, pursuant to the Agreement and Plan of Merger, dated May 3, 2017 (the “Agreement”), by and between the Company and NF Investment Corp. (“NFIC”), NFIC merged with and into the Company (the “NFIC Acquisition”), with the Company as the surviving entity. The NFIC Acquisition was accounted for as an asset acquisition. NFIC SPV LLC (the “NFIC SPV” and, together with the SPV, the “SPVs”) is a Delaware limited liability company that was formed on June 18, 2013. Upon the consummation of the NFIC Acquisition, the NFIC SPV became a wholly owned subsidiary of the Company and is consolidated in these consolidated financial statements commencing from the closing date of the NFIC Acquisition, June 9, 2017.

On June 26, 2015, the Company completed a \$400,000 term debt securitization (the “2015-1 Debt Securitization”). The notes offered in the 2015-1 Debt Securitization (the “2015-1 Notes”) were issued by Carlyle Direct Lending CLO 2015-1R LLC (formerly known as Carlyle GMS Finance MM CLO 2015-1 LLC) (the “2015-1 Issuer”), a wholly owned and consolidated subsidiary of the Company. On August 30, 2018, the 2015-1 Issuer refinanced the 2015-1 Debt Securitization (the “2015-1 Debt Securitization Refinancing”) by redeeming in full the 2015-1 Notes and issuing new notes (the “2015-1R Notes”). The 2015-1R Notes are secured by a diversified portfolio of the 2015-1 Issuer consisting primarily of first and second lien senior secured loans. Refer to Note 7 to these consolidated financial statements for details. The 2015-1 Issuer is consolidated in these consolidated financial statements commencing from the date of its formation, May 8, 2015.

On February 29, 2016, the Company and Credit Partners USA LLC (“Credit Partners”) entered into an amended and restated limited liability company agreement, which was subsequently amended on June 24, 2016 (as amended, the “Limited Liability Company Agreement”) to co-manage Middle Market Credit Fund, LLC (“Credit Fund”). Credit Fund primarily invests in first lien loans of middle market companies. Credit Fund is managed by a six-member board of managers, on which the Company and Credit Partners each have equal representation. The Company and Credit Partners each have 50% economic ownership of Credit Fund and have commitments to fund, from time to time, capital of up to \$400,000 each. Refer to Note 5, Middle Market Credit Fund, LLC, to these consolidated financial statements for details.

As a BDC, the Company is required to comply with certain regulatory requirements. As part of these requirements, the Company must not acquire any assets other than “qualifying assets” specified in the Investment Company Act unless, at the time the acquisition is made, at least 70% of its total assets are qualifying assets (with certain limited exceptions).

To qualify as a RIC, the Company must, among other things, meet certain source-of-income and asset diversification requirements and timely distribute to its stockholders generally at least 90% of its investment company taxable income, as defined by the Code, for each year. Pursuant to this election, the Company generally does not have to pay corporate level taxes on any income that it distributes to stockholders, provided that the Company satisfies those requirements.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”). The Company is an investment company for the purposes of accounting and financial reporting in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 946, *Financial Services—Investment Companies* (“ASC 946”). The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, the SPVs and the 2015-1 Issuer. All significant intercompany balances and transactions have been eliminated. U.S. GAAP for an investment company requires investments to be recorded at fair value. The carrying value for all other assets and liabilities approximates their fair value.

The annual financial statements have been prepared in accordance with U.S. GAAP for annual financial information and pursuant to the requirements for reporting on Form 10-K and Article 6 of Regulation S-X. In the opinion of management, all adjustments considered necessary for the fair presentation of consolidated financial statements for the years presented have been included.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make assumptions and estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management's estimates are based on historical experiences and other factors, including expectations of future events that management believes to be reasonable under the circumstances. It also requires management to exercise judgment in the process of applying the Company's accounting policies. Assumptions and estimates regarding the valuation of investments and their resulting impact on base management and incentive fees involve a higher degree of judgment and complexity and these assumptions and estimates may be significant to the consolidated financial statements. Actual results could differ from these estimates and such differences could be material.

Investments

Investment transactions are recorded on the trade date. Realized gains or losses are measured by the difference between the net proceeds from the repayment or sale and the amortized cost basis of the investment using the specific identification method without regard to unrealized appreciation or depreciation previously recognized, and includes investments charged off during the period, net of recoveries. Net change in unrealized appreciation or depreciation on investments as presented in the accompanying Consolidated Statements of Operations reflects the net change in the fair value of investments, including the reversal of previously recorded unrealized appreciation or depreciation when gains or losses are realized. See Note 3 to these consolidated financial statements for further information about fair value measurements.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits and highly liquid investments (e.g., money market funds, U.S. treasury notes) with original maturities of three months or less. Cash equivalents are carried at amortized cost, which approximates fair value. The Company's cash and cash equivalents are held with two large financial institutions and cash held in such financial institutions may, at times, exceed the Federal Deposit Insurance Corporation insured limit.

Revenue Recognition

Interest from Investments and Realized Gain/Loss on Investments

Interest income is recorded on an accrual basis and includes the accretion of discounts and amortization of premiums. Discounts from and premiums to par value on debt investments purchased are accreted/amortized into interest income over the life of the respective security using the effective interest method. The amortized cost of debt investments represents the original cost, including origination fees and upfront fees received that are deemed to be an adjustment to yield, adjusted for the accretion of discounts and amortization of premiums, if any. At time of exit, the realized gain or loss on an investment is the difference between the amortized cost at time of exit and the cash received at exit using the specific identification method.

The Company may have loans in its portfolio that contain payment-in-kind ("PIK") provisions. PIK represents interest that is accrued and recorded as interest income at the contractual rates, increases the loan principal on the respective capitalization dates, and is generally due at maturity. Such income is included in interest income in the Consolidated Statements of Operations. As of December 31, 2019 and 2018, the fair value of the loans in the portfolio with PIK provisions was \$164,902 and \$15,451, respectively. For the years ended December 31, 2019, 2018 and 2017, the Company earned \$6,596, \$3,239, and \$1,057 in PIK income included in interest income in the accompanying Consolidated Statements of Operations.

Dividend Income

Dividend income from the investment fund is recorded on the record date for the investment fund to the extent that such amounts are payable by the investment fund and are expected to be collected.

Other Income

Other income may include income such as consent, waiver, amendment, unused, underwriting and prepayment fees associated with the Company's investment activities as well as any fees for managerial assistance services rendered by the Company to the portfolio companies. Such fees are recognized as income when earned or the services are rendered. The Company may receive fees for guaranteeing the outstanding debt of a portfolio company. Such fees are amortized into other income over the life of the guarantee. The unamortized amount, if any, is included in other assets in the accompanying

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Consolidated Statements of Assets and Liabilities. For the years ended December 31, 2019, 2018 and 2017, the Company earned \$7,329, \$9,134 and \$10,526, respectively, in other income, primarily from syndication and prepayment fees.

Non-Accrual Income

Loans are generally placed on non-accrual status when principal or interest payments are past due 30 days or more or when there is reasonable doubt that principal or interest will be collected in full. Accrued and unpaid interest is generally reversed when a loan is placed on non-accrual status. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon management's judgment regarding collectability. Non-accrual loans are restored to accrual status when past due principal and interest are paid current and, in management's judgment, are likely to remain current. Management may not place a loan on non-accrual status if the loan has sufficient collateral value and is in the process of collection. As of December 31, 2019 and 2018, the fair value of the loans in the portfolio on non-accrual status was \$52,429 and \$14,327, respectively. The remaining first and second lien debt investments were performing and current on their interest payments as of December 31, 2019 and 2018.

The Facilities, Senior Notes, 2015-1R Notes and 2015-1 Notes – Related Costs, Expenses and Deferred Financing Costs

Interest expense and unused commitment fees on the Facilities are recorded on an accrual basis. Unused commitment fees are included in credit facility fees in the accompanying Consolidated Statements of Operations.

The Facilities and the Senior Notes are recorded at carrying value, which approximates fair value.

Deferred financing costs include capitalized expenses related to the closing or amendments of the Facilities. Amortization of deferred financing costs for each credit facility is computed on the straight-line basis over the respective term of each credit facility. The unamortized balance of such costs is included in deferred financing costs in the accompanying Consolidated Statements of Assets and Liabilities. The amortization of such costs is included in credit facility fees in the accompanying Consolidated Statements of Operations.

Debt issuance costs include capitalized expenses including structuring and arrangement fees related to the offering of the 2015-1R Notes, 2015-1 Notes and Senior Notes. Amortization of debt issuance costs for the notes is computed on the effective yield method over the term of the notes, except for a portion that was accelerated in connection with the 2015-1 Debt Securitization Refinancing as described in Note 7 to these consolidated financial statements. The unamortized balance of such costs is presented as a direct deduction to the carrying amount of the notes in the accompanying Consolidated Statements of Assets and Liabilities. The amortization of such costs is included in interest expense in the accompanying Consolidated Statements of Operations.

The notes are recorded at carrying value, which approximates fair value.

Offering Costs

Offering costs consist primarily of fees and expenses incurred in connection with the offering of shares, including legal, underwriting, printing and other costs, as well as costs associated with the preparation and filing of applicable registration statements. Offering costs are charged against equity when incurred. During the year ended December 31, 2017, \$3,088 of offering costs were incurred, 50% of which were paid by the Investment Adviser.

Income Taxes

For federal income tax purposes, the Company has elected to be treated as a RIC under the Code, and intends to make the required distributions to its stockholders as specified therein. In order to qualify as a RIC, the Company must meet certain minimum distribution, source-of-income and asset diversification requirements. If such requirements are met, then the Company is generally required to pay income taxes only on the portion of its taxable income and gains it does not distribute.

The minimum distribution requirements applicable to RICs require the Company to distribute to its stockholders at least 90% of its investment company taxable income ("ICTI"), as defined by the Code, each year, although depending on the level of ICTI earned in a tax year, the Company may choose to carry forward ICTI in excess of the current year 90% distribution requirement into the next tax year. Any such carryover ICTI must be distributed before the end of that next tax year through a dividend declared prior to filing the final tax return related to the year which generated such ICTI.

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In addition, based on the excise distribution requirements, the Company is subject to a 4% nondeductible federal excise tax on undistributed income unless the Company distributes in a timely manner an amount at least equal to the sum of (1) 98% of its ordinary income for each calendar year, (2) 98.2% of capital gain net income (both long-term and short-term) for the one-year period ending October 31 in that calendar year and (3) any income realized, but not distributed, in the preceding year. For this purpose, however, any ordinary income or capital gain net income retained by the Company that is subject to corporate income tax is considered to have been distributed. The Company intends to make sufficient distributions each taxable year to satisfy the excise distribution requirements.

The Company evaluates tax positions taken or expected to be taken in the course of preparing its consolidated financial statements to determine whether the tax positions are “more-likely than not” to be sustained by the applicable tax authority. The SPV and the 2015-1 Issuer are disregarded entities for tax purposes and are consolidated with the tax return of the Company. All penalties and interest associated with income taxes, if any, are included in income tax expense. For the years ended December 31, 2019, 2018 and 2017, the Company incurred \$404, \$230 and \$264, respectively, in excise tax expense.

Dividends and Distributions to Common Stockholders

To the extent that the Company has taxable income available, the Company intends to make quarterly distributions to its common stockholders. Dividends and distributions to common stockholders are recorded on the record date. The amount to be distributed is determined by the Board of Directors each quarter and is generally based upon the taxable earnings estimated by management and available cash. Net realized capital gains, if any, are generally distributed at least annually, although the Company may decide to retain such capital gains for investment.

Prior to July 5, 2017, the Company had an “opt in” dividend reinvestment plan. Effective on July 5, 2017, the Company converted the “opt in” dividend reinvestment plan to an “opt out” dividend reinvestment plan that provides for reinvestment of dividends and other distributions on behalf of the stockholders, other than those stockholders who have “opted out” of the plan. As a result of adopting the plan, if the Board of Directors authorizes, and the Company declares, a cash dividend or distribution, the stockholders who have not elected to “opt out” of the dividend reinvestment plan will have their cash dividends or distributions automatically reinvested in additional shares of the Company’s common stock, rather than receiving cash. Each registered stockholder may elect to have such stockholder’s dividends and distributions distributed in cash rather than participate in the plan. For any registered stockholder that does not so elect, distributions on such stockholder’s shares will be reinvested by State Street Bank and Trust Company, the Company’s plan administrator, in additional shares. The number of shares to be issued to the stockholder will be determined based on the total dollar amount of the cash distribution payable, net of applicable withholding taxes. The Company intends to use primarily newly issued shares to implement the plan so long as the market value per share is equal to or greater than the net asset value per share on the relevant valuation date. If the market value per share is less than the net asset value per share on the relevant valuation date, the plan administrator would implement the plan through the purchase of common stock on behalf of participants in the open market, unless the Company instructs the plan administrator otherwise.

Functional Currency

The functional currency of the Company is the U.S. Dollar. Investments are generally made in the local currency of the country in which the investment is domiciled and are translated into U.S. Dollars with foreign currency translation gains or losses recorded within net change in unrealized appreciation (depreciation) on investments in the accompanying consolidated statements of operations. Foreign currency translation gains and losses on non-investment assets and liabilities are separately reflected in the accompanying consolidated statements of operations.

Recent Accounting Standards Updates

In August 2018, the Securities and Exchange Commission (the “SEC”) adopted amendments to certain disclosure requirements intended to eliminate redundant, duplicative, overlapping, outdated, or superseded disclosures, in light of other SEC disclosure requirements, U.S. GAAP requirements, or changes in the information environment in its Disclosure Update and Simplification release (the “DUS Release”). The Company adopted the DUS Release on November 5, 2018, which did not have a material impact on the Company’s consolidated financial statements.

In September 2018, related to the DUS Release, the FASB issued Compliance and Disclosure Interpretation 105.09 guidance (“CDI 105.09”) on compliance with the new requirement to present changes in shareholders’ equity in interim financial statements within Form 10-Q filings. The DUS Release requires disclosure of changes in shareholders’ equity within a

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registrant's Form 10-Q filing on a quarter-to-date and year-to-date basis for both the current year and prior year comparative periods. CDI 105.09 notes that the SEC would not object if a registrant first discloses the changes in shareholders' equity in its Form 10-Q for the quarter that begins after November 5, 2018. The Company adopted the new requirement to present changes in shareholders' equity in interim financial statements within Form 10-Q filings starting with the quarter that began on January 1, 2019. The adoption of the new requirement did not have a material impact on the Company's consolidated financial statements.

On June 16, 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This ASU is intended to introduce new guidance for the accounting for credit losses on instruments within scope based on an estimate of current expected credit losses. The guidance will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019, with early adoption permitted. The Company does not expect the adoption of ASU 2016-13 to have a material impact on its financial statements.

3. FAIR VALUE MEASUREMENTS

The Company applies fair value accounting in accordance with the terms of ASC Topic 820, *Fair Value Measurement* ("ASC 820"). ASC 820 defines fair value as the amount that would be exchanged to sell an asset or transfer a liability in an orderly transfer between market participants at the measurement date. The Company values securities/instruments traded in active markets on the measurement date by multiplying the closing price of such traded securities/instruments by the quantity of shares or amount of the instrument held. The Company may also obtain quotes with respect to certain of its investments, such as its securities/instruments traded in active markets and its liquid securities/instruments that are not traded in active markets, from pricing services, brokers, or counterparties (i.e., "consensus pricing"). When doing so, the Company determines whether the quote obtained is sufficient according to U.S. GAAP to determine the fair value of the security. The Company may use the quote obtained or alternative pricing sources may be utilized including valuation techniques typically utilized for illiquid securities/instruments.

Securities/instruments that are illiquid or for which the pricing source does not provide a valuation or methodology or provides a valuation or methodology that, in the judgment of the Investment Adviser or the Company's Board of Directors, does not represent fair value shall each be valued as of the measurement date using all techniques appropriate under the circumstances and for which sufficient data is available. These valuation techniques may vary by investment and include comparable public market valuations, comparable precedent transaction valuations and/or discounted cash flow analyses. The process generally used to determine the applicable value is as follows: (i) the value of each portfolio company or investment is initially reviewed by the investment professionals responsible for such portfolio company or investment and, for non-traded investments, a standardized template designed to approximate fair market value based on observable market inputs, updated credit statistics and unobservable inputs is used to determine a preliminary value, which is also reviewed alongside consensus pricing, where available; (ii) preliminary valuation conclusions are documented and reviewed by a valuation committee comprised of members of senior management; (iii) the Board of Directors engages a third-party valuation firm to provide positive assurance on portions of the Middle Market Senior Loans and equity investments portfolio each quarter (such that each non-traded investment other than Credit Fund is reviewed by a third-party valuation firm at least once on a rolling twelve month basis) including a review of management's preliminary valuation and conclusion on fair value; (iv) the Audit Committee of the Board of Directors (the "Audit Committee") reviews the assessments of the Investment Adviser and the third-party valuation firm and provides the Board of Directors with any recommendations with respect to changes to the fair value of each investment in the portfolio; and (v) the Board of Directors discusses the valuation recommendations of the Audit Committee and determines the fair value of each investment in the portfolio in good faith based on the input of the Investment Adviser and, where applicable, the third-party valuation firm.

All factors that might materially impact the value of an investment are considered, including, but not limited to the assessment of the following factors, as relevant:

- the nature and realizable value of any collateral;
- call features, put features and other relevant terms of debt;
- the portfolio company's leverage and ability to make payments;
- the portfolio company's public or private credit rating;
- the portfolio company's actual and expected earnings and discounted cash flow;
- prevailing interest rates and spreads for similar securities and expected volatility in future interest rates;
- the markets in which the portfolio company does business and recent economic and/or market events; and
- comparisons to comparable transactions and publicly traded securities.

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Investment performance data utilized are the most recently available financial statements and compliance certificates received from the portfolio companies as of the measurement date which in many cases may reflect a lag in information.

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 fluctuate from period to period. Because of the inherent uncertainty of valuation, these estimated values may differ significantly from the values that would have been reported had a ready market for the investments existed, and it is reasonably possible that the difference could be material.

In addition, changes in the market environment and other events that may occur over the life of the investments may cause the realized gains or losses on investments to be different from the net change in unrealized appreciation or depreciation currently reflected in the consolidated financial statements as of December 31, 2019, 2018 and 2017.

U.S. GAAP establishes a hierarchical disclosure framework which ranks the level of observability of market price inputs used in measuring investments at fair value. The observability of inputs is impacted by a number of factors, including the type of investment and the characteristics specific to the investment and state of the marketplace, including the existence and transparency of transactions between market participants. Investments with readily available quoted prices or for which fair value can be measured from quoted prices in active markets generally have a higher degree of market price observability and a lesser degree of judgment applied in determining fair value.

Investments measured and reported at fair value are classified and disclosed based on the observability of inputs used in determination of fair values, as follows:

- Level 1—inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date. The types of financial instruments in Level 1 generally include unrestricted securities, including equities and derivatives, listed in active markets. 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 impact the quoted price.
- Level 2—inputs to the valuation methodology are either directly or indirectly observable as of the reporting date and are those other than quoted prices in active markets. The type of financial instruments in this category generally includes less liquid and restricted securities listed in active markets, securities traded in other than active markets, government and agency securities, and certain over-the-counter derivatives where the fair value is based on observable inputs.
- Level 3—inputs to the valuation methodology are unobservable and significant to overall fair value measurement. The inputs into the determination of fair value require significant management judgment or estimation. Financial instruments that are in this category generally include investments in privately-held entities and certain over-the-counter derivatives where the fair value is based on unobservable inputs.

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 overall fair value measurement. The Investment Adviser's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

Transfers between levels, if any, are recognized at the beginning of the year in which the transfers occur. For the year ended December 31, 2019, there were no transfers between levels. For the year ended December 31, 2018, the investment in the subordinated loan and member's interest of the investment fund transferred from investments measured at net asset value to Level 3 as a result of the change in valuation approach under practical expedient to discounted cash flow analysis.

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The following tables summarize the Company's investments measured at fair value on a recurring basis by the above fair value hierarchy levels as of December 31, 2019 and 2018:

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Assets				
First Lien Debt	\$ —	\$ —	\$ 1,663,138	\$ 1,663,138
Second Lien Debt	—	—	234,532	234,532
Equity Investments	—	—	21,698	21,698
Investment Fund				
Mezzanine Loan	—	—	93,000	93,000
Subordinated Loan and Member's Interest	—	—	111,596	111,596
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,123,964</u>	<u>\$ 2,123,964</u>
	December 31, 2018			
	Level 1	Level 2	Level 3	Total
Assets				
First Lien Debt	\$ —	\$ —	\$ 1,546,271	\$ 1,546,271
Second Lien Debt	—	—	178,958	178,958
Equity Investments	—	—	24,633	24,633
Investment Fund				
Mezzanine Loan	—	—	112,000	112,000
Subordinated Loan and Member's Interest	—	—	110,295	110,295
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,972,157</u>	<u>\$ 1,972,157</u>

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The changes in the Company's investments at fair value for which the Company has used Level 3 inputs to determine fair value and net change in unrealized appreciation (depreciation) included in earnings for Level 3 investments still held are as follows:

Financial Assets						
For the year ended December 31, 2019						
	First Lien Debt	Second Lien Debt	Equity Investments	Investment Fund - Mezzanine Loan	Investment Fund - Subordinated Loan and Member's Interest	Total
Balance, beginning of year	\$ 1,546,271	\$ 178,958	\$ 24,633	\$ 112,000	\$ 110,295	\$ 1,972,157
Purchases	718,358	141,814	8,595	126,200	5,500	1,000,467
Sales	(79,741)	—	(18,036)	—	—	(97,777)
Paydowns	(485,514)	(88,695)	—	(145,200)	—	(719,409)
Accretion of discount	11,503	1,452	—	—	—	12,955
Net realized gains (losses)	(52,633)	—	14,257	—	—	(38,376)
Net change in unrealized appreciation (depreciation)	4,894	1,003	(7,751)	—	(4,199)	(6,053)
Balance, end of year	<u>\$ 1,663,138</u>	<u>\$ 234,532</u>	<u>\$ 21,698</u>	<u>\$ 93,000</u>	<u>\$ 111,596</u>	<u>\$ 2,123,964</u>
Net change in unrealized appreciation (depreciation) included in earnings related to investments still held at the reporting date included in net change in unrealized appreciation (depreciation) on investments on the Consolidated Statements of Operations	<u>\$ (45,731)</u>	<u>\$ 1,096</u>	<u>\$ (1,587)</u>	<u>—</u>	<u>\$ (4,199)</u>	<u>\$ (50,421)</u>

Financial Assets						
For the year ended December 31, 2018						
	First Lien Debt	Second Lien Debt	Equity Investments	Investment Fund - Mezzanine Loan	Investment Fund - Subordinated Loan	Total
Balance, beginning of year	\$ 1,531,276	\$ 246,233	\$ 17,506	85,750	—	\$ 1,880,765
Purchases	660,409	132,913	5,283	120,150	31,500	950,255
Transfers in	—	—	—	—	86,766	86,766
Sales	(103,841)	(3,960)	(4,903)	—	—	(112,704)
Paydowns	(486,947)	(195,571)	—	(93,900)	—	(776,418)
Accretion of discount	9,651	3,163	—	—	—	12,814
Net realized gains (losses)	(4,903)	2	3,533	—	—	(1,368)
Net change in unrealized appreciation (depreciation)	(59,374)	(3,822)	3,214	—	(7,971)	(67,953)
Balance, end of year	<u>\$ 1,546,271</u>	<u>\$ 178,958</u>	<u>\$ 24,633</u>	<u>112,000</u>	<u>110,295</u>	<u>\$ 1,972,157</u>
Net change in unrealized appreciation (depreciation) included in earnings related to investments still held at the reporting date included in net change in unrealized appreciation (depreciation) on investments on the Consolidated Statements of Operations	<u>\$ (56,061)</u>	<u>\$ (516)</u>	<u>\$ 3,763</u>	<u>—</u>	<u>(7,971)</u>	<u>\$ (60,785)</u>

The Company generally uses the following framework when determining the fair value of investments that are categorized as Level 3:

Investments in debt securities are initially evaluated to determine whether the enterprise value of the portfolio company is greater than the applicable debt. The enterprise value of the portfolio company is estimated using a market approach and an income approach. The market approach utilizes market value (EBITDA) multiples of publicly traded comparable companies and available precedent sales transactions of comparable companies. The Company carefully considers numerous factors when selecting the appropriate companies whose multiples are used to value its portfolio companies. These factors include, but are not limited to, the type of organization, similarity to the business being valued, relevant risk factors, as

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well as size, profitability and growth expectations. The income approach typically uses a discounted cash flow analysis of the portfolio company.

Investments in debt securities that do not have sufficient coverage through the enterprise value analysis are valued based on an expected probability of default and discount recovery analysis.

Investments in debt securities with sufficient coverage through the enterprise value analysis are generally valued using a discounted cash flow analysis of the underlying security. Projected cash flows in the discounted cash flow typically represent the relevant security's contractual interest, fees and principal payments plus the assumption of full principal recovery at the security's expected maturity date. The discount rate to be used is determined using an average of two market-based methodologies. Investments in debt securities may also be valued using consensus pricing.

Investments in equities are generally valued using a market approach and/or an income approach. The market approach utilizes EBITDA multiples of publicly traded comparable companies and available precedent sales transactions of comparable companies. The income approach typically uses a discounted cash flow analysis of the portfolio company.

Investments in the mezzanine loan are valued using collateral analysis with expected recovery rate of principal and interest. Investments in the subordinated loan and member's interest of the investment fund are valued using discounted cash flow analysis with expected discount rate, default rate and recovery rate of principal and interest.

The following tables summarize the quantitative information related to the significant unobservable inputs for Level 3 instruments which are carried at fair value as of December 31, 2019 and 2018:

	Fair Value as of of December 31, 2019	Valuation Techniques	Significant Unobservable Inputs	Range		Weighted Average
				Low	High	
Investments in First Lien Debt	\$ 1,332,584	Discounted Cash Flow	Discount Rate	3.64%	24.45%	8.13%
	318,681	Consensus Pricing	Indicative Quotes	77.94	100.00	96.96
	11,873	Income Approach	Discount Rate	12.22%	19.32%	13.16%
		Market Approach	Comparable Multiple	7.89x	8.38x	8.49x
Total First Lien Debt	1,663,138					
Investments in Second Lien Debt	188,736	Discounted Cash Flow	Discount Rate	7.40%	10.66%	8.85%
	45,796	Consensus Pricing	Indicative Quotes	97.50	98.31	98.19
Total Second Lien Debt	234,532					
Investments in Equity	21,698	Income Approach	Discount Rate	7.76%	15.31%	8.84%
		Market Approach	Comparable Multiple	6.37x	16.65x	9.24x
Total Equity Investments	21,698					
Investments in Investment Fund						
Mezzanine Loan	93,000	Collateral Analysis	Recovery Rate	100.00%	100.00%	100.00%
Subordinated Loan and Member's Interest	111,596	Discounted Cash Flow	Discount Rate	10.00%	10.00%	10.00%
		Discounted Cash Flow	Default Rate	2.00%	2.00%	2.00%
		Discounted Cash Flow	Recovery Rate	75.00%	75.00%	75.00%
Total Investments in Investment Fund	204,596					
Total Level 3 Investments	\$ 2,123,964					

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	Fair Value as of of December 31, 2018	Valuation Techniques	Significant Unobservable Inputs	Range		Weighted Average
				Low	High	
Investments in First Lien Debt	\$ 1,457,170	Discounted Cash Flow	Discount Rate	6.45%	26.48%	10.49%
	74,774	Consensus Pricing	Indicative Quotes	50.00	100.00	92.04
	14,327	Income Approach	Discount Rate	15.12%	15.12%	15.12%
		Market Approach	Comparable Multiple	6.76x	6.76x	6.76x
Total First Lien Debt	1,546,271					
Investments in Second Lien Debt	176,307	Discounted Cash Flow	Discount Rate	9.34%	13.22%	11.31%
	2,651	Consensus Pricing	Indicative Quotes	98.17	98.17	98.17
Total Second Lien Debt	178,958					
Investments in Equities	24,633	Income Approach	Discount Rate	8.51%	12.84%	10.49%
		Market Approach	Comparable Multiple	7.22x	14.70x	9.74x
Total Equity Investments	24,633					
Investments in Investment Fund						
Mezzanine Loan	112,000	Collateral Analysis	Recovery Rate	100.00%	100.00%	100.00%
Subordinated Loan	110,295	Discounted Cash Flow	Discount Rate	10.00%	10.00%	10.00%
		Discounted Cash Flow	Default Rate	2.00%	2.00%	2.00%
		Discounted Cash Flow	Recovery Rate	75.00%	75.00%	75.00%
Total Investment Fund	\$ 222,295					
Total Level 3 Investments	\$ 1,972,157					

The significant unobservable inputs used in the fair value measurement of the Company's investments in first and second lien debt securities are discount rates, indicative quotes and comparable EBITDA multiples. Significant increases in discount rates would result in a significantly lower fair value measurement. Significant decreases in indicative quotes or comparable EBITDA multiples in isolation may result in a significantly lower fair value measurement.

The significant unobservable inputs used in the fair value measurement of the Company's investments in equities are discount rates and comparable EBITDA multiples. Significant increases in discount rates would result in a significantly lower fair value measurement. Significant decreases in comparable EBITDA multiples would result in a significantly lower fair value measurement.

The significant unobservable inputs used in the fair value measurement of the Company's investments in the mezzanine loan of Credit Fund are recovery rates of principal and interest. Significant decreases in recovery rates would result in a significantly lower fair value measurement.

The significant unobservable inputs used in the fair value measurement of the Company's investments in the subordinated loan and member's interest of Credit Fund are discount rates, default rates and recovery rates. Significant increases in discount rates or default rates would result in a significantly lower fair value measurement. Significant decreases in recovery rates would result in a significantly lower fair value measurement.

Financial instruments disclosed but not carried at fair value

The following table presents the carrying value and fair value of the Company's secured borrowings disclosed but not carried at fair value as of December 31, 2019 and 2018:

	December 31, 2019		December 31, 2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Secured borrowings	\$ 616,543	\$ 616,543	\$ 514,635	\$ 514,635
Total	\$ 616,543	\$ 616,543	\$ 514,635	\$ 514,635

The carrying values of the secured borrowings approximate their respective fair values and are categorized as Level 3 within the hierarchy. Secured borrowings are valued generally using discounted cash flow analysis. The significant unobservable inputs used in the fair value measurement of the Company's secured borrowings are discount rates. Significant increases in discount rates would result in a significantly lower fair value measurement.

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The following table represents the carrying values (before debt issuance costs) and fair values of the Company's 2015-1R Notes disclosed but not carried at fair value as of December 31, 2019 and 2018:

2015-1R Notes	December 31, 2019		December 31, 2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Aaa/AAA Class A-1-1-R Notes	\$ 234,800	\$ 233,053	\$ 234,800	\$ 229,632
Aaa/AAA Class A-1-2-R Notes	50,000	49,908	50,000	49,442
Aaa/AAA Class A-1-3-R Notes	25,000	25,163	25,000	24,990
AA Class A-2-R Notes	66,000	66,000	66,000	66,000
A Class B Notes	46,400	46,400	46,400	44,242
BBB- Class C Notes	27,000	27,000	27,000	24,809
Total	\$ 449,200	\$ 447,524	\$ 449,200	\$ 439,115

The fair value determination of the Company's notes payable was based on the market quotation(s) received from broker/dealer(s). These fair value measurements were based on significant inputs not observable and thus represent Level 3 measurements as defined in the accounting guidance for fair value measurement.

As the Senior Notes were issued on December 30, 2019, their fair value as of December 31, 2019 approximates their carrying value.

The carrying value of other financial assets and liabilities approximates their fair value based on the short term nature of these items.

4. RELATED PARTY TRANSACTIONS

Investment Advisory Agreement

On April 3, 2013, the Company's Board of Directors, including a majority of the directors who are not "interested persons" as defined in Section 2(a) (19) of the Investment Company Act (the "Independent Directors"), approved an investment advisory agreement (the "Original Investment Advisory Agreement") between the Company and the Investment Adviser in accordance with, and on the basis of an evaluation satisfactory to such directors as required by, Section 15(c) of the Investment Company Act.

The Original Investment Advisory Agreement was amended on September 15, 2017 (as amended, the "First Amended and Restated Investment Advisory Agreement") after the approval of the Company's Board of Directors, including a majority of the Independent Directors, at an in-person meeting of the Board of Directors held on May 30, 2017 and the approval of the Company's stockholders at a special meeting of stockholders held on September 15, 2017. The First Amended and Restated Investment Advisory Agreement amended the Original Investment Advisory Agreement to, among other things, (i) reduce the incentive fee payable by the Company to the Investment Adviser from an annual rate of 20% to an annual rate of 17.5%, (ii) delete the incentive fee payment deferral test described below, and (iii) include in the pre-incentive fee net investment income, in the case of investments with a deferred interest feature, accrued income that the Company has not yet received in cash.

On August 6, 2018, the First Amended and Restated Investment Advisory Agreement was further amended (as amended, the "Investment Advisory Agreement") after the approval of the Company's Board of Directors, including a majority of the Independent Directors, at an in-person meeting of the Board of Directors held on August 6, 2018. The Investment Advisory Agreement amended the First Amended and Restated Investment Advisory Agreement to incorporate a one-third (0.50%) reduction in the 1.50% annual base management fee rate charged by the Investment Adviser on assets financed using leverage in excess of 1.0x debt to equity, effective July 1, 2018.

The initial term of the Investment Advisory Agreement is two years from September 15, 2017 and, unless terminated earlier, the Investment Advisory Agreement will renew automatically for successive annual periods, provided that such continuance is specifically approved at least annually by the vote of the Board of Directors and by the vote of a majority of the Independent Directors. The Investment Advisory Agreement will automatically terminate in the event of an assignment and may be terminated by either party without penalty upon at least 60 days' written notice to the other party. Subject to the overall supervision of the Board of Directors, the Investment Adviser provides investment advisory services to the Company. For providing these services, the Investment Adviser receives fees from the Company consisting of two components—a base management fee and an incentive fee.

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Effective September 15, 2017, the base management fee has been calculated and payable quarterly in arrears at an annual rate of 1.50% of the average value of the gross assets at the end of the two most recently completed fiscal quarters; provided, however, effective July 1, 2018, the base management fee has been calculated at an annual rate of 1.00% of the average value of the gross assets as of the end of the two most recently completed calendar quarters that exceeds the product of (A) 200% and (B) the average value of the Company's net asset value at the end of the two most recently completed calendar quarters. The base management fee will be appropriately adjusted for any share issuances or repurchases during such fiscal quarter and the base management fees for any partial month or quarter will be pro-rated. The Company's gross assets exclude any cash and cash equivalents and include assets acquired through the incurrence of debt from use of the SPV Credit Facility, Credit Facility, 2015-1R Notes and 2015-1 Notes (see Note 6, Borrowings, and Note 7, Notes Payable, to these consolidated financial statements). For purposes of this calculation, cash and cash equivalents include any temporary investments in cash-equivalents, U.S. government securities and other high quality investment grade debt investments that mature in 12 months or less from the date of investment.

Prior to September 15, 2017, under the Original Investment Advisory Agreement, the base management fee was calculated and payable quarterly in arrears at an annual rate of 1.50% of the average daily gross assets of the Company for the period adjusted for share issuances or repurchases. Prior to the IPO, the Investment Adviser waived its right to receive one-third (0.50%) of the 1.50% base management fee. Any waived base management fees are not subject to recoupment by the Investment Adviser. The fee waiver terminated when the IPO had been consummated. As previously disclosed, in connection with the IPO, the Investment Adviser agreed to continue the fee waiver until the completion of the first full quarter after the consummation of the IPO. As a result, beginning October 1, 2017, the base management fee has been calculated at an annual rate of 1.50% of the Company's gross assets; provided, however, effective July 1, 2018, the base management fee has been calculated at an annual rate of 1.00% of the average value of the gross assets as of the end of the two most recently completed calendar quarters that exceeds the product of (A) 200% and (B) the average value of the Company's net asset value at the end of the two most recently completed calendar quarters.

The incentive fee has two parts. The first part is calculated and payable quarterly in arrears based on the pre-incentive fee net investment income for the immediately preceding calendar quarter. The second part is determined and payable in arrears based on capital gains as of the end of each calendar year.

Pre-incentive fee net investment income means interest income, dividend income and any other income (including any other fees (other than fees for providing managerial assistance), such as commitment, origination, structuring, diligence and consulting fees or other fees that the Company receives from portfolio companies) accrued during the calendar quarter, minus the operating expenses accrued for the quarter (including the base management fee, expenses payable under the administration agreement, and any interest expense or fees on any credit facilities or outstanding debt 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, accrued income that the Company has not yet received in cash. Pre-incentive fee net investment income does not include any realized capital gains, realized capital losses or unrealized capital appreciation or depreciation.

Effective September 15, 2017, pre-incentive fee net investment income, expressed as a rate of return on the value of the Company's net assets at the end of the immediately preceding calendar quarter, has been compared to a "hurdle rate" of 1.50% per quarter (6% annualized) or a "catch-up rate" of 1.82% per quarter (7.28% annualized), as applicable.

Pursuant to the Investment Advisory Agreement, the Company pays its Investment Adviser an incentive fee with respect to its pre-incentive fee net investment income in each calendar quarter as follows:

- no incentive fee based on pre-incentive fee net investment income in any calendar quarter in which its pre-incentive fee net investment income does not exceed the hurdle rate of 1.50%;
- 100% of pre-incentive fee net investment income with respect to that portion of such pre-incentive fee net investment income, if any, that exceeds the hurdle rate but is less than 1.82% in any calendar quarter (7.28% annualized). The Company refers to this portion of the pre-incentive fee net investment income (which exceeds the hurdle rate but is less than 1.82%) as the "catch-up." The "catch-up" is meant to provide the Investment Adviser with approximately 17.5% of the Company's pre-incentive fee net investment income as if a hurdle rate did not apply if this net investment income exceeds 1.82% in any calendar quarter; and
- 17.5% of the amount of pre-incentive fee net investment income, if any, that exceeds 1.82% in any calendar quarter (7.28% annualized) will be payable to the Investment Adviser. This reflects that once the hurdle rate

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is reached and the catch-up is achieved, 17.5% of all pre-incentive fee investment income thereafter is allocated to the Investment Adviser.

The second part of the incentive fee is determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Advisory Agreement, as of the termination date), and equals 17.5% of realized capital gains, if any, on a cumulative basis from inception through the date of determination, computed net of all realized capital losses on a cumulative basis and unrealized capital depreciation, less the aggregate amount of any previously paid capital gain incentive fees, provided that, the incentive fee determined at the end of the first calendar year of operations may be calculated for a period of shorter than twelve calendar months to take into account any realized capital gains computed net of all realized capital losses on a cumulative basis and unrealized capital depreciation.

Prior to September 15, 2017, under the Original Investment Advisory Agreement, pre-incentive fee net investment income, which did not include, in the case of investments with a deferred interest feature, accrued income that the Company has not yet received in cash, and was expressed as a rate of return on the average daily Hurdle Calculation Value (as defined below) throughout the immediately preceding calendar quarter, was compared to a “hurdle rate” of 1.50% per quarter (6% annualized) or a “catch-up” of 1.875% per quarter (7.50% annualized), as applicable. “Hurdle Calculation Value” meant, on any given day, the sum of (x) the value of net assets as of the end of the calendar quarter immediately preceding such day plus (y) the aggregate amount of capital drawn from investors (or reinvested in the Company pursuant to a dividend reinvestment plan) from the beginning of the current quarter to such day minus (z) the aggregate amount of distributions (including share repurchases) made by the Company from the beginning of the current quarter to such day, but only to the extent such distributions were not declared and accounted for on the books and records in a previous quarter. In addition, under the Original Investment Advisory Agreement, the Company deferred payment of any incentive fee otherwise earned by the Investment Adviser if, during the most recent four full calendar quarter periods ending on or prior to the date such payment is to be made, the sum of (a) the aggregate distributions to stockholders and (b) the change in net assets (defined as gross assets less indebtedness and before taking into account any incentive fees payable during the period) is less than 6.0% of net assets (defined as gross assets less indebtedness) at the beginning of such period. These calculations were adjusted for any share issuances or repurchases. Any deferred incentive fees were carried over for payment in subsequent calculation periods.

As previously disclosed, in connection with the IPO, the Investment Adviser agreed to charge 17.5% instead of 20% with respect to the entire calculation of the incentive fee beginning on the first full quarter following the consummation of the IPO until the earlier of (i) October 1, 2017 and (ii) the date that the Company’s stockholders vote on the approval of the amendment to the Original Investment Advisory Agreement. The Company’s stockholders voted to approve the Investment Advisory Agreement on September 15, 2017.

Below is a summary of the base management fees and incentive fees incurred during the years ended December 31, 2019, 2018 and 2017.

	For the years ended December 31,		
	2019	2018	2017
Base management fees	\$ 31,316	\$ 29,626	\$ 25,254
Waiver of base management fees	—	—	5,927
Base management fees, net of waiver	31,316	29,626	19,327
Incentive fees on pre-incentive fee net investment income	22,872	23,002	21,084
Realized capital gains incentive fees	—	—	—
Accrued capital gains incentive fees	—	—	—
Total capital gains incentive fees	—	—	—
Total incentive fees	22,872	23,002	21,084
Total base management fees and incentive fees	\$ 54,188	\$ 52,628	\$ 40,411

Accrued capital gains incentive fees are based upon the cumulative net realized and unrealized appreciation (depreciation) from inception. Accordingly, the accrual for any capital gains incentive fee under U.S. GAAP in a given period may result in an additional expense if such cumulative amount is greater than in the prior period or a reduction of previously recorded expense if such cumulative amount is less than in the prior period. If such cumulative amount is negative, then there is no accrual.

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As of December 31, 2019 and 2018, \$13,236 and \$13,834, respectively, was included in base management and incentive fees payable in the accompanying Consolidated Statements of Assets and Liabilities.

On April 3, 2013, the Investment Adviser entered into a personnel agreement with The Carlyle Group Employee Co., L.L.C. (“Carlyle Employee Co.”), an affiliate of the Investment Adviser, pursuant to which Carlyle Employee Co. provides the Investment Adviser with access to investment professionals.

Administration Agreement

On April 3, 2013, the Company’s Board of Directors approved an administration agreement (the “Administration Agreement”) between the Company and the Administrator. Pursuant to the Administration Agreement, the Administrator provides services and receives reimbursements equal to an amount that reimburses the Administrator for its costs and expenses and the Company’s allocable portion of overhead incurred by the Administrator in performing its obligations under the Administration Agreement, including the Company’s allocable portion of the compensation paid to or compensatory distributions received by the Company’s officers (including the Chief Compliance Officer and Treasurer) and respective staff who provide services to the Company, operations staff who provide services to the Company, and any internal audit staff, to the extent internal audit performs a role in the Company’s Sarbanes-Oxley Act internal control assessment. Reimbursement under the Administration Agreement occurs quarterly in arrears.

The initial term of the Administration Agreement is two years from April 3, 2013 and, unless terminated earlier, the Administration Agreement will renew automatically for successive annual periods, provided that such continuance is specifically approved at least annually by (i) the vote of the Board of Directors or by a majority vote of the outstanding voting securities of the Company and (ii) the vote of a majority of the Company’s Independent Directors. On May 6, 2019, the Company’s Board of Directors, including a majority of the Independent Directors, approved the continuance of the Administration Agreement for a one year period. The Administration Agreement may not be assigned by a party without the consent of the other party and may be terminated by either party without penalty upon at least 60 days’ written notice to the other party.

For the years ended December 31, 2019, 2018 and 2017, the Company incurred \$539, \$701 and \$661, respectively, in fees under the Administrative Agreement, which were included in administrative service fees in the accompanying Consolidated Statements of Operations. As of December 31, 2019 and 2018, \$77 and \$94, respectively, was unpaid and included in administrative service fees payable in the accompanying Consolidated Statements of Assets and Liabilities.

Sub-Administration Agreements

On April 3, 2013, the Administrator entered into a sub-administration agreement with Carlyle Employee Co. (the “Carlyle Sub-Administration Agreement”). Pursuant to the Carlyle Sub-Administration Agreement, Carlyle Employee Co. provides the Administrator with access to personnel.

On April 3, 2013, the Administrator entered into a sub-administration agreement with State Street Bank and Trust Company (“State Street” and, such agreement, the “State Street Sub-Administration Agreement” and, together with the Carlyle Sub-Administration Agreement, the “Sub-Administration Agreements”). On March 11, 2015, the Company’s Board of Directors, including a majority of the Independent Directors, approved an amendment to the State Street Sub-Administration Agreement. The initial term of the State Street Sub-Administration Agreement ends on April 1, 2017 and, unless terminated earlier, the State Street Sub-Administration Agreement will renew automatically for successive annual periods, provided that such continuance is specifically approved at least annually by (i) the vote of the Board of Directors or by the vote of a majority of the outstanding voting securities of the Company and (ii) the vote of a majority of the Company’s Independent Directors. On May 6, 2019, the Company’s Board of Directors, including a majority of the Independent Directors, approved the continuance of the State Street Sub-Administration Agreement for a one year period. The State Street Sub-Administration Agreement may be terminated upon at least 60 days’ written notice and without penalty by the vote of a majority of the outstanding securities of the Company, or by the vote of the Board of Directors or by either party to the State Street Sub-Administration Agreement.

For the years ended December 31, 2019, 2018 and 2017, fees incurred in connection with the State Street Sub-Administration Agreement, which amounted to \$755, \$764 and \$725, respectively, were included in other general and administrative in the accompanying Consolidated Statements of Operations. As of December 31, 2019 and 2018, \$380 and \$383, respectively, was unpaid and included in other accrued expenses and liabilities in the accompanying Consolidated Statements of Assets and Liabilities.

Placement Fees

On April 3, 2013, the Company entered into a placement fee arrangement with TCG Securities, L.L.C. ("TCG"), a licensed broker-dealer and an affiliate of the Investment Adviser, which may require stockholders to pay a placement fee to TCG for TCG's services. At the time of the IPO, the placement fee arrangement with TCG was automatically terminated.

For the year ended December 31, 2017, TCG earned placement fees of \$19 from the Company's stockholders in connection with the issuance or sale of the Company's common stock prior to the IPO. TCG did not earn placement fees during the years ended December 31, 2018 and 2019.

Board of Directors

The Company's Board of Directors currently consists of five members, three of whom are Independent Directors. On April 3, 2013, the Board of Directors established an Audit Committee consisting of its Independent Directors. The Board of Directors also established a Pricing Committee of the Board of Directors, a Nominating and Governance Committee of the Board of Directors and a Compensation Committee of the Board of Directors, and may establish additional committees in the future. For the years ended December 31, 2019, 2018 and 2017, the Company incurred \$353, \$370 and \$443, respectively, in fees and expenses associated with its Independent Directors' services on the Company's Board of Directors and the Audit Committee. As of December 31, 2019 and 2018, \$0 and \$0, respectively, was unpaid and included in other accrued expenses and liabilities in the accompanying Consolidated Statements of Assets and Liabilities.

Transactions with Credit Fund

During the years ended December 31, 2019, 2018 and 2017, the Company sold 2, 4 and 17 investments, respectively, to Credit Fund for proceeds of \$34,728, \$85,002 and \$135,466, respectively, and realized gains of \$208, \$0 and \$190, respectively. See Note 5, Middle Market Credit Fund, LLC, to these consolidated financial statements.

5. MIDDLE MARKET CREDIT FUND, LLC

Overview

On February 29, 2016, the Company and Credit Partners entered into the Limited Liability Company Agreement to co-manage Credit Fund, a Delaware limited liability company that is not consolidated in the Company's consolidated financial statements. Credit Fund primarily invests in first lien loans of middle market companies. Credit Fund is managed by a six-member board of managers, on which the Company and Credit Partners each have equal representation. Establishing a quorum for Credit Fund's board of managers requires at least four members to be present at a meeting, including at least two of the Company's representatives and two of Credit Partners' representatives. The Company and Credit Partners each have 50% economic ownership of Credit Fund and have commitments to fund, from time to time, capital of up to \$400,000 each. Funding of such commitments generally requires the approval of the board of Credit Fund, including the board members appointed by the Company. By virtue of its membership interest, the Company and Credit Partners each indirectly bear an allocable share of all expenses and other obligations of Credit Fund.

Together with Credit Partners, the Company co-invests through Credit Fund. Investment opportunities for Credit Fund are sourced primarily by the Company and its affiliates. Portfolio and investment decisions with respect to Credit Fund must be unanimously approved by a quorum of Credit Fund's investment committee consisting of an equal number of representatives of the Company and Credit Partners. Therefore, although the Company owns more than 25% of the voting securities of Credit Fund, the Company does not believe that it has control over Credit Fund (other than for purposes of the Investment Company Act). Middle Market Credit Fund SPV, LLC (the "Credit Fund Sub"), MMCF CLO 2017-1 LLC (the "2017-1 Issuer"), MMCF CLO 2019-2, LLC (the "2019-2 Issuer", formerly known as MMCF Warehouse, LLC (the "Credit Fund Warehouse")) and MMCF Warehouse II, LLC (the "Credit Fund Warehouse II), each a Delaware limited liability company, were formed on April 5, 2016, October 6, 2017, November 26, 2018 and August 16, 2019, respectively. Credit Fund Sub, the 2017-1 Issuer, the 2019-2 Issuer and the Credit Fund Warehouse II are wholly owned subsidiaries of Credit Fund and are consolidated in Credit Fund's consolidated financial statements commencing from the date of their respective formations. Credit Fund Sub, the 2017-1 Issuer, the 2019-2 Issuer and Credit Fund Warehouse II primarily invest in first lien loans of middle market companies. Credit Fund and its wholly owned subsidiaries follow the same Internal Risk Rating System as the Company. Refer to "Debt" below for discussion regarding the credit facilities entered into and the notes issued by such wholly-owned subsidiaries.

Credit Fund, the Company and Credit Partners entered into an administration agreement with Carlyle Global Credit Administration L.L.C., the administrative agent of Credit Fund (in such capacity, the "Administrative Agent"), pursuant to

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which the Administrative Agent is delegated certain administrative and non-discretionary functions, is authorized to enter into sub-administration agreements at the expense of Credit Fund with the approval of the board of managers of Credit Fund, and is reimbursed by Credit Fund for its costs and expenses and Credit Fund's allocable portion of overhead incurred by the Administrative Agent in performing its obligations thereunder.

Selected Financial Data

Since inception of Credit Fund and through December 31, 2019 and 2018, the Company and Credit Partners each made capital contributions of \$1 and \$1 in members' equity, respectively, and \$123,500 and \$118,000 in subordinated loans, respectively, to Credit Fund. Below is certain summarized consolidated information for Credit Fund as of December 31, 2019 and 2018.

	As of December 31,	
	2019	2018
ASSETS		
Investments, at fair value (amortized cost of \$1,258,157 and \$1,198,537, respectively)	\$ 1,246,839	\$ 1,173,508
Cash and cash equivalents	64,787	55,698
Other assets	9,369	6,849
Total assets	\$ 1,320,995	\$ 1,236,055
LIABILITIES AND MEMBERS' EQUITY		
Secured borrowings	\$ 441,077	\$ 572,178
Notes payable, net of unamortized debt issuance costs of \$3,441 and \$1,849, respectively)	528,407	309,114
Mezzanine loans ⁽¹⁾	93,000	112,000
Other liabilities	32,383	34,195
Subordinated loans and members' equity ⁽¹⁾	226,128	208,568
Total liabilities and members' equity	\$ 1,320,995	\$ 1,236,055

(1) As of December 31, 2019 and 2018, the Company's ownership interest in the subordinated loans and members' equity was \$111,596 and \$110,295, respectively, and \$93,000 and \$112,000, respectively, in the mezzanine loans.

	For the Years Ended December 31,	
	2019	2018
Total investment income	\$ 94,092	\$ 82,560
Expenses		
Interest and credit facility expenses	59,228	51,936
Other expenses	2,230	1,988
Total expenses	61,458	53,924
Net investment income (loss)	32,634	28,636
Net realized gain (loss) on investments	(8,285)	33
Net change in unrealized appreciation (depreciation) on investments	13,711	(26,133)
Net increase (decrease) resulting from operations	\$ 38,060	\$ 2,536

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Below is a summary of Credit Fund's portfolio, followed by a listing of the loans in Credit Fund's portfolio as of December 31, 2019 and 2018:

	As of December 31,	
	2019	2018
Senior secured loans ⁽¹⁾	\$ 1,260,582	\$ 1,207,913
Weighted average yields of senior secured loans based on amortized cost ⁽²⁾	6.51%	7.16%
Weighted average yields of senior secured loans based on fair value ⁽²⁾	6.55%	7.32%
Number of portfolio companies in Credit Fund	61	60
Average amount per portfolio company ⁽¹⁾	\$ 20,665	\$ 20,132
Number of loans on non-accrual status	1	1
Fair value of loans on non-accrual status	\$ 21,150	\$ 25,400
Percentage of portfolio at floating interest rates ⁽³⁾⁽⁴⁾	98.3%	99.9%
Percentage of portfolio at fixed interest rates ⁽⁴⁾	1.7%	0.1%
Fair value of loans with PIK provisions	\$ 21,150	\$ 1,119
Percentage of portfolio with PIK provisions ⁽⁴⁾	1.7%	0.1%

(1) At par/principal amount.

(2) Weighted average yields include the effect of accretion of discounts and amortization of premiums and are based on interest rates as of December 31, 2019 and 2018. Weighted average yield on debt and income producing securities at fair value is computed as (a) the annual stated interest rate or yield earned plus the net annual amortization of OID and market discount earned on accruing debt included in such securities, divided by (b) total first lien and second lien debt at fair value included in such securities. Weighted average yield on debt and income producing securities at amortized cost is computed as (a) the annual stated interest rate or yield earned plus the net annual amortization of OID and market discount earned on accruing debt included in such securities, divided by (b) total first lien and second lien debt at amortized cost included in such securities. Actual yields earned over the life of each investment could differ materially from the yields presented above.

(3) Floating rate debt investments are generally subject to interest rate floors.

(4) Percentages based on fair value.

Consolidated Schedule of Investments as of December 31, 2019

Investments ⁽¹⁾		Footnotes	Industry	Reference Rate & Spread ⁽²⁾	Interest Rate ⁽²⁾	Maturity Date	Par/Principal Amount	Amortized Cost ⁽⁵⁾	Fair Value ⁽⁶⁾
First Lien Debt (98.11% of fair value)									
Achilles Acquisition, LLC	\+#	(2) (3)	Banking, Finance, Insurance & Real Estate	L + 4.00%	5.75%	10/13/2025	\$ 17,865	\$ 17,776	\$ 17,763
Acisure, LLC	+\<	(2) (3)	Banking, Finance, Insurance & Real Estate	L + 3.75%	5.85%	11/22/2023	11,820	11,810	11,805
Acisure, LLC	+\<#	(2) (3)	Banking, Finance, Insurance & Real Estate	L + 4.25%	6.35%	11/22/2023	20,674	20,639	20,674
Advanced Instruments, LLC	^+\<*	(2) (3) (7)	Healthcare & Pharmaceuticals	L + 5.25%	6.99%	10/31/2022	35,610	35,536	35,466
Alku, LLC	+#	(2) (3)	Business Services	L + 5.50%	7.44%	7/29/2026	25,000	24,754	24,624
Alpha Packaging Holdings, Inc.	+*\<	(2) (3)	Containers, Packaging & Glass	L + 4.25%	6.35%	5/12/2020	16,684	16,676	16,601
AmeriLife Group, LLC	^#	(2) (3) (7)	Banking, Finance, Insurance & Real Estate	L + 4.50%	6.20%	6/5/2026	16,627	16,557	16,558
Anchor Packaging, Inc.	^#	(2) (3) (7)	Containers, Packaging & Glass	L + 4.00%	5.70%	7/18/2026	20,462	20,363	20,457
API Technologies Corp.	\+	(2) (3)	Aerospace & Defense	L + 4.25%	5.95%	5/9/2026	14,925	14,853	14,807
Aptean, Inc.	+\<	(2) (3)	Software	L + 4.25%	6.34%	4/23/2026	12,406	12,344	12,385
AQA Acquisition Holding, Inc.	^*\<	(2) (3) (7)	High Tech Industries	L + 4.25%	6.16%	5/24/2023	18,954	18,922	18,860
Avalign Technologies, Inc.	+\<	(2) (3)	Healthcare & Pharmaceuticals	L + 4.50%	6.70%	12/22/2025	14,741	14,610	14,626
Big Ass Fans, LLC	+*\<	(2) (3)	Capital Equipment	L + 3.75%	5.85%	5/21/2024	13,909	13,841	13,903
Borchers, Inc.	+*\<	(2) (3) (7)	Chemicals, Plastics & Rubber	L + 4.50%	6.60%	11/1/2024	15,116	15,072	15,085
Brooks Equipment Company, LLC	*	(2) (3)	Construction & Building	L + 5.00%	6.91%	8/29/2020	5,144	5,141	5,141
Clarity Telecom LLC.	+	(2) (3)	Media: Broadcasting & Subscription	L + 4.50%	6.20%	8/30/2026	14,963	14,915	14,902
Clearent Newco, LLC	^+\<	(2) (3) (7)	High Tech Industries	L + 5.50%	7.44%	3/20/2025	29,738	29,436	29,134
Datto, Inc.	+\<	(2) (3)	High Tech Industries	L + 4.25%	5.95%	4/2/2026	12,438	12,375	12,420
DecoPac, Inc.	+*\<	(2) (3) (7)	Non-durable Consumer Goods	L + 4.25%	6.01%	9/29/2024	12,336	12,233	12,292
Dent Wizard International Corporation	+\<	(2) (3)	Automotive	L + 4.00%	5.70%	4/7/2020	36,880	36,843	36,717
DTI Holdco, Inc.	+*\<	(2) (3)	High Tech Industries	L + 4.75%	6.68%	9/30/2023	18,885	18,771	17,611
Eliassen Group, LLC	+\<	(2) (3)	Business Services	L + 4.50%	6.20%	11/5/2024	7,581	7,548	7,579
EIP Merger Sub, LLC (Evolve IP)	+^	(2) (3) (7)	Telecommunications	L + 5.75%	7.45%	6/7/2023	19,661	19,605	19,661
Exactech, Inc.	+\<#	(2) (3)	Healthcare & Pharmaceuticals	L + 3.75%	5.45%	2/14/2025	21,772	21,634	21,751
Excel Fitness Holdings, Inc.	+#	(2) (3)	Hotel, Gaming & Leisure	L + 5.25%	6.95%	10/7/2025	25,000	24,758	24,875
Golden West Packaging Group LLC	+*\<	(2) (3)	Containers, Packaging & Glass	L + 5.75%	7.45%	6/20/2023	29,464	29,303	29,072
HMT Holding Inc.	^+*\<	(2) (3) (7)	Energy: Oil & Gas	L + 5.00%	6.74%	11/17/2023	33,157	32,678	32,972
Jensen Hughes, Inc.	\+^*	(2) (3) (7)	Utilities: Electric	L + 4.50%	6.24%	3/22/2024	33,909	33,757	33,550
KAMC Holdings, Inc.	+#	(2) (3)	Energy: Electricity	L + 4.00%	5.91%	8/14/2026	13,965	13,899	13,881
MAG DS Corp.	^+\<	(2) (3) (7)	Aerospace & Defense	L + 4.75%	6.46%	6/6/2025	28,471	28,242	28,286

Consolidated Schedule of Investments as of December 31, 2019

Investments ⁽¹⁾		Footnotes	Industry	Reference Rate & Spread ⁽²⁾	Interest Rate ⁽²⁾	Maturity Date	Par/Principal Amount	Amortized Cost ⁽⁵⁾	Fair Value ⁽⁶⁾
First Lien Debt (98.11% of fair value) (continued)									
Maravai Intermediate Holdings, LLC	+#\	(2) (3)	Healthcare & Pharmaceuticals	L + 4.25%	6.00%	8/2/2025	\$ 29,625	\$ 29,378	\$ 29,400
Marco Technologies, LLC	^\	(2) (3) (7)	Media: Advertising, Printing & Publishing	L + 4.25%	6.16%	10/30/2023	7,463	7,410	7,463
Mold-Rite Plastics, LLC	+\<	(2) (3)	Chemicals, Plastics & Rubber	L + 4.25%	5.95%	12/14/2021	14,557	14,519	14,524
MSHC, Inc.	^+*\	(2) (3) (7)	Construction & Building	L + 4.25%	5.95%	12/31/2024	38,251	38,138	38,166
Newport Group Holdings II, Inc.	\<#\	(2) (3)	Banking, Finance, Insurance & Real Estate	L + 3.75%	5.65%	9/13/2025	23,715	23,487	23,663
Odyssey Logistics & Technology Corp.	+*\#\	(2) (3)	Transportation: Cargo	L + 4.00%	5.70%	10/12/2024	39,013	38,859	38,763
Output Services Group	^\	(2) (3) (7)	Media: Advertising, Printing & Publishing	L + 4.50%	6.20%	3/27/2024	19,621	19,570	19,469
PAI Holdco, Inc.	+*\	(2) (3)	Automotive	L + 4.25%	6.35%	1/5/2025	19,532	19,458	19,532
Park Place Technologies, Inc.	+#\	(2) (3)	High Tech Industries	L + 4.00%	5.70%	3/28/2025	22,566	22,489	22,566
Pasternack Enterprises, Inc.	+\<	(2) (3)	Capital Equipment	L + 4.00%	5.70%	7/2/2025	22,755	22,742	22,653
Pathway Vet Alliance LLC	+\<	(2) (3) (7)	Consumer Services	L + 4.50%	6.21%	12/20/2024	19,085	18,708	19,217
Pharmalogic Holdings Corp.	+\<	(2) (3)	Healthcare & Pharmaceuticals	L + 4.00%	5.70%	6/11/2023	11,320	11,296	11,302
Premise Health Holding Corp.	^\#\	(2) (3) (7)	Healthcare & Pharmaceuticals	L + 3.50%	5.60%	7/10/2025	13,723	13,665	13,501
Propel Insurance Agency, LLC	^\	(2) (3) (7)	Banking, Finance, Insurance & Real Estate	L + 4.25%	6.35%	6/1/2024	22,532	22,056	22,395
Q Holding Company	+*\#\	(2) (3)	Automotive	L + 5.00%	6.70%	12/31/2023	21,955	21,777	21,922
QW Holding Corporation (Quala)	^\+*	(2) (3) (7)	Environmental Industries	L + 5.75%	7.73%	8/31/2022	11,630	11,449	11,531
Radiology Partners, Inc.	+#\	(2) (3)	Healthcare & Pharmaceuticals	L + 4.75%	6.66%	7/9/2025	28,719	28,590	28,768
RevSpring Inc.	+*\#\	(2) (3)	Media: Advertising, Printing & Publishing	L + 4.00%	5.95%	10/11/2025	24,750	24,631	24,608
Situs Group Holdings Corporation	^\^	(2) (3) (7)	Banking, Finance, Insurance & Real Estate	L + 4.75%	6.45%	6/28/2025	13,715	13,621	13,697
Systems Maintenance Services Holding, Inc.	+*	(2) (3)	High Tech Industries	L + 5.00%	6.70%	10/30/2023	23,765	23,672	18,180
Surgical Information Systems, LLC	+*\	(2) (3) (6)	High Tech Industries	L + 4.75%	7.47%	4/24/2023	26,168	26,005	25,715
T2 Systems, Inc.	^\+*	(2) (3) (7)	Transportation: Consumer	L + 6.75%	8.85%	9/28/2022	18,045	17,789	18,045
The Original Cakerie, Ltd. (Canada)	+*	(2) (3) (7)	Beverage, Food & Tobacco	L + 5.00%	6.84%	7/20/2022	8,928	8,897	8,887
The Original Cakerie, Ltd. (Canada)	^*	(2) (3) (7)	Beverage, Food & Tobacco	L + 4.50%	6.34%	7/20/2022	6,826	6,801	6,790
ThoughtWorks, Inc.	+*\	(2) (3)	Business Services	L + 4.00%	5.70%	10/11/2024	11,824	11,794	11,824
U.S. Acute Care Solutions, LLC	+**	(2) (3)	Healthcare & Pharmaceuticals	L + 5.00%	6.91%	5/15/2021	31,431	31,331	29,869
U.S. TelePacific Holdings Corp.	+*\	(2) (3)	Telecommunications	L + 5.00%	7.10%	5/2/2023	26,660	26,499	25,430
Valet Waste Holdings, Inc.	+\<	(2) (3)	Construction & Building	L + 3.75%	5.70%	9/28/2025	11,850	11,825	11,688
Welocalize, Inc.	^\	(2) (3) (7)	Business Services	L + 4.50%	6.21%	12/2/2024	23,038	22,788	22,787
WIRB - Copernicus Group, Inc.	+*\	(2) (3) (7)	Healthcare & Pharmaceuticals	L + 4.25%	5.95%	8/15/2022	20,888	20,822	20,887

Consolidated Schedule of Investments as of December 31, 2019

Investments ⁽¹⁾	Footnotes	Industry	Reference Rate & Spread ⁽²⁾	Interest Rate ⁽²⁾	Maturity Date	Par/Principal Amount	Amortized Cost ⁽⁵⁾	Fair Value ⁽⁶⁾	
First Lien Debt (98.11% of fair value) (continued)									
WRE Holding Corp.	^+*	(2) (3) (7)	Environmental Industries	L + 5.00%	6.91%	1/3/2023	\$ 7,431	\$ 7,372	\$ 7,304
Zywave, Inc.	+*\	(2) (3) (7)	High Tech Industries	L + 5.00%	6.93%	11/17/2022	19,228	19,107	19,211
First Lien Debt Total							\$ 1,231,436	\$ 1,223,215	
Second Lien Debt (1.75% of fair value)									
DBI Holding, LLC	^*	(2) (3) (8)	Transportation: Cargo	8.00% PIK	8.00%	2/1/2026	\$ 21,150	\$ 20,697	\$ 21,150
Zywave, Inc.	*	(2) (3)	High Tech Industries	L + 9.00%	10.94%	11/17/2023	\$ 666	\$ 660	\$ 664
Second Lien Debt Total							\$ 21,357	\$ 21,814	
Equity Investments (0.15% of fair value)									
DBI Holding, LLC	^		Transportation: Cargo			\$ 16,957	\$ 5,364	\$ 1,810	
Equity Investments Total							\$ 5,364	\$ 1,810	
Total Investments							\$ 1,258,157	\$ 1,246,839	

^ Denotes that all or a portion of the assets are owned by Credit Fund. Credit Fund has entered into a revolving credit facility (the "Credit Fund Facility"). Accordingly, such assets are not available to creditors of Credit Fund Sub, the 2017-1 Issuer, the 2019-2 Issuer or Credit Fund Warehouse II.

+ Denotes that all or a portion of the assets are owned by Credit Fund Sub. Credit Fund Sub has entered into a revolving credit facility (the "Credit Fund Sub Facility"). The lenders of the Credit Fund Sub Facility have a first lien security interest in substantially all of the assets of Credit Fund Sub. Accordingly, such assets are not available to creditors of Credit Fund, the 2017-1 Issuer, the 2019-2 Issuer or Credit Fund Warehouse II.

* Denotes that all or a portion of the assets are owned by the 2017-1 Issuer and secure the notes issued in connection with a \$399,900 term debt securitization completed by Credit Fund on December 19, 2017 (the "2017-1 Debt Securitization"). Accordingly, such assets are not available to creditors of Credit Fund, Credit Fund Sub, the 2019-2 Issuer or Credit Fund Warehouse II.

\ Denotes that all or a portion of the assets are owned by the 2019-2 Issuer and secure the notes issued in connection with a \$399,900 term debt securitization completed by Credit Fund on May 21, 2019 (the "2019-2 Debt Securitization"). Accordingly, such assets are not available to creditors of Credit Fund, Credit Fund Sub, the 2017-1 Issuer or Credit Fund Warehouse II.

Denotes that all or a portion of the assets are owned by the Credit Fund Warehouse II. Credit Fund Warehouse II has entered into a revolving credit facility (the "Credit Fund Warehouse II"). The lenders of the Credit Fund Warehouse II Facility have a first lien security interest in substantially all of the assets of the Credit Fund Warehouse II. Accordingly, such assets are not available to creditors of Credit Fund, Credit Fund Sub, 2017-1 Issuer or 2019-2 Issuer.

- Unless otherwise indicated, issuers of investments held by Credit Fund are domiciled in the United States. As of December 31, 2019, the geographical composition of investments as a percentage of fair value was 1.26% in Canada and 98.74% in the United States. Certain portfolio company investments are subject to contractual restrictions on sales.
- Variable rate loans to the portfolio companies bear interest at a rate that is determined by reference to either LIBOR or an alternate base rate (commonly based on the Federal Funds Rate or the U.S. Prime Rate), which generally resets quarterly. For each such loan, Credit Fund has indicated the reference rate used and provided the spread and the interest rate in effect as of December 31, 2019. As of December 31, 2019, the reference rates for Credit Fund's variable rate loans were the 30-day LIBOR at 1.75%, the 90-day LIBOR at 1.91% and the 180-day LIBOR at 1.91%.
- Loan includes interest rate floor feature, which is generally 1.00%.
- Amortized cost represents original cost, including origination fees and upfront fees received that are deemed to be an adjustment to yield, adjusted for the accretion/amortization of discounts/premiums, as applicable, on debt investments using the effective interest method.
- Fair value is determined in good faith by or under the direction of the board of managers of Credit Fund, pursuant to Credit Fund's valuation policy, with the fair value of all investments determined using significant unobservable inputs, which is substantially similar to the valuation policy of the Company provided in Note 3, Fair Value Measurements, to these consolidated financial statements.
- In addition to the interest earned based on the stated interest rate of this loan, which is the amount reflected in this schedule, Credit Fund is entitled to receive additional interest as a result of an agreement among lenders as follows: Surgical Information Systems, LLC (0.89%). Pursuant to the agreement among lenders in respect of these loans, these investments represent a first lien/last out loan, which has a secondary priority behind the first lien/first out loan with respect to principal, interest and other payments.

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(7) As of December 31, 2019, Credit Fund and Credit Fund Sub had the following unfunded commitments to fund delayed draw and revolving senior secured loans:

First Lien Debt – unfunded delayed draw and revolving term loans commitments	Type	Unused Fee	Par/ Principal Amount	Fair Value
Advanced Instruments, LLC	Revolver	0.50%	\$ 563	\$ (2)
AmeriLife Group, LLC	Delayed Draw	1.00	298	(1)
Anchor Packaging, Inc.	Delayed Draw	1.00	4,487	(1)
AQA Acquisition Holding, Inc.	Revolver	0.50	2,459	(11)
Borchers, Inc.	Revolver	0.50	1,935	(3)
Clearent Newco, LLC	Delayed Draw	1.00	6,636	(110)
DecoPac, Inc.	Revolver	0.50	2,143	(7)
EIP Merger Sub, LLC (Evolve IP)	Revolver	0.50	1,680	—
EIP Merger Sub, LLC (Evolve IP)	Delayed Draw	1.00	2,240	—
HMT Holding Inc.	Revolver	0.50	6,173	(29)
Jensen Hughes, Inc.	Revolver	0.50	1,136	(11)
Jensen Hughes, Inc.	Delayed Draw	1.00	2,365	(23)
MAG DS Corp.	Revolver	0.50	2,188	(13)
Marco Technologies, LLC	Delayed Draw	1.00	7,500	—
MSHC, Inc.	Delayed Draw	1.00	1,913	(4)
Output Services Group	Delayed Draw	4.25	116	(1)
Pathway Vet Alliance LLC	Delayed Draw	1.00	19,867	68
Premise Health Holding Corp.	Delayed Draw	1.00	1,103	(17)
Propel Insurance Agency, LLC	Revolver	0.50	2,381	(10)
Propel Insurance Agency, LLC	Delayed Draw	0.50	7,143	(31)
QW Holding Corporation (Quala)	Revolver	0.50	5,498	(31)
QW Holding Corporation (Quala)	Delayed Draw	1.00	217	(1)
Situs Group Holdings Corporation	Delayed Draw	1.00	1,216	(1)
T2 Systems, Inc.	Revolver	0.50	1,369	—
The Original Cakerie, Ltd. (Canada)	Revolver	0.50	1,199	(5)
Welocalize, Inc.	Revolver	0.50	2,057	(21)
WIRB - Copernicus Group, Inc.	Revolver	0.50	1,000	—
WIRB - Copernicus Group, Inc.	Delayed Draw	1.00	2,592	—
WRE Holding Corp.	Revolver	0.50	441	(6)
WRE Holding Corp.	Delayed Draw	1.00	1,981	(25)
Zywave, Inc.	Revolver	0.50	998	(1)
Total unfunded commitments			\$ 92,894	\$ (297)

(8) Loan was on non-accrual status as of December 31, 2019.

Consolidated Schedule of Investments as of December 31, 2018

Investments ⁽¹⁾		Footnotes	Industry	Reference Rate & Spread ⁽²⁾	Interest Rate ⁽²⁾	Maturity Date	Par/Principal Amount	Amortized Cost ⁽⁵⁾	Fair Value ⁽⁶⁾
First Lien Debt (99.91% of fair value)									
Achilles Acquisition, LLC	+ \	(2) (3)	Banking, Finance, Insurance & Real Estate	L + 4.00%	6.56%	10/11/2025	\$ 18,000	\$ 17,906	\$ 17,716
Acisure, LLC	+	(2) (3)	Banking, Finance, Insurance & Real Estate	L + 4.25%	6.77%	11/22/2023	20,886	20,843	19,981
Acisure, LLC	+ \	(2) (3)	Banking, Finance, Insurance & Real Estate	L + 3.75%	6.27%	11/22/2023	11,940	11,928	11,333
Advanced Instruments, LLC	^+*	(2) (3) (8)	Healthcare & Pharmaceuticals	L + 5.25%	7.63%	10/31/2022	11,791	11,695	11,690
Ahead, LLC	^+	(2) (3) (8)	High Tech Industries	L + 4.25%	6.87%	6/29/2023	20,059	19,959	19,856
Alpha Packaging Holdings, Inc.	+*	(2) (3)	Containers, Packaging & Glass	L + 4.25%	7.05%	5/12/2020	16,860	16,830	16,813
AM Conservation Holding Corporation	+*	(2) (3)	Energy: Electricity	L + 4.50%	7.30%	10/31/2022	38,310	38,079	38,027
AQA Acquisition Holding, Inc.	^+*	(2) (3) (8)	High Tech Industries	L + 4.25%	7.05%	5/24/2023	19,148	19,111	18,978
Avalign Technologies, Inc.	+ \	(2) (3)	Healthcare & Pharmaceuticals	L + 4.50%	7.00%	12/22/2025	13,000	12,874	12,848
Big Ass Fans, LLC	+* \	(2) (3)	Capital Equipment	L + 3.75%	6.55%	5/21/2024	14,052	13,973	13,840
Borchers, Inc.	^+*	(2) (3) (8)	Chemicals, Plastics & Rubber	L + 4.50%	7.30%	11/1/2024	15,589	15,533	15,545
Brooks Equipment Company, LLC	+*	(2) (3)	Construction & Building	L + 5.00%	7.71%	8/29/2020	5,948	5,940	5,935
Clearent Newco, LLC	^+	(2) (3) (8)	High Tech Industries	L + 4.00%	6.52%	3/20/2024	23,093	22,702	22,819
DBI Holding, LLC	+*	(2) (3) (9)	Transportation: Cargo	L + 5.25%	7.76%	8/1/2021	34,494	34,276	25,400
DBI Holding, LLC	^		Transportation: Cargo	15% (100% PIK)	7.76%	2/1/2020	1,119	1,119	1,119
DecoPac, Inc.	^+*	(2) (3) (8)	Non-durable Consumer Goods	L + 4.25%	7.05%	9/29/2024	12,696	12,571	12,619
Dent Wizard International Corporation	+	(2) (3)	Automotive	L + 4.00%	6.51%	4/7/2020	24,256	24,183	24,110
DTI Holdco, Inc.	+* \	(2) (3)	High Tech Industries	L + 4.75%	7.28%	9/30/2023	19,081	18,941	17,793
EIP Merger Sub, LLC (Evolve IP)	+*	(2) (3) (4)	Telecommunications	L + 5.75%	8.27%	6/7/2022	22,358	21,923	21,788
EIP Merger Sub, LLC (Evolve IP)	*	(2) (3) (7)	Telecommunications	L + 5.75%	8.27%	6/7/2022	1,500	1,469	1,462
Eliassen Group, LLC	+	(2) (3)	Business Services	L + 4.50%	7.00%	11/5/2024	6,250	6,226	6,202
Exactech, Inc.	+ \	(2) (3)	Healthcare & Pharmaceuticals	L + 3.75%	6.27%	2/14/2025	12,903	12,849	12,741
Executive Consulting Group, LLC, Inc.	^+	(2) (3) (8)	Business Services	L + 4.50%	7.30%	6/20/2024	15,318	15,168	15,132
Golden West Packaging Group LLC	+*	(2) (3)	Containers, Packaging & Glass	L + 5.25%	7.77%	6/20/2023	30,180	29,978	29,760
HMT Holding Inc.	^+*	(2) (3) (8)	Energy: Oil & Gas	L + 4.50%	7.02%	11/17/2023	33,490	32,902	33,172
J.S. Held, LLC	+*	(2) (3)	Banking, Finance, Insurance & Real Estate	L + 4.50%	7.30%	9/25/2024	20,309	20,137	19,998
Jensen Hughes, Inc.	^+*	(2) (3) (8)	Utilities: Electric	L + 4.50%	7.30%	3/22/2024	27,978	27,896	27,382
Kestra Financial, Inc.	+*	(2) (3)	Banking, Finance, Insurance & Real Estate	L + 4.25%	6.76%	6/24/2022	21,744	21,547	21,690
MAG DS Corp.	^+	(2) (3) (8)	Aerospace & Defense	L + 4.75%	7.27%	6/6/2025	22,885	22,679	22,665
Maravai Intermediate Holdings, LLC	+ \	(2)	Healthcare & Pharmaceuticals	L + 4.25%	6.81%	8/2/2025	29,925	29,640	29,578

Consolidated Schedule of Investments as of December 31, 2018

Investments ⁽¹⁾		Footnotes	Industry	Reference Rate & Spread ⁽²⁾	Interest Rate ⁽²⁾	Maturity Date	Par/Principal Amount	Amortized Cost ⁽⁵⁾	Fair Value ⁽⁶⁾
First Lien Debt (99.91% of fair value)									
Mold-Rite Plastics, LLC	+	(2) (3)	Chemicals, Plastics & Rubber	L + 4.50%	7.30%	12/14/2021	\$ 14,850	\$ 14,793	\$ 14,762
MSHC, Inc.	^+*	(2) (3) (8)	Construction & Building	L + 4.25%	6.89%	7/31/2023	23,579	23,514	23,088
Newport Group Holdings II, Inc.	+ \	(2)	Banking, Finance, Insurance & Real Estate	L + 3.75%	6.54%	9/13/2025	17,790	17,666	17,564
North American Dental Management, LLC	^+*	(2) (3) (8)	Healthcare & Pharmaceuticals	L + 5.25%	8.04%	7/7/2023	37,781	37,329	37,093
North Haven CA Holdings, Inc.	^+*	(2) (3) (8)	Business Services	L + 4.50%	7.02%	10/2/2023	35,139	34,789	34,401
Odyssey Logistics & Technology Corporation	+* \	(2) (3)	Transportation: Cargo	L + 4.00%	6.52%	10/12/2024	39,680	39,496	39,149
Output Services Group	^+ \	(2) (3) (8)	Media: Advertising, Printing & Publishing	L + 4.25%	6.77%	3/27/2024	17,400	17,338	16,663
PAI Holdco, Inc.	+*	(2) (3)	Automotive	L + 4.25%	7.05%	1/5/2025	19,727	19,637	19,459
Park Place Technologies, Inc.	+ \	(2) (3)	High Tech Industries	L + 4.00%	6.52%	3/29/2025	15,922	15,856	15,639
Pasternack Enterprises, Inc.	+	(2) (3)	Capital Equipment	L + 4.00%	6.52%	7/2/2025	20,076	20,076	19,745
Pharmalogic Holdings Corp.	^+	(2) (3) (8)	Healthcare & Pharmaceuticals	L + 4.00%	6.52%	6/11/2023	7,017	6,995	6,949
Ping Identity Corporation	+ \	(2) (3)	High Tech Industries	L + 3.75%	6.27%	1/25/2025	4,975	4,956	4,915
Premier Senior Marketing, LLC	*	(2) (3)	Banking, Finance, Insurance & Real Estate	L + 4.25%	6.75%	11/30/2025	4,953	4,953	4,875
Premise Health Holding Corp.	^+ \	(2) (3) (8)	Healthcare & Pharmaceuticals	L + 3.75%	6.55%	7/10/2025	13,862	13,805	13,717
Propel Insurance Agency, LLC	^+	(2) (3) (8)	Banking, Finance, Insurance & Real Estate	L + 4.25%	6.75%	6/1/2024	21,088	20,535	20,628
PSI Services, LLC	^+*	(2) (3) (8)	Business Services	L + 5.00%	7.52%	1/20/2023	29,919	29,469	29,239
Q Holding Company	+*	(2) (3)	Automotive	L + 5.00%	7.52%	12/18/2021	17,099	17,058	16,969
QW Holding Corporation (Quala)	^+*	(2) (3) (8)	Environmental Industries	L + 6.75%	9.22%	8/31/2022	9,704	9,338	9,489
RevSpring, Inc.	+* \	(2) (3)	Media: Advertising, Printing & Publishing	L + 4.25%	7.05%	10/11/2025	20,000	19,953	19,680
Situs Group Holdings Corporation	+	(2) (3)	Banking, Finance, Insurance & Real Estate	L + 4.50%	7.02%	2/26/2023	8,915	8,892	8,887
Surgical Information Systems, LLC	+*	(2) (3) (7)	High Tech Industries	L + 4.85%	7.37%	4/24/2023	27,708	27,494	27,171
Systems Maintenance Services Holding, Inc.	+*	(2) (3)	High Tech Industries	L + 5.00%	7.52%	10/28/2023	24,010	23,907	17,842
T2 Systems Canada, Inc.	+	(2) (3)	Transportation: Consumer	L + 6.75%	9.34%	9/28/2022	2,646	2,598	2,630
T2 Systems, Inc.	^+*	(2) (3) (8)	Transportation: Consumer	L + 6.75%	9.34%	9/28/2022	15,775	15,484	15,677
The Original Cakerie, Co. (Canada)	+*	(2) (3)	Beverage, Food & Tobacco	L + 5.00%	7.50%	7/20/2022	9,019	8,968	8,932
The Original Cakerie, Ltd. (Canada)	+	(2) (3) (8)	Beverage, Food & Tobacco	L + 4.50%	7.02%	7/20/2022	6,957	6,917	6,883
ThoughtWorks, Inc.	+* \	(2) (3)	Business Services	L + 4.00%	6.52%	10/12/2024	11,944	11,909	11,770
U.S. Acute Care Solutions, LLC	+*	(2) (3)	Healthcare & Pharmaceuticals	L + 5.00%	7.52%	5/15/2021	31,705	31,540	31,395
U.S. TelePacific Holdings Corp.	+* \	(2) (3)	Telecommunications	L + 5.00%	7.80%	5/2/2023	26,660	26,459	24,768
Upstream Intermediate, LLC	^+	(2) (3) (8)	Healthcare & Pharmaceuticals	L + 4.25%	6.77%	1/3/2024	17,939	17,863	17,677

Consolidated Schedule of Investments as of December 31, 2018

Investments (1)		Footnotes	Industry	Reference Rate & Spread (2)	Interest Rate (2)	Maturity Date	Par/Principal Amount	Amortized Cost (5)	Fair Value (6)
First Lien Debt (99.91% of fair value)									
Valet Waste Holdings, Inc.	+ \	(2) (3)	Construction & Building	L + 4.00%	6.52%	9/28/2025	\$ 11,970	\$ 11,947	\$ 11,902
Valicor Environmental Services, LLC	^+*	(2) (3) (8)	Environmental Industries	L + 4.75%	7.27%	6/1/2023	33,410	32,914	32,995
WIRB - Copernicus Group, Inc.	^+*	(2) (3) (8)	Healthcare & Pharmaceuticals	L + 4.25%	6.77%	8/15/2022	17,194	17,098	16,931
WRE Holding Corp.	^+*	(2) (3) (8)	Environmental Industries	L + 5.00%	7.52%	1/3/2023	7,238	7,162	6,993
Zywave, Inc.	^+*	(2) (3) (8)	High Tech Industries	L + 5.00%	7.52%	11/17/2022	18,050	17,914	17,991
First Lien Debt Total								\$ 1,197,499	\$ 1,172,460
Second Lien Debt (0.09% of fair value)									
Zywave, Inc.	*	(2) (3)	High Tech Industries	L + 9.00%	11.65%	11/17/2023	\$ 1,050	\$ 1,038	\$ 1,048
Second Lien Debt Total								\$ 1,038	\$ 1,048
Total Investments								\$ 1,198,537	\$ 1,173,508

^ Denotes that all or a portion of the assets are owned by Credit Fund. Credit Fund has entered into the Credit Fund Facility. Accordingly, such assets are not available to creditors of Credit Fund Sub, the 2017-1 Issuer or the Credit Fund Warehouse.

+ Denotes that all or a portion of the assets are owned by Credit Fund Sub. Credit Fund Sub has entered into the "Credit Fund Sub Facility. The lenders of the Credit Fund Sub Facility have a first lien security interest in substantially all of the assets of Credit Fund Sub. Accordingly, such assets are not available to creditors of Credit Fund, the 2017-1 Issuer or the Credit Fund Warehouse.

* Denotes that all or a portion of the assets are owned by the 2017-1 Issuer and secure the notes issued in connection with a \$399,900 term debt securitization completed by Credit Fund on December 19, 2017 (the "2017-1 Debt Securitization"). Accordingly, such assets are not available to creditors of Credit Fund, Credit Fund Sub or the Credit Fund Warehouse.

\ Denotes that all or a portion of the assets are owned by the Credit Fund Warehouse. Credit Fund Warehouse has entered into the Credit Fund Warehouse Facility. The lenders of the Credit Fund Warehouse Facility have a first lien security interest in substantially all of the assets of the Credit Fund Warehouse. Accordingly, such assets are not available to creditors of Credit Fund, Credit Fund Sub or the 2017-1 Issuer.

- Unless otherwise indicated, issuers of investments held by Credit Fund are domiciled in the United States. As of December 31, 2018, the geographical composition of investments as a percentage of fair value was 1.35% in Canada and 98.65% in the United States. Certain portfolio company investments are subject to contractual restrictions on sales.
- Variable rate loans to the portfolio companies bear interest at a rate that may be determined by reference to either LIBOR or an alternate base rate (commonly based on the Federal Funds Rate or the U.S. Prime Rate), which generally resets quarterly. For each such loan, Credit Fund has provided the interest rate in effect as of December 31, 2018. As of December 31, 2018, all of Credit Fund's LIBOR loans were indexed to the 30-day LIBOR at 2.50%, the 90-day LIBOR at 2.81% and the 180-day LIBOR at 2.88%.
- Loan includes interest rate floor feature, which is generally 1.00%.
- Credit Fund receives less than the stated interest rate of this loan as a result of an agreement among lenders. The interest rate reduction is 1.20% on EIP Merger Sub, LLC (Evolve IP). Pursuant to the agreement among lenders in respect of this loan, this investment represents a first lien/first out loan, which has first priority ahead of the first lien/last out loan with respect to principal, interest and other payments.
- Amortized cost represents original cost, including origination fees and upfront fees received that are deemed to be an adjustment to yield, adjusted for the accretion/amortization of discounts/premiums, as applicable, on debt investments using the effective interest method.
- Fair value is determined in good faith by or under the direction of the board of managers of Credit Fund, pursuant to Credit Fund's valuation policy, with the fair value of all investments determined using significant unobservable inputs, which is substantially similar to the valuation policy of the Company provided in Note 3, Fair Value Measurements.
- In addition to the interest earned based on the stated interest rate of this loan, which is the amount reflected in this schedule, Credit Fund is entitled to receive additional interest as a result of an agreement among lenders as follows: EIP Merger Sub, LLC (Evolve IP) (3.75%) and Surgical Information Systems, LLC (0.89%). Pursuant to the agreement among lenders in respect of this loan, this investment represents a first lien/last out loan, which has a secondary priority behind the first lien/first out loan with respect to principal, interest and other payments.

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(8) As of December 31, 2018, Credit Fund had the following unfunded commitments to fund delayed draw and revolving senior secured loans:

First Lien Debt – unfunded delayed draw and revolving term loans commitments	Type	Unused Fee	Par/ Principal Amount	Fair Value
Advanced Instruments, LLC	Revolver	0.50%	\$ 1,333	\$ (10)
Ahead, LLC	Revolver	0.50	4,688	(38)
AQA Acquisition Holding, Inc.	Revolver	0.50	2,459	(19)
Borchers, Inc.	Revolver	0.50	1,935	(5)
Clearent Newco, LLC	Delayed Draw	1.00	4,988	(46)
Clearent Newco, LLC	Revolver	0.50	1,760	(16)
DecoPac, Inc.	Revolver	0.50	2,143	(11)
Executive Consulting Group, LLC, Inc.	Revolver	0.50	2,368	(25)
HMT Holding Inc.	Revolver	0.50	6,173	(49)
Jensen Hughes, Inc.	Revolver	0.50	2,000	(39)
Jensen Hughes, Inc.	Delayed Draw	1.00	337	(7)
MAG DS Corp.	Revolver	0.50	2,022	(18)
MSHC, Inc.	Delayed Draw	0.32	9,852	(145)
North American Dental Management, LLC	Revolver	0.50	2,000	(35)
North Haven CA Holdings, Inc. (CoAdvantage)	Revolver	0.50	6,114	(109)
Output Services Group	Delayed Draw	4.25	2,518	(93)
Pharmalogic Holdings Corp.	Delayed Draw	1.00	2,947	(20)
Premise Health Holding Corp.	Delayed Draw	1.00	1,103	(11)
Propel Insurance Agency, LLC	Delayed Draw	0.50	7,143	(110)
Propel Insurance Agency, LLC	Revolver	0.50	1,667	(26)
PSI Services LLC	Revolver	0.50	754	(17)
QW Holding Corporation (Quala)	Revolver	0.50	5,498	(52)
T2 Systems, Inc.	Revolver	0.50	1,173	(7)
The Original Cakerie, Ltd. (Canada)	Revolver	0.50	1,132	(10)
Upstream Intermediate, LLC	Revolver	0.50	1,606	(22)
Valicor Environmental Services, LLC	Revolver	0.50	4,971	(54)
WIRB - Copernicus Group, Inc.	Delayed Draw	1.00	6,480	(69)
WIRB - Copernicus Group, Inc.	Revolver	0.50	1,000	(11)
WRE Holding Corp.	Delayed Draw	0.89	2,069	(51)
WRE Holding Corp.	Revolver	0.50	613	(15)
Zywave, Inc.	Revolver	0.50	600	(2)
Total unfunded commitments			\$ 91,446	\$ (1,142)

(9) Loan was on non-accrual status as of December 31, 2018.

Debt

Credit Fund Facilities

The Credit Fund, Credit Fund Sub and Credit Fund Warehouse II are party to separate credit facilities as described below. In addition, until May 15, 2019, the 2019-2 Issuer (formerly known as the Credit Fund Warehouse) was party to the Credit Fund Warehouse Facility. As of December 31, 2019, Credit Fund, Credit Fund Sub, and Credit Fund Warehouse II were in compliance with all covenants and other requirements of their respective credit facility agreements. As of December 31, 2018, Credit Fund, Credit Fund Sub and the 2019-2 Issuer were in compliance with all covenants and other requirements of their respective credit facility agreements. Below is a summary of the borrowings and repayments under the credit facilities for the respective periods.

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	Credit Fund Facility	Credit Fund Sub Facility	Credit Fund Warehouse Facility	Credit Fund Warehouse II Facility
Outstanding balance as of December 31, 2017	\$ 85,750	\$ 377,686	\$ —	N/A
Borrowings	120,150	239,235	101,044	N/A
Repayments	(93,900)	(145,787)	—	N/A
Outstanding balance as of December 31, 2018	112,000	471,134	101,044	—
Borrowings	126,200	223,870	34,544	97,571
Repayments	(145,200)	(351,498)	(135,588)	—
Outstanding balance as of December 31, 2019	<u>\$ 93,000</u>	<u>\$ 343,506</u>	<u>\$ —</u>	<u>\$ 97,571</u>

Credit Fund Facility. On June 24, 2016, Credit Fund entered into the Credit Fund Facility with the Company, which was subsequently amended on June 5, 2017, October 2, 2017, November 3, 2017, June 22, 2018, June 29, 2018 and February 21, 2019, pursuant to which Credit Fund may from time to time request mezzanine loans from the Company. The maximum principal amount of the Credit Fund Facility is \$175,000. The maturity date of the Credit Fund Facility is March 22, 2020. Amounts borrowed under the Credit Fund Facility bear interest at a rate of LIBOR plus 9.00%.

Credit Fund Sub Facility. On June 24, 2016, Credit Fund Sub closed on the Credit Fund Sub Facility with lenders, which was subsequently amended on May 31, 2017, October 27, 2017, August 24, 2018 and December 12, 2019. The Credit Fund Sub Facility provides for secured borrowings during the applicable revolving period up to an amount equal to \$640,000. The facility is secured by a first lien security interest in substantially all of the portfolio investments held by Credit Fund Sub. The maturity date of the Credit Fund Sub Facility is May 22, 2024. Amounts borrowed under the Credit Fund Sub Facility bear interest at a rate of LIBOR plus 2.25%.

Credit Fund Warehouse Facility. On November 26, 2018, Credit Fund Warehouse closed on the Credit Fund Warehouse Facility with lenders. The Credit Fund Warehouse Facility provided for secured borrowings during the applicable revolving period up to an amount equal to \$150,000. The Credit Fund Warehouse Facility was secured by a first lien security interest in substantially all of the portfolio investments held by the Credit Fund Warehouse. The maturity date of the Credit Fund Warehouse Facility was November 26, 2019. Amounts borrowed under the Credit Fund Warehouse Facility bore interest at a rate of LIBOR plus 1.05%. Effective May 15, 2019, the Warehouse Facility changed its name from “MMCF Warehouse, LLC” to “MMCF CLO 2019-2, LLC” and secured borrowings outstanding were repaid in connection with the 2019-2 Debt Securitization.

Credit Fund Warehouse II Facility. On August 16, 2019, Credit Fund Warehouse II closed on a revolving credit facility (the “Credit Fund Warehouse II Facility”) with lenders. The Credit Fund Warehouse II Facility provides for secured borrowings during the applicable revolving period up to an amount equal to \$150,000. The Credit Fund Warehouse II Facility is secured by a first lien security interest in substantially all of the portfolio investments held by the Credit Fund Warehouse II Facility. The maturity date of the Credit Fund Warehouse II Facility is August 16, 2022. Amounts borrowed under the Credit Fund Warehouse II Facility bear interest at a rate of LIBOR plus 1.05% for the first 12 months, LIBOR plus 1.15% for the next 12 months and LIBOR plus 1.50% in the final 12 months.

2017-1 Notes

On December 19, 2017, Credit Fund completed the 2017-1 Debt Securitization. The notes offered in the 2017-1 Debt Securitization (the “2017-1 Notes”) were issued by the 2017-1 Issuer, a wholly owned and consolidated subsidiary of Credit Fund, and are secured by a diversified portfolio of the 2017-1 Issuer consisting primarily of first and second lien senior secured loans. The 2017-1 Debt Securitization was executed through a private placement of the 2017-1 Notes, consisting of:

- \$231,700 of Aaa/AAA Class A-1 Notes, which bear interest at the three-month LIBOR plus 1.17%;
- \$48,300 of Aa2/AA Class A-2 Notes, which bear interest at the three-month LIBOR plus 1.50%;
- \$15,000 of A2/A Class B-1 Notes, which bear interest at the three-month LIBOR plus 2.25%;
- \$9,000 of A2/A Class B-2 Notes which bear interest at 4.30%;
- \$22,900 of Baa2/BBB Class C Notes which bear interest at the three-month LIBOR plus 3.20%; and
- \$25,100 of Ba2/BB Class D Notes which bear interest at the three-month LIBOR plus 6.38%.

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The 2017-1 Notes are scheduled to mature on January 15, 2028. Credit Fund received 100% of the preferred interests issued by the 2017-1 Issuer (the “2017-1 Issuer Preferred Interests”) on the closing date of the 2017-1 Debt Securitization in exchange for Credit Fund’s contribution to the 2017-1 Issuer of the initial closing date loan portfolio. The 2017-1 Issuer Preferred Interests do not bear interest and had a nominal value of \$47,900 at closing.

As of December 31, 2019 and 2018, the 2017-1 Issuer was in compliance with all covenants and other requirements of the indenture.

2019-2 Notes

On May 21, 2019, Credit Fund completed the 2019-2 Debt Securitization. The notes offered in the 2019-2 Debt Securitization (the “2019-2 Notes”) were issued by the 2019-2 Issuer, a wholly owned and consolidated subsidiary of Credit Fund, and are secured by a diversified portfolio of the 2019-2 Issuer consisting primarily of first and second lien senior secured loans. The 2019-2 Debt Securitization was executed through a private placement of the 2019-2 Notes, consisting of:

- \$233,000 of Aaa/AAA Class A-1 Notes, which bear interest at the three-month LIBOR plus 1.50%;
- \$48,000 of Aa2/AA Class A-2 Notes, which bear interest at the three-month LIBOR plus 2.40%;
- \$23,000 of A2/A Class B Notes, which bear interest at the three-month LIBOR plus 3.45%;
- \$27,000 of Baa2/BBB- Class C Notes which bear interest at the three-month LIBOR plus 4.55%; and
- \$21,000 of Ba2/BB- Class D Notes which bear interest at the three-month LIBOR plus 8.03%.

The 2019-2 Notes are scheduled to mature on April 15, 2029. Credit Fund received 100% of the preferred interests issued by the 2019-2 Issuer (the “2019-2 Issuer Preferred Interests”) on the closing date of the 2019-2 Debt Securitization in exchange for Credit Fund’s contribution to the 2019-2 Issuer of the initial closing date loan portfolio. The 2019-2 Issuer Preferred Interests do not bear interest and had a nominal value of \$48,300 at closing.

As of December 31, 2019, the 2019-2 Issuer was in compliance with all covenants and other requirements of the indenture.

6. BORROWINGS

The Company and the SPV are party to credit facilities as described below. In accordance with the Investment Company Act, the Company is currently only allowed to borrow amounts such that its asset coverage, as defined in the Investment Company Act, is at least 150% after such borrowing. As of December 31, 2019 and 2018, asset coverage was 181.01% and 210.31%, respectively, and the Company and the SPV were in compliance with all covenants and other requirements of their respective credit facility agreements. Below is a summary of the borrowings and repayments under the credit facilities for the years ended December 31, 2019, 2018 and 2017, and the outstanding balances under the credit facilities for the respective periods.

	For the Year Ended and as of December 31,		
	2019	2018	2017
Outstanding borrowing, beginning of period	\$ 514,635	\$ 562,893	\$ 421,885
Borrowings	755,179	812,650	816,216
Repayments	(655,209)	(860,908)	(675,208)
Foreign currency translation	1,938	—	—
Outstanding borrowing, end of period	\$ 616,543	\$ 514,635	\$ 562,893

SPV Credit Facility

The SPV closed on the SPV Credit Facility on May 24, 2013, which was subsequently amended on June 30, 2014, June 19, 2015, June 9, 2016, May 26, 2017 and August 9, 2018. The SPV Credit Facility provides for secured borrowings during the applicable revolving period up to an amount equal to the lesser of \$275,000 (the borrowing base as calculated pursuant to the terms of the SPV Credit Facility) and the amount of net cash proceeds and unpledged capital commitments the Company has received, with an accordion feature that can, subject to certain conditions, increase the aggregate maximum credit commitment up to an amount not to exceed \$750,000, subject to restrictions imposed on borrowings under the Investment

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Company Act and certain restrictions and conditions set forth in the SPV Credit Facility, including adequate collateral to support such borrowings. On December 31, 2019, the Company irrevocably reduced its commitments under the SPV Credit Facility to \$275,000. The SPV Credit Facility has a revolving period through May 21, 2021 and a maturity date of May 23, 2023. Borrowings under the SPV Credit Facility bear interest initially at the applicable commercial paper rate (if the lender is a conduit lender) or LIBOR (or, if applicable, a rate based on the prime rate or federal funds rate) plus 2.00% per year through May 21, 2021, with pre-determined future interest rate increases of 0.875%-1.75% following the end of the revolving period. The SPV is also required to pay an undrawn commitment fee of between 0.50% and 0.75% per year depending on the drawings under the SPV Credit Facility. Payments under the SPV Credit Facility are made quarterly. The lenders have a first lien security interest on substantially all of the assets of the SPV.

As part of the SPV Credit Facility, the SPV is subject to limitations as to how borrowed funds may be used and the types of loans that are eligible to be acquired by the SPV including, but not limited to, restrictions on sector and geographic concentrations, loan size, payment frequency, tenor and minimum investment ratings (or estimated ratings). In addition, borrowed funds are intended to be used primarily to purchase first lien loan assets, and the SPV is limited in its ability to purchase certain other assets (including, but not limited to, second lien loans, covenant-lite loans, revolving and delayed draw loans and discount loans) and other assets are not permitted to be purchased (including, but not limited to paid-in-kind loans). The SPV Credit Facility has certain requirements relating to asset coverage, interest coverage, collateral quality and portfolio performance, including limitations on delinquencies and charge offs, certain violations of which could result in the immediate acceleration of the amounts due under the SPV Credit Facility. The SPV Credit Facility is also subject to a borrowing base that applies different advance rates to assets held by the SPV based generally on the fair market value of such assets. Under certain circumstances as set forth in the SPV Credit Facility, the Company could be obliged to repurchase loans from the SPV.

Credit Facility

The Company closed on the Credit Facility on March 21, 2014, which was subsequently amended on January 8, 2015, May 25, 2016, March 22, 2017, September 25, 2018 and June 14, 2019. The maximum principal amount of the Credit Facility is \$688,000, subject to availability under the Credit Facility, which is based on certain advance rates multiplied by the value of the Company's portfolio investments (subject to certain concentration limitations) net of certain other indebtedness that the Company may incur in accordance with the terms of the Credit Facility. Proceeds of the Credit Facility may be used for general corporate purposes, including the funding of portfolio investments. Maximum capacity under the Credit Facility may be increased to \$900,000 through the exercise by the Company of an uncommitted accordion feature through which existing and new lenders may, at their option, agree to provide additional financing. The Credit Facility includes a \$50,000 limit for swingline loans and a \$20,000 limit for letters of credit. The Company may borrow amounts in U.S. dollars or certain other permitted currencies. Amounts drawn under the Credit Facility, including amounts drawn in respect of letters of credit, bear interest at either LIBOR plus an applicable spread of 2.25%, or an "alternative base rate" (which is the highest of a prime rate, the federal funds effective rate plus 0.50%, or one month LIBOR plus 1.00%) plus an applicable spread of 1.25%. The Company may elect either the LIBOR or the "alternative base rate" at the time of drawdown, and loans may be converted from one rate to another at any time, subject to certain conditions. The Company also pays a fee of 0.375% on undrawn amounts under the Credit Facility and, in respect of each undrawn letter of credit, a fee and interest rate equal to the then-applicable margin under the Credit Facility while the letter of credit is outstanding. The availability period under the Credit Facility will terminate on June 14, 2023 and the Credit Facility will mature on June 14, 2024. During the period from June 14, 2023 to June 14, 2024, the Company will be obligated to make mandatory prepayments under the Credit Facility out of the proceeds of certain asset sales, other recovery events and equity and debt issuances.

Subject to certain exceptions, the Credit Facility is secured by a first lien security interest in substantially all of the portfolio investments held by the Company. The Credit Facility includes customary covenants, including certain financial covenants related to asset coverage, shareholders' equity and liquidity, certain limitations on the incurrence of additional indebtedness and liens, and other maintenance covenants, as well as usual and customary events of default for senior secured revolving credit facilities of this nature.

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Summary of Facilities

The Facilities consisted of the following as of December 31, 2019 and 2018:

	December 31, 2019			
	Total Facility	Borrowings Outstanding	Unused Portion ⁽¹⁾	Amount Available ⁽²⁾
SPV Credit Facility	\$ 275,000	\$ 232,469	\$ 42,531	\$ 4,225
Credit Facility	688,000	384,074	303,926	264,198
Total	\$ 963,000	\$ 616,543	\$ 346,457	\$ 268,423

	December 31, 2018			
	Total Facility	Borrowings Outstanding	Unused Portion ⁽¹⁾	Amount Available ⁽²⁾
SPV Credit Facility	\$ 400,000	\$ 224,135	\$ 175,865	\$ 2,547
Credit Facility	413,000	290,500	122,500	122,500
Total	\$ 813,000	\$ 514,635	\$ 298,365	\$ 125,047

(1) The unused portion is the amount upon which commitment fees are based.

(2) Available for borrowing based on the computation of collateral to support the borrowings and subject to compliance with applicable covenants and financial ratios.

For the years ended December 31, 2019, 2018 and 2017, the components of interest expense and credit facility fees were as follows:

	For the years ended December 31,		
	2019	2018	2017
Interest expense	\$ 30,221	\$ 37,801	\$ 24,510
Facility unused commitment fee	1,263	1,260	1,117
Amortization of deferred financing costs	1,618	901	745
Other fees	198	134	121
Total interest expense and credit facility fees	\$ 33,300	\$ 40,096	\$ 26,493
Cash paid for interest expense	\$ 30,312	\$ 34,676	\$ 22,519
Average principal debt outstanding	\$ 676,347	\$ 864,734	\$ 728,144
Weighted average interest rate	4.41%	4.32%	3.32%

As of December 31, 2019 and 2018, the components of interest and credit facility fees payable were as follows:

	As of December 31,	
	2019	2018
Interest expense payable	\$ 2,201	\$ 2,978
Unused commitment fees payable	187	205
Other credit facility fees payable	30	23
Interest and credit facility fees payable	\$ 2,418	\$ 3,206
Weighted average interest rate (based on floating LIBOR rates)	3.88%	4.67%

7. NOTES PAYABLE

4.750% Senior Unsecured Notes

On December 30, 2019, the Company closed a private offering of \$115.0 million in aggregate principal amount of 4.750% Senior Unsecured Notes due December 31, 2024 (the "Senior Notes"). Interest is payable quarterly, beginning March

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31, 2020. This interest rate is subject to increase (up to 5.75%) in the event that, subject to certain exceptions, the Senior Notes cease to have an investment grade rating. The Company is obligated to offer to repay the notes at par if certain change in control events occur. The Senior Notes are general unsecured obligations of the Company that rank pari passu with all outstanding and future unsecured unsubordinated indebtedness issued by the Company. Interest expense on the Senior Notes was not significant for the year ended December 31, 2019.

The note purchase agreement for the Senior Notes contains customary terms and conditions for senior unsecured notes issued in a private placement, including, without limitation, affirmative and negative covenants such as information reporting, maintenance of the Company's status as a business development company within the meaning of the Investment Company Act and a regulated investment company under the Code, minimum asset coverage ratio and interest coverage ratio, and prohibitions on certain fundamental changes at the Company or any subsidiary guarantor, as well as customary events of default with customary cure and notice, including, without limitation, nonpayment, breach of covenant, material breach of representation or warranty under the note purchase agreement, cross-acceleration under other indebtedness of the Company or certain significant subsidiaries, certain judgments and orders, and certain events of bankruptcy. As of December 31, 2019, the Company was in compliance with these terms and conditions.

2015-1R Notes

On June 26, 2015, the Company completed the 2015-1 Debt Securitization. The 2015-1 Notes were issued by the 2015-1 Issuer, a wholly-owned and consolidated subsidiary of the Company. The 2015-1 Debt Securitization was executed through a private placement of the 2015-1 Notes, consisting of:

- \$160,000 of Aaa/AAA Class A-1A Notes;
- \$40,000 of Aaa/AAA Class A-1B Notes;
- \$27,000 of Aaa/AAA Class A-1C Notes; and
- \$46,000 of Aa2 Class A-2 Notes.

The 2015-1 Notes were issued at par and were scheduled to mature on July 15, 2027. The Company received 100% of the preferred interests issued by the 2015-1 Issuer (the "2015-1 Issuer Preferred Interests") on the closing date of the 2015-1 Debt Securitization in exchange for the Company's contribution to the 2015-1 Issuer of the initial closing date loan portfolio. The 2015-1 Issuer Preferred Interests do not bear interest and had a nominal value of \$125,900 at closing. In connection with the contribution, the Company made customary representations, warranties and covenants to the 2015-1 Issuer in the purchase agreement. The Class A-1A, Class A-1B and Class A-1C and Class A-2 Notes are included in these consolidated financial statements. The 2015-1 Issuer Preferred Interests were eliminated in consolidation.

On the closing date of the 2015-1 Debt Securitization, the 2015-1 Issuer effected a one-time distribution to the Company of a substantial portion of the proceeds of the private placement of the 2015-1 Notes, net of expenses, which distribution was used to repay a portion of certain amounts outstanding under the SPV Credit Facility and the Credit Facility. As part of the 2015-1 Debt Securitization, certain first and second lien senior secured loans were distributed by the SPV to the Company pursuant to a distribution and contribution agreement.

On August 30, 2018, the Company and the 2015-1 Issuer closed the 2015-1 Debt Securitization Refinancing. On the closing date of the 2015-1 Debt Securitization Refinancing, the 2015-1 Issuer, among other things:

- (a) refinanced the issued Class A-1A Notes by redeeming in full the Class A-1A Notes and issuing new AAA Class A-1-1-R Notes in an aggregate principal amount of \$234,800 which bear interest at the three-month LIBOR plus 1.55%;
- (b) refinanced the issued Class A-1B Notes by redeeming in full the Class A-1B Notes and issuing new AAA Class A-1-2-R Notes in an aggregate principal amount of \$50,000 which bear interest at the three-month LIBOR plus 1.48% for the first 24 months and the three-month LIBOR plus 1.78% thereafter;
- (c) refinanced the issued Class A-1C Notes by redeeming in full the Class A-1C Notes and issuing new AAA Class A-1-3-R Notes in an aggregate principal amount of \$25,000 which bear interest at 4.56%;
- (d) refinanced the issued Class A-2 Notes by redeeming in full the Class A-2 Notes and issuing new Class A-2-R Notes in an aggregate principal amount of \$66,000 which bear interest at the three-month LIBOR plus 2.20%;
- (e) issued new single-A Class B Notes and BBB- Class C Notes in aggregate principal amounts of \$46,400 and \$27,000, respectively, which bear interest at the three-month LIBOR plus 3.15% and the three-month LIBOR plus 4.00%, respectively;
- (f) reduced the 2015-1 Issuer Preferred Interests by approximately \$21,375 from a nominal value of \$125,900 to approximately \$104,525 at close; and

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(g) extended the reinvestment period end date and maturity date applicable to the 2015-1 Issuer to October 15, 2023 and October 15, 2031, respectively.

Following the 2015-1 Debt Securitization Refinancing, the Company retained the 2015-1 Issuer Preferred Interests. The 2015-1R Notes in the 2015-1 Debt Securitization Refinancing were issued by the 2015-1 Issuer and are secured by a diversified portfolio of the 2015-1 Issuer consisting primarily of first and second lien senior secured loans.

On the closing date of the 2015-1 Debt Securitization Refinancing, the 2015-1 Issuer effected a one-time distribution to the Company of a substantial portion of the proceeds of the private placement of the 2015-1R Notes, net of expenses, which distribution was used to repay a portion of certain amounts outstanding under the SPV Credit Facility and the Credit Facility. As part of the 2015-1 Debt Securitization Refinancing, certain first and second lien senior secured loans were distributed by the SPV to the Company pursuant to a distribution and contribution agreement. The Company contributed the loans that comprised the initial closing date loan portfolio (including the loans distributed to the Company from the SPV) to the 2015-1 Issuer pursuant to a contribution agreement. Future loan transfers from the Company to the 2015-1 Issuer will be made pursuant to a sale agreement and are subject to the approval of the Company's Board of Directors. Assets of the 2015-1 Issuer are not available to the creditors of the SPV or the Company. In connection with the issuance and sale of the 2015-1R Notes, the Company made customary representations, warranties and covenants in the purchase agreement.

During the reinvestment period, pursuant to the indenture governing the 2015-1R Notes, all principal collections received on the underlying collateral may be used by the 2015-1 Issuer to purchase new collateral under the direction of Investment Adviser in its capacity as collateral manager of the 2015-1 Issuer and in accordance with the Company's investment strategy.

The Investment Adviser serves as collateral manager to the 2015-1 Issuer under a collateral management agreement (the "Collateral Management Agreement"). Pursuant to the Collateral Management Agreement, the 2015-1 Issuer pays management fees (comprised of base management fees, subordinated management fees and incentive management fees) to the Investment Adviser for rendering collateral management services. As per the Collateral Management Agreement, for the period the Company retains all of the 2015-1 Issuer Preferred Interests, the Investment Adviser does not earn management fees for providing such collateral management services. The Company currently retains all of the 2015-1 Issuer Preferred Interests, thus the Investment Adviser did not earn any management fees from the 2015-1 Issuer for the year ended December 31, 2019 and 2018. Any such waived fees may not be recaptured by the Investment Adviser.

Pursuant to an undertaking by the Company in connection with the 2015-1 Debt Securitization Refinancing, the Company has agreed to hold on an ongoing basis the 2015-1 Issuer Preferred Interests with an aggregate dollar purchase price at least equal to 5% of the aggregate outstanding amount of all collateral obligations by the 2015-1 Issuer for so long as any securities of the 2015-1 Issuer remain outstanding. As of December 31, 2019, the Company was in compliance with its undertaking.

The 2015-1 Issuer pays ongoing administrative expenses to the trustee, independent accountants, legal counsel, rating agencies and independent managers in connection with developing and maintaining reports, and providing required services in connection with the administration of the 2015-1 Issuer.

As of December 31, 2019, there were 59 first lien and second lien senior secured loans with a total fair value of approximately \$538,923 and cash of \$6,378 securing the 2015-1R Notes. The pool of loans in the securitization must meet certain requirements, including asset mix and concentration, term, agency rating, collateral coverage, minimum coupon, minimum spread and sector diversity requirements in the indenture governing the 2015-1R Notes.

For the years ended December 31, 2019 and 2018, the effective annualized weighted average interest rates, which include amortization of debt issuance costs on the 2015-1R Notes and 2015-1 Notes, were 4.47% and 4.24%, respectively based on floating LIBOR rates, excluding the one-time impact of the 2015-1 Debt Securitization Refinancing. As of December 31, 2019 and 2018, the weighted average interest rates were 4.01% and 4.42%, respectively, based on floating LIBOR rates.

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As of December 31, 2019 and 2018, \$3,891 and \$4,294, respectively, of interest expense was included in interest and credit facility fees payable. For the years ended December 31, 2019, 2018 and 2017, the components of interest expense on the 2015-1R and 2015-1 Notes were as follows:

	For the years ended December 31,		
	2019	2018	2017
Interest expense	\$ 20,104	\$ 14,079	\$ 9,010
Amortization of deferred financing costs	247	995	204
Total interest expense	\$ 20,351	\$ 15,074	\$ 9,214
Cash paid for interest expense	\$ 19,669	\$ 11,787	\$ 8,713

Related to the 2015-1 Debt Securitization Refinancing, \$652 of debt issuance costs were immediately expensed on August 30, 2018 in lieu of continuing to amortize over the term of the notes.

8. COMMITMENTS AND CONTINGENCIES

A summary of significant contractual payment obligations was as follows as of December 31, 2019 and 2018:

Payment Due by Period	December 31, 2019	December 31, 2018
Less than 1 Year	\$ —	\$ —
1-3 Years	—	—
3-5 Years	731,543	514,635
More than 5 Years	449,200	449,200
Total	\$ 1,180,743	\$ 963,835

In the ordinary course of its business, the Company enters into contracts or agreements that contain indemnification or warranties. Future events could occur that lead to the execution of these provisions against the Company. The Company believes that the likelihood of such an event is remote; however, the maximum potential exposure is unknown. No accrual has been made in the consolidated financial statements as of December 31, 2019 and 2018 for any such exposure.

The Company had the following unfunded commitments to fund delayed draw and revolving senior secured loans as of the indicated dates:

	Par Value as of	
	December 31, 2019	December 31, 2018
Unfunded delayed draw commitments	\$ 75,874	\$ 97,261
Unfunded revolving term loan commitments	74,016	59,856
Total unfunded commitments	\$ 149,890	\$ 157,117

9. NET ASSETS

The Company has the authority to issue 200,000,000 shares of common stock, \$0.01 per share par value. On November 5, 2018, the Company's Board of Directors approved a \$100 million stock repurchase program (the "Company Stock Repurchase Program"). The Company Stock Repurchase Program was to be in effect until November 5, 2019, or until the approved dollar amount had been used to repurchase shares. On November 4, 2019, the Company's Board of Directors approved the continuation of the Company Stock Repurchase Program until November 5, 2020, or until the approved dollar amount has been used to repurchase shares.

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During the year ended December 31, 2019, the Company repurchased and extinguished 4,466,440 shares for \$64,717. The following table summarizes capital activity during the year ended December 31, 2019:

	Common Stock		Capital in Excess of Par Value	Offering Costs	Accumulated Net Investment Income (Loss)	Accumulated Net Realized Gain (Loss) on Investments	Accumulated Net Unrealized Appreciation (Depreciation) on Investments	Total Net Assets
	Shares	Amount						
Balance, beginning of year	62,230,251	\$ 622	\$ 1,174,334	\$ (1,633)	\$ 5,901	\$ (44,572)	\$ (71,434)	\$ 1,063,218
Offering costs	—	—	—	—	—	—	—	—
Net investment income (loss)	—	—	—	—	107,665	—	—	107,665
Net realized gain (loss) on investments	—	—	—	—	—	(38,343)	—	(38,343)
Net change in unrealized appreciation (depreciation) on investments	—	—	—	—	—	—	(7,992)	(7,992)
Dividends declared	—	—	—	—	(103,360)	—	—	(103,360)
Repurchase of common stock	(4,466,440)	(44)	(64,673)	—	—	—	—	(64,717)
Tax reclassification of stockholders' equity in accordance with U.S. GAAP	—	—	(423)	—	162	261	—	—
Balance, end of year	57,763,811	\$ 578	\$ 1,109,238	\$ (1,633)	\$ 10,368	\$ (82,654)	\$ (79,426)	\$ 956,471

During the year ended December 31, 2018, the Company issued 361,056 shares for \$6,629 in connection with the reinvestment of dividends. The following table summarizes capital activity during the year ended December 31, 2018:

	Common Stock		Capital in Excess of Par Value	Offering Costs	Accumulated Net Investment Income (Loss)	Accumulated Net Realized Gain (Loss) on Investments	Accumulated Net Unrealized Appreciation (Depreciation) on Investments	Total Net Assets
	Shares	Amount						
Balance, beginning of year	62,207,603	\$ 622	\$ 1,172,807	\$ (1,618)	\$ 2,522	\$ (43,548)	\$ (3,481)	\$ 1,127,304
Reinvestment of dividends	361,056	4	6,625	—	—	—	—	6,629
Offering costs	—	—	—	(15)	—	—	—	(15)
Net investment income (loss)	—	—	—	—	108,436	—	—	108,436
Net realized gain (loss) on investments	—	—	—	—	—	(1,368)	—	(1,368)
Net change in unrealized appreciation (depreciation) on investments	—	—	—	—	—	—	(67,953)	(67,953)
Dividends declared	—	—	—	—	(104,948)	—	—	(104,948)
Repurchase of common stock	(338,408)	(4)	(4,863)	—	—	—	—	(4,867)
Tax reclassification of stockholders' equity in accordance with U.S. GAAP	—	—	(235)	—	(109)	344	—	—
Balance, end of year	62,230,251	\$ 622	\$ 1,174,334	\$ (1,633)	\$ 5,901	\$ (44,572)	\$ (71,434)	\$ 1,063,218

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During the year ended December 31, 2017, the Company issued 20,505,285 shares for \$373,700 including reinvestment of dividends. In connection with the NFIC Acquisition, the Company issued 434,233 shares of common stock valued at approximately \$8,046. See Note 14 to these consolidated financial statements for additional information regarding the NFIC Acquisition. In connection with the Company's IPO, the Company issued 9,454,200 shares of common stock (including shares issued pursuant to the exercise of the underwriters' over-allotment option) at a public offering price of \$18.50 per share. Net of underwriting costs, the Company received cash proceeds of \$169,488. The following table summarizes capital activity during the year ended December 31, 2017:

	Common Stock		Capital in Excess of Par Value	Offering Costs	Accumulated Net Investment Income (Loss)	Accumulated Net Realized Gain (Loss) on Investments	Accumulated Net Unrealized Appreciation (Depreciation) on Investments	Total Net Assets
	Shares	Amount						
Balance, beginning of year	41,702,318	\$ 417	\$ 799,580	\$ (74)	\$ (3,207)	\$ (25,357)	\$ (7,222)	\$ 764,137
Common stock issued	20,146,561	201	366,818	—	—	—	—	367,019
Reinvestment of dividends	358,724	4	6,677	—	—	—	—	6,681
Offering costs	—	—	—	(1,544)	—	—	—	(1,544)
Net investment income (loss)	—	—	—	—	92,151	—	—	92,151
Net realized gain (loss) on investments	—	—	—	—	—	(11,692)	—	(11,692)
Net change in unrealized appreciation (depreciation) on investments	—	—	—	—	—	—	3,741	3,741
Dividends declared	—	—	—	—	(93,189)	—	—	(93,189)
Tax reclassification of stockholders' equity in accordance with U.S. GAAP	—	—	(268)	—	6,767	(6,499)	—	—
Balance, end of year	62,207,603	\$ 622	\$ 1,172,807	\$ (1,618)	\$ 2,522	\$ (43,548)	\$ (3,481)	\$ 1,127,304

There were no shares issued related to capital activity during the year ended December 31, 2019. The following table summarizes total shares issued and proceeds received related to capital activity during the years ended December 31, 2018 and December 31, 2017:

Year Ended December 31, 2018	Shares Issued	Proceeds Received
January 17, 2018*	361,056	\$ 6,629
Total	361,056	\$ 6,629
Year Ended December 31, 2017	Shares Issued	Proceeds Received
January 24, 2017*	5,837	\$ 108
April 24, 2017*	5,133	94
May 19, 2017	2,141,417	39,488
June 9, 2017	8,116,711	149,997
June 9, 2017**	434,233	8,046
June 19, 2017***	9,000,000	161,505
July 5, 2017	454,200	7,983
October 18, 2017*	347,754	6,479
Total	20,505,285	\$ 373,700

* Represents shares issued upon the reinvestment of dividends.

** Represents shares issued in accordance with the elections of the NFIC stockholders pursuant to the NFIC Acquisition (see Note 14, NFIC Acquisition, to these consolidated financial statements).

*** Represents shares issued and net proceeds received in connection with the Company's IPO.

On June 19, 2017, the Company closed its IPO, issuing 9,454,200 shares of its common stock (including the exercise of the underwriters' over-allotment option on July 5, 2017) at a public offering price of \$18.50 per share. Net of underwriting costs, the common stock issued in the IPO and net asset value experienced dilution during the period, and such subscription and IPO transactions decreased net asset value by \$0.11 per share for the year ended December 31, 2017.

The Company computes earnings per common share in accordance with ASC 260, *Earnings Per Share*. Basic earnings per common share were calculated by dividing net increase (decrease) in net assets resulting from operations attributable to the Company by the weighted-average number of common shares outstanding for the year.

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Basic and diluted earnings per common share were as follows:

	For the years ended December 31,		
	2019	2018	2017
Net increase (decrease) in net assets resulting from operations	\$ 61,330	\$ 39,115	\$ 84,200
Weighted-average common shares outstanding	60,189,502	62,533,614	52,997,450
Basic and diluted earnings per common share	\$ 1.02	\$ 0.63	\$ 1.59

The following table summarizes the Company's dividends declared during the three most recent fiscal years:

Date Declared	Record Date	Payment Date	Per Share Amount
March 20, 2017	March 20, 2017	April 24, 2017	\$ 0.41
June 20, 2017	June 30, 2017	July 18, 2017	\$ 0.37
August 7, 2017	September 29, 2017	October 18, 2017	\$ 0.37
November 7, 2017	December 29, 2017	January 17, 2018	\$ 0.37
December 13, 2017	December 29, 2017	January 17, 2018	\$ 0.12 ⁽¹⁾
February 26, 2018	March 29, 2018	April 17, 2018	\$ 0.37
May 2, 2018	June 29, 2018	July 17, 2018	\$ 0.37
August 6, 2018	September 28, 2018	October 17, 2018	\$ 0.37
November 5, 2018	December 28, 2018	January 17, 2019	\$ 0.37
December 12, 2018	December 28, 2018	January 17, 2019	\$ 0.20 ⁽¹⁾
February 22, 2019	March 29, 2019	April 17, 2019	\$ 0.37
May 6, 2019	June 28, 2019	July 17, 2019	\$ 0.37
June 17, 2019	June 28, 2019	July 17, 2019	\$ 0.08 ⁽¹⁾
August 5, 2019	September 30, 2019	October 17, 2019	\$ 0.37
November 4, 2019	December 31, 2019	January 17, 2020	\$ 0.37
December 12, 2019	December 31, 2019	January 17, 2020	\$ 0.18 ⁽¹⁾

(1) Represents a special dividend.

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10. CONSOLIDATED FINANCIAL HIGHLIGHTS

The following is a schedule of consolidated financial highlights for the years ended December 31, 2019, 2018, 2017, 2016 and 2015:

	For the years ended December 31,				
	2019	2018	2017	2016	2015
Per Share Data:					
Net asset value per share, beginning of year	\$ 17.09	\$ 18.12	\$ 18.32	\$ 18.14	\$ 18.86
Net investment income (loss) ⁽¹⁾	1.79	1.73	1.74	1.65	1.43
Net realized gain (loss) and net change in unrealized appreciation (depreciation) on investments	(0.75)	(1.10)	(0.19)	0.20	(0.52)
Net increase (decrease) in net assets resulting from operations	1.04	0.63	1.55	1.85	0.91
Dividends declared ⁽²⁾	(1.74)	(1.68)	(1.64)	(1.68)	(1.74)
Accretion due to share repurchases	0.17	0.02	—	—	—
Effect of offering price of subscriptions and the offering price of common stock in the IPO, net of underwriting and offering costs ⁽³⁾	—	—	(0.11)	0.01	0.11
Net asset value per share, end of year	\$ 16.56	\$ 17.09	\$ 18.12	\$ 18.32	\$ 18.14
Market price per share, end of year	\$ 13.38	12.40	20.04	n/a	n/a
Number of shares outstanding, end of year	57,763,811	62,230,251	62,207,603	41,702,318	31,524,803
Total return based on net asset value ⁽⁴⁾	7.08%	3.59 %	7.86%	10.25%	5.41%
Total return based on market price ⁽⁵⁾	21.94%	(29.74)%	14.97%	n/a	n/a
Net assets, end of year	\$ 956,471	\$ 1,063,218	\$ 1,127,304	\$ 764,137	\$ 571,726
Ratio to average net assets:					
Expenses net of waiver, before incentive fees	8.79%	6.77 %	5.25%	5.46%	5.11%
Expenses net of waiver, after incentive fees	11.05%	8.81 %	7.39%	7.69%	6.94%
Expenses gross of waiver, after incentive fees	11.05%	8.81 %	7.97%	8.62%	7.86%
Net investment income (loss) ⁽⁶⁾	10.47%	9.64 %	9.35%	8.93%	7.33%
Interest expense and credit facility fees	5.22%	3.57 %	2.69%	2.85%	2.37%
Ratios/Supplemental Data:					
Asset coverage, end of period	181.01%	210.31 %	234.86%	209.97%	212.70%
Portfolio turnover	38.97%	45.88 %	49.18%	32.39%	26.04%
Weighted-average shares outstanding	60,189,502	62,533,614	52,997,450	36,152,390	24,830,200

- (1) For the years ended December 31, 2019, 2018, 2017, 2016 and 2015, net investment income (loss) per share was calculated as net investment income (loss) for the year divided by the weighted-average number of shares outstanding for the year.
- (2) For the years ended December 31, 2019, 2018, 2017, 2016 and 2015, dividends declared per share was calculated as the sum of dividends declared during the year divided by the number of shares outstanding at each respective quarter-end date (refer to Note 9 to these consolidated financial statements).
- (3) Increase (decrease) is due to the offering price of subscriptions and the issuance of common stock in the IPO, net of underwriting and offering costs during the period (refer to Note 9 to these consolidated financial statements).
- (4) Total return is based on the change in net asset value per share during the year plus the declared dividends, assuming reinvestment of dividends in accordance with the dividend reinvestment plan, divided by the beginning net asset value for the year. Total return for the years ended December 31, 2017, 2016, and 2015 was inclusive of \$(0.11), \$0.01, and \$0.11 respectively, per share increase (decrease) in net asset value for the years related to the offering price of subscriptions and the offering price of common stock in the IPO, net of underwriting and offering costs during the year. Excluding the effects of these common stock issuances, total return would have been 8.46%, 10.20%, and 4.83%, respectively (refer to Note 9 to these consolidated financial statements).
- (5) Total return based on market value (not annualized) is calculated as the change in market value per share during the period plus the declared dividends, assuming reinvestment of dividends in accordance with the dividend reinvestment plan, divided by the beginning market price for the period.
- (6) The net investment income ratio is net of the waiver of base management fees.

11. LITIGATION

The Company may become party to certain lawsuits in the ordinary course of business. The Company does not believe that the outcome of current matters, if any, will materially impact the Company or its consolidated financial statements. As of December 31, 2019 and 2018, the Company was not subject to any material legal proceedings, nor, to the Company's knowledge, is any material legal proceeding threatened against the Company.

In addition, portfolio investments of the Company could be the subject of litigation or regulatory investigations in the ordinary course of business. The Company does not believe that the outcome of any current contingent liabilities of its portfolio investments, if any, will materially affect the Company or these consolidated financial statements.

12. TAX

The Company has not recorded a liability for any uncertain tax positions pursuant to the provisions of ASC 740, *Income Taxes*, as of December 31, 2019 and 2018.

In the normal course of business, the Company is subject to examination by federal and certain state, local and foreign tax regulators. As of December 31, 2019 and 2018, the Company had filed tax returns and therefore is subject to examination.

Book and tax basis differences relating to stockholder dividends and distributions and other permanent book and tax differences are reclassified among the Company's capital accounts. In addition, the character of income and gains to be distributed is determined in accordance with income tax regulations that may differ from U.S. GAAP. As of December 31, 2019 and 2018, permanent differences primarily due to non-deductible excise tax and non-deductible expenses from investments in partnerships resulted in a net decrease in distributable earnings (loss) by \$423 and \$235, respectively, and net decrease in additional paid-in capital in excess of par by \$423 and \$235, respectively, on the Consolidated Statements of Assets and Liabilities. Total earnings and NAV were not affected.

The tax character of the distributions paid for the fiscal years ended December 31, 2019, 2018 and 2017 was as follows:

	For the years ended December 31,		
	2019	2018	2017
Ordinary income	\$ 103,360	\$ 104,948	\$ 93,189
Tax return of capital	\$ —	\$ —	\$ —

Income Tax Information and Distributions to Stockholders

As of December 31, 2019 and 2018, the components of accumulated earnings (deficit) on a tax basis were as follows:

	2019	2018
Undistributed ordinary income	\$ 11,639	\$ 7,625
Other book/tax temporary differences ⁽¹⁾	(1,271)	(1,725)
Capital loss carryforwards	(83,433)	(45,151)
Net unrealized appreciation (depreciation) on investments ⁽²⁾	(78,646)	(70,854)
Total accumulated earnings (deficit)	\$ (151,711)	\$ (110,105)

(1) Consists of the unamortized portion of organization costs as of December 31, 2019 and 2018, respectively.

(2) The difference between the book-basis and tax-basis unrealized appreciation (depreciation) on investments is attributable primarily to the tax deferral of losses on wash sales, the tax treatment of partnership investments, the tax treatment of passive foreign investment companies, which include the structured finance obligations. Also, consists of book to tax difference on interest income on CLO equity investments recognized using the effective yield method for financial statement purposes.

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As of December 31, 2019 and 2018, the cost of investments for federal income tax purposes and gross unrealized appreciation and depreciation on investments were as follows:

	2019	2018
Cost of investments	\$ 2,200,671	\$ 2,043,012
Gross unrealized appreciation on investments	17,094	81,038
Gross unrealized depreciation on investments	(95,740)	(151,892)
Net unrealized appreciation (depreciation) on investments	\$ (78,646)	\$ (70,854)

On December 22, 2010, the Regulated Investment Company Modernization Act of 2010 (the “RIC Modernization Act”) was enacted which changed various technical rules governing the tax treatment of RICs. The changes are generally effective for taxable years beginning after the date of enactment. Under the RIC Modernization Act, the fund will be permitted to carry forward capital losses incurred in taxable years beginning after the date of enactment for an unlimited period. However, any losses incurred during those future taxable years will be required to be utilized prior to the losses incurred in pre-enactment taxable years, which carry an expiration date. As a result of this ordering rule, pre-enactment capital loss carryforwards may be more likely to expire unused. Additionally, post-enactment capital losses that are carried forward will retain their character as either short-term or long-term losses rather than being considered all short-term as under previous law. As of December 31, 2019 and 2018, the Company did not have any pre-enactment capital loss carryforwards, and had \$83,433 and \$45,151, respectively, of post enactment capital loss carryforwards, \$11,142 and \$6,364 of which were post-enactment short-term capital loss carryforwards, respectively, and \$72,291 and \$38,787, of which were post-enactment long-term capital loss carryforwards, respectively.

13. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

	2019			
	Q4	Q3	Q2	Q1
Total investment income	\$ 53,465	\$ 55,779	\$ 56,867	\$ 55,187
Net expenses	27,853	29,024	28,896	27,625
Net investment income (loss)	25,377	26,755	27,971	27,652
Net realized gain (loss) and net change in unrealized appreciation (depreciation) on investments	1,459	(35,744)	(18,214)	6,164
Net increase (decrease) in net assets resulting from operations	26,836	(8,989)	9,757	33,726
NAV per share	16.56	16.58	17.06	17.30
Basic and diluted earnings per common share	\$ 0.46	\$ (0.15)	\$ 0.16	\$ 0.55
	2018			
	Q4	Q3	Q2	Q1
Total investment income	\$ 56,311	\$ 51,280	\$ 52,452	\$ 47,483
Net expenses	26,900	25,595	24,242	22,353
Net investment income (loss)	29,411	25,685	28,210	25,130
Net realized gain (loss) and net change in unrealized appreciation (depreciation) on investments	(30,571)	(19,605)	(15,104)	(4,041)
Net increase (decrease) in net assets resulting from operations	(1,160)	6,080	13,106	21,089
NAV per share	16.59	17.66	17.93	18.09
Basic and diluted earnings per common share	\$ (0.02)	\$ 0.10	\$ 0.21	\$ 0.34

	2017			
	Q4	Q3	Q2	Q1
Total investment income	\$ 49,510	\$ 42,648	\$ 38,744	\$ 34,099
Net expenses	22,994	17,568	17,296	14,992
Net investment income (loss)	26,516	25,080	21,448	19,107
Net realized gain (loss) and net change in unrealized appreciation (depreciation) on investments	467	463	(5,947)	(2,934)
Net increase (decrease) in net assets resulting from operations	26,983	25,543	15,501	16,173
NAV per share	18.12	18.18	18.14	18.30
Basic and diluted earnings per common share	\$ 0.44	\$ 0.41	\$ 0.34	\$ 0.39

14. NFIC ACQUISITION

On June 9, 2017 (the “Acquisition Date”), the Company closed the NFIC Acquisition, with the Company as the surviving entity. As of the effective time of the NFIC Acquisition, each share of common stock of NFIC was converted into the right to receive a mixture of cash and shares of common stock of the Company, in accordance with the elections of the NFIC stockholders (the “Elections”). Based on the results of the Elections, the NFIC stockholders received in the aggregate 434,233 shares of common stock of the Company and approximately \$145,602 in cash.

The NFIC Acquisition was accounted for under the asset acquisition method of accounting in accordance with ASC Topic 805, *Business Combinations*. As the acquirer for accounting purposes, the Company allocated the purchase price based on the estimated fair value of NFIC’s assets acquired and liabilities assumed as of the Acquisition Date. There was no goodwill created because the NFIC Acquisition was accounted for as an asset acquisition.

The Company used the fair market value of NFIC’s assets and liabilities as of the Acquisition Date to account for the NFIC Acquisition. The following table summarizes the assets and liabilities of NFIC as of the Acquisition Date:

ASSETS	
Total investments, at fair value	\$ 190,672
Cash and other assets	12,464
Total assets	\$ 203,136
LIABILITIES	
Secured borrowings	\$ 42,128
Other accrued expenses and liabilities	7,360
Total liabilities	49,488
NET ASSETS	
Total net assets	\$ 153,648

On June 9, 2017, the debt assumed as part of the NFIC Acquisition was fully repaid.

For the year ended December 31, 2017, the Company incurred \$322 in professional fees and other costs related to the NFIC Acquisition. The Company determined that the fair value of the net assets acquired equaled the purchase price excluding these costs. Accordingly, these costs related to the NFIC Acquisition were expensed.

15. SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date the consolidated financial statements were issued. There have been no subsequent events that require recognition or disclosure through the date the consolidated financial statements were issued, except as disclosed below.

Subsequent to December 31, 2019, the Company borrowed \$97,500 under the Facilities to fund investment acquisitions. The Company also voluntarily repaid \$28,994 under the Facilities.

On February 24, 2020, the Board of Directors declared a quarterly dividend of \$0.37, which is payable on April 17, 2020 to stockholders of record on March 31, 2020.

Item 9. Changes and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer (Principal Executive Officer) and our Chief Financial Officer (Principal Financial Officer), of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15 of the Exchange Act). Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that our current disclosure controls and procedures are effective in timely alerting them of material information relating to the Company that is required to be disclosed by us in the reports we file or submit under the Exchange Act.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act). The Company's internal control over financial reporting is a process designed under the supervision of its Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer) and effected by the Company's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of its consolidated financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles.

The Company's internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of the Company's assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and the directors; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on its consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management conducted an evaluation of the effectiveness of the Company's internal control over financial reporting as of December 31, 2019 based on the framework established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management concluded that the Company's internal control over financial reporting as of December 31, 2019 was effective.

Attestation Report of the Registered Public Accounting Firm

Our independent registered public accounting firm, Ernst & Young LLP, has issued an audit report on the effectiveness of the Company's internal control over financial reporting, which is contained in Part II, Item 8 of this Form 10-K, "*Financial Statements and Supplementary Data.*"

Changes in Internal Controls Over Financial Reporting

There have been no changes in our internal control over financial reporting during the fiscal quarter ended December 31, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

On February 24, 2020, the Board of Directors of the Company appointed Peter Gaunt as the Company's Treasurer and principal accounting officer, effective March 31, 2020. Mr. Gaunt will succeed Michele Reing, who has acted in these roles on an interim basis since September 23, 2019. Mr. Gaunt, 38, joined The Carlyle Group, Inc. as a Principal in Carlyle Global Credit in December 2019. Prior to joining Carlyle, Mr. Gaunt was Corporate Controller at Hercules Capital, where he led the

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accounting, FP&A, Treasury and Capital Markets teams. Prior to Hercules Capital, Mr. Gaunt was a Senior Manager in Ernst & Young's Wealth and Asset Management Practice servicing Business Development Companies, Mortgage REITs, Mutual Funds and Private Equity Funds. Mr. Gaunt also spent time with Credit Suisse in its Asset Management division.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information in response to this item is incorporated by reference from our Proxy Statement relating to our 2020 annual meeting of stockholders. The Proxy Statement will be filed with the SEC within 120 days after the end of the fiscal year covered by this Form 10-K pursuant to Regulation 14A under the Exchange Act.

Information relating to our codes of ethics, which apply to, among others, our Chief Executive Officer and Chief Financial Officer, is included in Part I, Item 1 of this Form 10-K “*Business-Regulation-Code of Ethics.*”

Item 11. Executive Compensation

Information in response to this item is incorporated by reference from our Proxy Statement relating to our 2020 annual meeting of stockholders.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information in response to this item is incorporated by reference from our Proxy Statement relating to our 2020 annual meeting of stockholders.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information in response to this item is incorporated by reference from our Proxy Statement relating to our 2020 annual meeting of stockholders.

Item 14. Principal Accountant Fees and Services

Information in response to this item is incorporated by reference from our Proxy Statement relating to our 2020 annual meeting of stockholders.

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PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Documents filed as part of this annual report

The following reports and consolidated financial statements are set forth in Part II, Item 8 of this Form 10-K:

Report of Independent Registered Public Accounting Firm	84
Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting	86
Consolidated Statements of Assets and Liabilities as of December 31, 2019 and 2018	87
Consolidated Statements of Operations for the years ended December 31, 2019, 2018 and 2017	88
Consolidated Statements of Changes in Net Assets for the years ended December 31, 2019, 2018 and 2017	89
Consolidated Statements of Cash Flows for the years ended December 31, 2019, 2018 and 2017	90
Consolidated Schedules of Investments as of December 31, 2019 and 2018	103
Notes to Consolidated Financial Statements	113

(b) Exhibits

The following exhibits are filed as part of this report or hereby incorporated by reference to exhibits previously filed with the SEC:

3.1	Articles of Amendment and Restatement⁽¹⁾
3.2	Articles of Amendment⁽²⁾
3.3	Amended and Restated Bylaws⁽³⁾
3.4	First Amendment to the Amended and Restated Bylaws⁽⁴⁾
4.1	Form of Subscription Agreement for Private Offerings⁽⁵⁾
4.2	Description of Registered Securities*
10.1	Indenture, dated as of June 26, 2015, between Carlyle GMS Finance MM CLO 2015-1 LLC, as issuer, and State Street Bank and Trust Company, as trustee⁽⁶⁾
10.2	Dividend Reinvestment Plan for TCG BDC, Inc.⁽⁷⁾
10.3	Second Amended and Restated Investment Advisory Agreement, dated August 6, 2018, by and between the Company and Carlyle Global Credit Investment Management L.L.C.⁽⁸⁾
10.4	Custodian Agreement, dated March 21, 2012, between Carlyle GMS Finance, Inc. and State Street Bank and Trust Company, as custodian⁽⁹⁾
10.5	Administration Agreement, dated as of April 3, 2013 by and between Carlyle GMS Finance, Inc. and Carlyle GMS Finance Administration L.L.C., as administrator⁽¹⁰⁾
10.6	Form of Indemnification Agreement⁽¹¹⁾
10.7	Loan and Servicing Agreement, dated as of May 24, 2013, among Carlyle GMS Finance SPV LLC, as borrower, Carlyle GMS Finance, Inc., as servicer and transferor, each of the Conduit Lenders, Liquidity Banks, Lender Agent and Institutional Lenders party thereto, Citibank, N.A. as collateral and administrative agent, Wells Fargo Bank, National Association, as account bank, backup servicer and collateral administrator, and Citibank, N.A. and Suntrust Robinson Humphrey, Inc., as joint lead arrangers⁽¹²⁾
10.8	Senior Secured Revolving Credit Agreement, dated as of March 21, 2014 and Conformed through Amendment No. 5 dated as of June 14, 2019, among Carlyle GMS Finance, Inc., as borrower, the Lenders party thereto, Suntrust Bank, as administrative agent, and JPMorgan Chase Bank, N.A., as syndication agent⁽¹³⁾

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- 10.9 [First Amendment to the Loan and Servicing Agreement, dated as of June 30, 2014, among Carlyle GMS Finance SPV LLC, as borrower, Carlyle GMS Finance, Inc., as servicer and transferor, each of the Conduit Lenders, Liquidity Banks, Lender Agent and Institutional Lenders party thereto, Citibank, N.A. as collateral and administrative agent, Wells Fargo Bank, National Association, as account bank, backup servicer and collateral administrator, and Citibank, N.A. and Suntrust Robinson Humphrey, Inc., as joint lead arrangers](#)⁽¹⁴⁾
- 10.10 [Second Amendment to the Loan and Servicing Agreement, dated as of June 19, 2015, among Carlyle GMS Finance SPV LLC, as borrower, Carlyle GMS Finance, Inc., as servicer and transferor, each of the Conduit Lenders, Liquidity Banks, Lender Agent and Institutional Lenders party thereto, Citibank, N.A. as collateral and administrative agent, Wells Fargo Bank, National Association, as account bank, backup servicer and collateral administrator, and Citibank, N.A. and Suntrust Robinson Humphrey, Inc., as joint lead arrangers](#)⁽¹⁵⁾
- 10.11 [Collateral Management Agreement, dated as of June 26, 2015, by and between Carlyle GMS Finance MM CLO 2015-1 LLC, as issuer, and Carlyle GMS Investment Management L.L.C., as collateral manager](#)⁽¹⁶⁾
- 10.12 [Contribution Agreement, dated as of June 26, 2015, by and between Carlyle GMS Finance, Inc., as the contributor, and Carlyle GMS Finance MM CLO 2015-1 LLC, as the contributee](#)⁽¹⁷⁾
- 10.13 [Third Amendment to the Loan and Servicing Agreement, dated as of June 9, 2016, among Carlyle GMS Finance SPV LLC, as borrower, Carlyle GMS Finance, Inc., as servicer and transferor, each of the Conduit Lenders, Liquidity Banks, Lender Agent and Institutional Lenders party thereto, Citibank, N.A. as collateral and administrative agent, Wells Fargo Bank, National Association, as account bank, backup servicer and collateral administrator, and Citibank, N.A., as lead arranger](#)⁽¹⁸⁾
- 10.14 [Fourth Amendment to the Loan and Servicing Agreement, dated as of May 26, 2017, among TCG BDC SPV LLC, as borrower, TCG BDC, Inc., as servicer and transferor, each of the Conduit Lenders, Liquidity Banks, Lender Agents and Institutional Lenders party thereto, Citibank, N.A. as collateral and administrative agent, Wells Fargo Bank, National Association, as account bank, backup servicer and collateral administrator, and Citibank, N.A., as lead arranger](#)⁽¹⁹⁾
- 10.15 [Second Amended and Restated Limited Liability Company Agreement, dated as of June 24, 2016, between Carlyle GMS Finance, Inc. and Credit Partners USA LLC, as members](#)⁽²⁰⁾
- 10.16 [Agreement and Plan of Merger, dated as of May 3, 2017, between TCG BDC, Inc. and NF Investment Corp.](#)⁽²¹⁾
- 10.17 [Fifth Amendment to the Loan and Servicing Agreement, dated as of August 9, 2018, among TCG BDC SPV LLC, as borrower, TCG BDC, Inc., as servicer and transferor, each of the Conduit Lenders, Liquidity Banks, Lender Agents and Institutional Lenders party thereto, Citibank, N.A. as collateral and administrative agent, Wells Fargo Bank, National Association, as account bank, backup servicer and collateral administrator, and Citibank, N.A., as lead arranger](#)⁽²²⁾
- 10.18 [First Supplemental Indenture, dated as of August 30, 2018, between Carlyle Direct Lending CLO 2015-1R LLC, as issuer, and State Street Bank and Trust Company, as trustee](#)⁽²³⁾
- 10.19 [Note Purchase Agreement, dated December 30, 2019, by and between TCG BDC, Inc. and the purchasers party thereto](#)⁽²⁴⁾
- 14.1 [Code of Ethics for TCG BDC, Inc.](#)⁽²⁵⁾
- 14.2 [Code of Ethics for Carlyle Global Credit Investment Management L.L.C.](#)*
- 21.1 [List of Subsidiaries](#)*
- 31.1 [Certification of Chief Executive Officer \(Principal Executive Officer\) Pursuant to Rule 13a-14\(a\) of the Securities Exchange Act of 1934, as amended.](#)*
- 31.2 [Certification of Chief Financial Officer \(Principal Financial Officer\) Pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended.](#)*
- 32.1 [Certification of Chief Executive Officer \(Principal Executive Officer\) Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)*
- 32.2 [Certification of Chief Financial Officer \(Principal Financial Officer\) Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)*
- 99.1 [Consolidated Financial Statements of Middle Market Credit Fund, LLC for the years ended December 31, 2019 and 2018.](#)*

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- * Filed herewith.
- (1) Incorporated by reference to Exhibit 3.1 to the Company's Form 10-12G/A filed by the Company on April 11, 2013 (File No. 000-54899)
 - (2) Incorporated by reference to Exhibit 3.2 to the Company's Form 10-K filed by the Company on March 22, 2017 (File No. 000-54899)
 - (3) Incorporated by reference to Exhibit 3.2 to the Company's Form 10-12G/A filed by the Company on April 11, 2013 (File No. 000-54899)
 - (4) Incorporated by reference to Exhibit 3.4 to the Company's Form 10-K filed by the Company on March 22, 2017 (File No. 000-54899)
 - (5) Incorporated by reference to Exhibit 4.1 to the Company's Form 10-12G/A filed by the Company on April 11, 2013 (File No. 000-54899)
 - (6) Incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q filed by the Company on August 12, 2015 (File No. 814-00995)
 - (7) Incorporated by reference to Exhibit (e)(1) to the Company's Form N-2 filed by the Company on June 5, 2017 (File No. 333-218114)
 - (7) Incorporated by reference to Exhibit (e)(2) to the Company's Form N-2 filed by the Company on June 5, 2017 (File No. 333-218114)
 - (8) Incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed by the Company on November 6, 2018 (File No. 814-00995)
 - (9) Incorporated by reference to Exhibit (j) to the Company's Registration Statement on Form N-2 filed by the Company on May 19, 2017 (File No. 333-218114)
 - (10) Incorporated by reference to Exhibit 10.2 to the Company's Form 10-12G/A filed by the Company on April 11, 2013 (File No. 000-54899)
 - (11) Incorporated by reference to Exhibit 10.3 to the Company's Form 10-12G/A filed by the Company on April 11, 2013 (File No. 000-54899)
 - (12) Incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed by the Company on July 31, 2013 (File No. 814-00995)
 - (13) Incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q filed by the Company on August 6, 2019 (File No. 814-00995)
 - (14) Incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed by the Company on August 13, 2014 (File No. 814-00995)
 - (15) Incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed by the Company on August 12, 2015 (File No. 814-00995)
 - (16) Incorporated by reference to Exhibit 10.3 to the Company's Form 10-Q filed by the Company on August 12, 2015 (File No. 814-00995)
 - (17) Incorporated by reference to Exhibit 10.4 to the Company's Form 10-Q filed by the Company on August 12, 2015 (File No. 814-00995)
 - (18) Incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q filed by the Company on August 8, 2016 (File No. 814-00995)
 - (19) Incorporated by reference to Exhibit (k)(13) to the Company's Form N-2 filed by the Company on June 5, 2017 (File No. 333-218114)
 - (20) Incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed by the Company on November 10, 2016 (File No. 814-00995)
 - (21) Incorporated by reference to Exhibit 2.1 to the Company's Form 8-K filed by the Company on May 9, 2017 (File No. 814-00995)
 - (22) Incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q filed by the Company on November 6, 2018 (File No. 814-00995)
 - (23) Incorporated by reference to Exhibit 10.3 to the Company's Form 10-Q filed by the Company on November 6, 2018 (File No. 814-00995)
 - (24) Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed by the Company on December 30, 2019 (File No. 814-00995)
 - (25) Incorporated by reference to Exhibit 14.1 to the Company's Form 10-K filed by the Company on February 26, 2019 (File No. 814-00995)

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(c) Consolidated Financial Statement Schedules

Separate financial statements of subsidiaries not consolidated:

Consolidated Financial Statements of Middle Market Credit Fund, LLC for the years ended December 31, 2019 and 2018 are filed as Exhibit 99.1 hereto.

Item 16. Form 10-K Summary

None.

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.

TCG BDC, INC.

Dated: February 25, 2020

By /s/ Linda Pace
Linda Pace
Director and Chief Executive Officer (principal executive officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Dated: February 25, 2020

By /s/ Linda Pace
Linda Pace
Director and Chief Executive Officer (principal executive officer)

Dated: February 25, 2020

By /s/ Thomas M. Hennigan
Thomas M. Hennigan
Chief Financial Officer
(principal financial officer)

Dated: February 25, 2020

By /s/ Michele Reing
Michele Reing
Treasurer
(principal accounting officer)

Dated: February 25, 2020

By /s/ Nigel D.T. Andrews
Nigel D.T. Andrews
Director

Dated: February 25, 2020

By /s/ Leslie E. Bradford
Leslie E. Bradford
Director

Dated: February 25, 2020

By /s/ Eliot P.S. Merrill
Eliot P.S. Merrill
Director

Dated: February 25, 2020

By /s/ John G. Nestor
John G. Nestor
Director

DESCRIPTION OF REGISTERED SECURITIES

As of December 31, 2019, TCG BDC, Inc. (the “Company,” “we,” “us” or “our”) had one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”): our common stock. Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Annual Report on Form 10-K of which this Exhibit 4.2 is a part.

The following description of the Company’s common stock is based on the relevant provisions of the Maryland General Corporation Law (“MGCL”), the Investment Company Act, the Company’s Articles of Amendment and Restatement (as amended and restated from time to time, the “charter”) and the Company’s Amended and Restated Bylaws (as amended and restated from time to time, the “bylaws”). This summary describes the provisions deemed to be material, but is not necessarily complete, and you should refer to the MGCL, the Investment Company Act and our charter and bylaws for a more detailed description of the provisions summarized below.

Common Stock, par value \$0.01 per share

Our authorized stock consists of 200,000,000 shares, par value \$0.01 per share, all of which are currently designated as common stock. There are no outstanding options or warrants to purchase our stock. Our common stock is listed on the Nasdaq Global Select Market under the symbol “CGBD.” No stock has been authorized for issuance under any equity compensation plans. Under Maryland law, our stockholders generally are not personally liable for our debts or obligations. Under our charter, our Board of Directors (the “Board”) is authorized to classify and reclassify any unissued shares of stock into other classes or series of stock without obtaining stockholder approval. As permitted by the MGCL, our charter provides that the Board, without any action by our stockholders, may amend the charter from time to time to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we have authority to issue.

All shares of our common stock have equal rights as to earnings, assets, voting, and dividends and, when they are issued, will be duly authorized, validly issued, fully paid and nonassessable. Distributions may be paid to the holders of our common stock if, as and when authorized by our Board and declared by us out of assets legally available therefor. Shares of our common stock are not subject to any sinking fund and have no preemptive, conversion or redemption rights and are freely transferable, except where their transfer is restricted by federal and state securities laws or by contract.

In the event of our liquidation, dissolution or winding up, each share of our common stock would be entitled to share ratably in all of our assets that are legally available for distribution after we pay all debts and other liabilities and subject to any preferential rights of holders of our preferred stock, if any preferred stock is outstanding at such time. Each share of our common stock is entitled to one vote on all matters submitted to a vote of stockholders, including the election of directors. Except as provided with respect to any other class or series of stock, the holders of our common stock will possess exclusive voting power. There is no cumulative voting in the election of directors, which means that holders of a majority of the outstanding shares of common stock can elect all of our directors, and holders of less than a majority of such shares will be unable to elect any director.

Preferred Stock

Our charter authorizes our Board to classify and reclassify any unissued shares of stock into other classes or series of stock, including preferred stock. The cost of any such reclassification would be borne by our existing common stockholders. Prior to the issuance of shares of each class or series, the Board is required by Maryland law and by our charter to set the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each class or series. Thus, the Board could authorize the issuance of shares of preferred stock with terms and conditions which could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for holders of our common stock or otherwise be in their best interest. However, that issuance of

preferred stock must comply with the requirements of the Investment Company Act. The Investment Company Act requires, among other things, that (1) immediately after issuance and before any distribution is made with respect to common stock, we must meet an asset coverage ratio, as calculated as provided in the Investment Company Act, of at least 150%, and (2) the holders of shares of preferred stock, if any are issued, must be entitled as a class to elect two directors at all times and to elect a majority of the directors if dividends on such preferred stock are in arrears by two full years or more. Certain matters under the Investment Company Act require the separate vote of the holders of any issued and outstanding preferred stock. For example, holders of preferred stock would vote separately from the holders of common stock on a proposal to cease operations as a BDC. We believe that the availability for issuance of preferred stock will provide us with increased flexibility in structuring future financings and acquisitions. However, we do not currently have any plans to issue preferred stock.

Limitation on Liability of Directors and Officers; Indemnification and Advance of Expenses

Maryland law permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from (a) actual receipt of an improper benefit or profit in money, property or services or (b) active and deliberate dishonesty established by a final judgment as being material to the cause of action. Our charter contains such a provision which eliminates directors' and officers' liability to the maximum extent permitted by Maryland law, subject to the requirements of the Investment Company Act.

Our charter authorizes us, to the maximum extent permitted by Maryland law and subject to the requirements of the Investment Company Act, to indemnify any present or former director or officer of the corporation or any individual who, while serving as our director or officer and at our request, serves or has served another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner or trustee, from and against any claim or liability to which that person may become subject or which that person may incur by reason of his or her service in any such capacity and to pay or reimburse their reasonable expenses in advance of final disposition of a proceeding. Our bylaws obligate us, to the maximum extent permitted by Maryland law and subject to the requirements of the Investment Company Act, to indemnify any present or former director or officer or any individual who, while serving as our director or officer and at our request, serves or has served another corporation, real estate investment trust, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner, trustee, member or manager and who is made, or threatened to be made, a party to the proceeding by reason of his or her service in that capacity from and against any claim or liability to which that person may become subject or which that person may incur by reason of his or her service in any such capacity and to pay or reimburse his or her reasonable expenses in advance of final disposition of a proceeding without requiring a preliminary determination of his or her ultimate entitlement to indemnification. The charter and bylaws also permit us to indemnify and advance expenses to any person who served a predecessor of us in any of the capacities described above and any of our employees or agents or any employees or agents of our predecessor. In accordance with the Investment Company Act, we will not indemnify any person for any liability to which such person would be subject by reason of such person's willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his or her office.

Maryland law requires a corporation (unless its charter provides otherwise, which our charter does not) to indemnify a director or officer who has been successful in the defense of any proceeding to which he or she is made, or threatened to be made, a party by reason of his or her service in that capacity. Maryland law permits a corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made, or threatened to be made, a party by reason of their service in those or other capacities unless it is established that (a) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (1) was committed in bad faith or (2) was the result of active and deliberate dishonesty, (b) the director or officer actually received an improper personal benefit in money, property or services or (c) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. However, under Maryland law, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that a personal benefit was improperly received unless, in either case a court orders indemnification, and then only for expenses. In addition,

Maryland law permits a corporation to advance reasonable expenses to a director or officer in advance of final disposition of a proceeding upon the corporation's receipt of (a) a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation and (b) a written undertaking by him or her or on his or her behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the standard of conduct was not met.

We have entered into indemnification agreements with our directors and executive officers that will provide the maximum indemnification permitted under Maryland law and the Investment Company Act.

Certain Provisions of the MGCL and our Charter and Bylaws

The MGCL and our charter and bylaws contain provisions that could make it more difficult for a potential acquiror to acquire us by means of a tender offer, proxy contest or otherwise. These provisions are expected to discourage certain coercive takeover practices and inadequate takeover bids and to encourage persons seeking to acquire control of us to negotiate first with our Board. We believe that the benefits of these provisions outweigh the potential disadvantages of discouraging any such acquisition proposals because, among other things, the negotiation of such proposals may improve their terms.

Classified Board of Directors

Our Board is divided into three classes of directors serving staggered three-year terms. The current terms of the first, second and third classes will expire at the annual meeting of stockholders held in 2018, 2019 and 2020, respectively, and in each case, those directors will serve until their successors are duly elected and qualify. Each year, one class of directors will be elected by the stockholders. A classified board may render a change in control of us or removal of our incumbent management more difficult. We believe, however, that the longer time required to elect a majority of our Board will help to ensure the continuity and stability of our management and policies.

Election of Directors

As permitted by our charter, our bylaws provide that a plurality of the votes cast at a meeting of stockholders duly called and at which a quorum is present will be required to elect a director. Pursuant to our charter and bylaws, our Board may amend the bylaws to alter the vote required to elect directors.

Number of Directors; Vacancies; Removal

Our charter provides that the number of directors will be increased or decreased only by the Board in accordance with our bylaws. Our bylaws provide that a majority of our entire Board may at any time increase or decrease the number of directors. However, the number of directors may never be less than one nor more than twelve unless our bylaws are amended in which case we may have more than twelve directors but never less than one. Our charter provides that, except as may be provided by the Board in setting the terms of any class or series of preferred stock, any and all vacancies on the Board may be filled only by the affirmative vote of a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum, and any director elected to fill a vacancy will serve for the remainder of the full term of the directorship in which the vacancy occurred and until a successor is duly elected and qualifies, subject to any applicable requirements of the Investment Company Act. Our charter provides that a director may be removed only for cause, as defined in our charter, and then only by the affirmative vote of at least two-thirds of the votes entitled to be cast in the election of directors.

Action by Stockholders

Under the MGCL, stockholder action can be taken only at an annual or special meeting of stockholders or (unless the charter provides for stockholder action by less than unanimous written consent, which our charter does not) by unanimous written consent in lieu of a meeting. These provisions, combined with the requirements of our bylaws regarding the calling of a stockholder-requested special meeting of stockholders discussed below, may have the effect of delaying consideration of a stockholder proposal until the next annual meeting.

Advance Notice Provisions for Stockholder Nominations and Stockholder Proposals

Our bylaws provide that with respect to an annual meeting of stockholders, nominations of persons for election to the Board and the proposal of business to be considered by stockholders may be made only (1) pursuant to our notice of the meeting, (2) by the Board or (3) by a stockholder who is a stockholder of record both at the time of giving notice, as provided by the bylaws, and at the time of the annual meeting and who is entitled to vote at the meeting and who has complied with the advance notice procedures of our bylaws. With respect to special meetings of stockholders, only the business specified in our notice of the meeting may be brought before the meeting. Nominations of persons for election to the Board at a special meeting may be made only (1) by the Board or (2) provided that the Board has determined that directors will be elected at the meeting, by a stockholder who is a stockholder of record both at the time of giving notice, as provided by the bylaws, and at the time of the special meeting and who is entitled to vote at the meeting and who has complied with the advance notice provisions of the bylaws.

The purpose of requiring stockholders to give us advance notice of nominations and other business is to afford our Board a meaningful opportunity to consider the qualifications of the proposed nominees and the advisability of any other proposed business and, to the extent deemed necessary or desirable by our Board, to inform stockholders and make recommendations about such qualifications or business, as well as to provide a more orderly procedure for conducting meetings of stockholders. Although our bylaws do not give our Board any power to disapprove stockholder nominations for the election of directors or proposals recommending certain action, they may have the effect of precluding a contest for the election of directors or the consideration of stockholder proposals if proper procedures are not followed and of discouraging or deterring a third party from conducting a solicitation of proxies to elect its own slate of directors or to approve its own proposal without regard to whether consideration of such nominees or proposals might be harmful or beneficial to us and our stockholders.

Calling of Special Meetings of Stockholders

Our bylaws provide that special meetings of stockholders may be called by a majority of our Board, the chairman of the Board and certain of our officers. Additionally, our bylaws provide that, subject to the satisfaction of certain procedural and informational requirements by the stockholders requesting the meeting, a special meeting of stockholders will be called by the secretary of the corporation upon the written request of stockholders entitled to cast not less than a majority of all the votes entitled to be cast at such meeting.

Approval of Extraordinary Corporate Action; Amendment of Charter and Bylaws

Under Maryland law, a Maryland corporation generally cannot dissolve, amend its charter, merge, sell all or substantially all of its assets, engage in a share exchange, co-invest or engage in similar transactions outside the ordinary course of business, unless advised by its board of directors and approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter. However, a Maryland corporation may provide in its charter for approval of these matters by a lesser percentage, but not less than a majority of all of the votes entitled to be cast on the matter. Our charter generally provides for approval of charter amendments and extraordinary transactions by the stockholders entitled to cast at least a majority of the votes entitled to be cast on the matter. Our charter also provides that the following matters require the approval of stockholders entitled to cast at least 80% of the votes entitled to be cast: (i) certain charter amendments; (ii) any proposal for our conversion, whether by merger or otherwise, from a closed-end company to an open-end company; (iii) any proposal for our liquidation or dissolution; or (iv) any proposal regarding a merger, consolidation, share exchange or sale or exchange of all or substantially all of our assets that the MGCL requires to be approved by our stockholders. However, if such amendment or proposal is approved by a majority of our continuing directors (in addition to approval by our Board), such amendment or proposal may be approved by a majority of the votes entitled to be cast on such a matter. The “continuing directors” are defined in our charter as (1) our current directors, (2) those directors whose nomination for election by the stockholders or whose election by the directors to fill vacancies is approved by a majority of our current directors then on the Board or (3) any successor directors whose nomination for election by the stockholders or whose election by the directors to fill vacancies is approved by a majority of continuing directors or the successor continuing directors then in office.

Our charter and bylaws provide that the Board will have the exclusive power to make, alter, amend or repeal any provision of our bylaws.

No Appraisal Rights

As permitted by the MGCL, our charter provides that stockholders will not be entitled to exercise appraisal rights unless a majority of the Board shall determine such rights apply.

Control Share Acquisitions

The MGCL, pursuant to the Control Share Act, provides that control shares of a Maryland corporation acquired in a control share acquisition have no voting rights except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter. Shares owned by the acquiror, by officers or by directors who are employees of the corporation are excluded from shares entitled to vote on the matter. Control shares are voting shares of stock which, if aggregated with all other shares of stock owned by the acquiror or in respect of which the acquiror is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquiror to exercise voting power in electing directors within one of their increasing ranges of voting power. The requisite stockholder approval must be obtained each time an acquiror crosses one of the thresholds of voting power. Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A control share acquisition means the acquisition of control shares, subject to certain exceptions.

Our bylaws contain a provision exempting from the Control Share Act any and all acquisitions by any person of our shares of stock. There can be no assurance that such provision will not be amended or eliminated at any time in the future. However, we will amend our bylaws to be subject to the Control Share Act only if the Board determines that it would be in our best interests and if the SEC staff does not object to our determination that our being subject to the Control Share Act does not conflict with the Investment Company Act. The SEC staff has issued informal guidance setting forth its position that certain provisions of the Control Share Act would, if implemented, violate Section 18(i) of the Investment Company Act.

Business Combinations

Under Maryland law, “business combinations” between a Maryland corporation and an interested stockholder or an affiliate of an interested stockholder are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. These business combinations include a merger, consolidation, share exchange or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities. An interested stockholder is defined as:

- any person who beneficially owns, directly or indirectly, 10% or more of the voting power of the corporation’s outstanding voting stock; or
- an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner, directly or indirectly, of 10% or more of the voting power of the then outstanding voting stock of the corporation.

A person is not an interested stockholder under this statute if the Board approved in advance the transaction by which the stockholder otherwise would have become an interested stockholder. However, in approving a transaction, the Board may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by the board.

After the five-year prohibition, any business combination between the Maryland corporation and an interested stockholder generally must be recommended by the Board of the corporation and approved by the affirmative vote of at least:

- 80% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation; and
- two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom or with whose affiliate the business combination is to be effected or held by an affiliate or associate of the interested stockholder.

These super-majority vote requirements do not apply if the corporation's common stockholders receive a minimum price, as defined under Maryland law, for their shares in the form of cash or other consideration in the same form as previously paid by the interested stockholder for its shares.

The statute permits various exemptions from its provisions, including business combinations that are exempted by the Board before the time that the interested stockholder becomes an interested stockholder. Our Board has adopted a resolution that any business combination between us and any other person is exempted from the provisions of the MBCA, provided that the business combination is first approved by the Board, including a majority of the directors who are not interested persons (as defined in the Investment Company Act). This resolution may be altered or repealed in whole or in part at any time; however, our Board will adopt resolutions so as to make us subject to the provisions of the MBCA only if the Board determines that it would be in our best interests and if the SEC staff does not object to our determination that our being subject to the MBCA does not conflict with the Investment Company Act. If this resolution is repealed, or the Board does not otherwise approve a business combination, the statute may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer.

Conflict with Investment Company Act

Our bylaws provide that, if and to the extent that any provision of the MGCL, including the Control Share Act (if we amend our bylaws to be subject to such Act) and the MBCA, or any provision of our charter or bylaws conflicts with any provision of the Investment Company Act, the applicable provision of the Investment Company Act will control.

Exclusive Forum

Our charter and bylaws provide that, to the fullest extent permitted by law, unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Company, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the Company to the Company or the Company's stockholders, (iii) any action asserting a claim arising pursuant to any provision of the MGCL, the charter or bylaws or the securities, antifraud, unfair trade practices or similar laws of any international, national, state, provincial, territorial, local or other governmental or regulatory authority, including, in each case, the applicable rules and regulations promulgated thereunder, or (iv) any action asserting a claim governed by the internal affairs doctrine shall be a federal or state court located in the state of Delaware, provided that to the extent the appropriate court located in the state of Delaware determines that it does not have jurisdiction over such action, then the sole and exclusive forum shall be any federal or state court located in the state of Maryland. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Company shall be deemed, to the fullest extent permitted by law, to have notice of and consented to these exclusive forum provisions and to have irrevocably submitted to, and waived any objection to, the exclusive jurisdiction of such courts in connection with any such action or proceeding and consented to process being served in any such action or proceeding, without limitation, by United States mail addressed to the stockholder at the stockholder's address as it appears on the records of the Company, with postage thereon prepaid.

THE CARLYLE GROUP
POLICIES AND PROCEDURES REGARDING
MATERIAL, NON-PUBLIC INFORMATION AND
THE PREVENTION OF INSIDER TRADING

Excerpt from Carlyle Global Credit Investment Management L.L.C. Compliance Manual and Code of Ethics

Policy Summary

This policy (this “policy”) is intended to comply with Rule 204A-1 under the Advisers Act and Rule 17j-1 under the Investment Company Act of 1940 concerning the initial and periodic reporting of “Access Person” securities holdings and transactions.

SUMMARY

This policy applies to all employees, officers, partners, directors and certain advisors (collectively, “Carlyle Personnel” or “employees”) of Carlyle Global Credit, and extends to all activities within and outside an individual’s duties at Carlyle Global Credit. All Carlyle Personnel must review this policy. Questions regarding the policy should be directed to the Global Chief Compliance Officer or the Office of the General Counsel.

REPORTING OBLIGATIONS OF “ACCESS PERSONS”

The U.S. Securities and Exchange Commission (the “SEC”) requires employees who are considered “Access Persons” under SEC regulations to report their personal securities transactions and holdings in companies that have publicly traded securities. An “Access Person” is any Carlyle employee, including any director, officer or partner of Carlyle Global Credit, who may become aware of or have access to nonpublic information regarding clients’ purchase or sale of securities, is involved in making securities recommendations to clients, or who has access to such recommendations that are nonpublic. Certain non-employees may also be specifically identified by Carlyle Global Credit to be treated as an Access Person. You will be informed by the Office of the General Counsel, the Global Chief Compliance Officer or designee if you are considered an “Access Person”.

Access Persons must register on the ComplySci Compliance System all brokerage accounts for them, their spouses, minor children, all other immediate family members of the household, and any other brokerage accounts for which the Access Person is making investment decisions (for personal trading as opposed to Advisory Client trading). If a brokerage account is with one of the brokers participating in automated electronic data feeds to the ComplySci system, the obligations described below to provide security holdings and ongoing trading activity are satisfied automatically via the ComplySci registration process, subsequent electronic data transmissions, and periodic certifications. If a brokerage account is not with one of the participating brokers (“non-electronic brokerage account”), then the Access Person must enter all security holdings on the ComplySci system during the registration process and provide reports of personal securities transactions as described below.

If you need any assistance in determining which accounts are brokerage accounts, and what information should be added to the ComplySci Compliance System, contact the Compliance Department for assistance. If any of the registered brokerage accounts are under the full investment discretion of a third party, notify the Compliance Department of the arrangement.

Due to the potential delays and inaccuracies associated with providing personal trading information manually, if you have brokerage accounts with non-electronic brokers, you may be asked to move your accounts to a broker providing electronic data feeds to the ComplySci Compliance System.

All Access Persons with non-electronic brokerage accounts must provide to the Compliance Department a complete report of their securities holdings within 10 days of becoming, or being designated, an Access Person, and certify their holdings at least once a year thereafter (typically, via an annual certification through the ComplySci Compliance System). Those reports must be as of a date not more than 45 days prior to the individual becoming an Access Person or the date on which the annual report is submitted.

All Access Persons with non-electronic brokerage accounts must also provide reports of all personal securities transactions. For such accounts, Access Persons may elect to submit (i) immediate trade confirmations as they make trades; (ii) monthly account statements as they are received; or (iii) quarterly statements showing all activity for the previous quarter. All statements or trade confirmations for the quarter are due to the Compliance Department by the 30th day after the end of the quarter. Access Persons with non-electronic brokerage accounts who have no quarterly transactions to report must submit written confirmation (via e-mail

or otherwise) identifying “nothing to report” to the Compliance Department by the 30th day after the end of the quarter. If providing your reports via email, please send the email to “TCG Compliance” or compliance@carlyle.com.

The initial, quarterly and annual reports of holdings and securities transactions must cover all securities (except securities acquired in transactions noted below) in which the Access Person (including spouse, minor children, other family members of the household, etc.) has or acquires any direct or indirect beneficial ownership or accounts over which an Access Person has control to make investment decisions (*e.g.*, trusts and estates). Absent facts to the contrary, an Access Person is presumed to have beneficial ownership of securities that are held by his or her spouse, minor children, or other immediate family members of the Access Person’s household. All beneficially owned securities must be reported except for (i) U.S. government obligations (*e.g.*, Treasury bills); (ii) money market instruments (*e.g.*, bank certificates of deposit); (iii) money market funds; (iv) open ended mutual funds registered in the U.S (other than a Carlyle-advised mutual fund, which must still be reported), including market index funds, and (v) variable annuity and variable life insurance contracts.

Access Persons are not required to report transactions in securities if they were acquired in accounts over which the Access Person (or spouse, minor child, or other immediate family member of the household) had no direct or indirect influence or control, such as a blind trust or an investment account where an independent professional has been granted full investment discretion. Similarly, transactions in securities that are effected in an automatic investment plan are not subject to the periodic transaction reporting requirements herein.

Access Persons (including spouse, minor children, other family members of the household, etc.) who do not hold any brokerage accounts, and have no holdings to report must: (1) confirm this within 10 days of becoming, or being designated, an Access Person, (typically, via registration on the ComplySci Compliance System), (2) must notify the Compliance Department (directly or via the ComplySci Compliance System) if they (including spouse, minor children, other family members of the household, etc.) open a brokerage account or otherwise begin the process of acquiring a reportable holding, and (3) certify the accuracy of this at least once a year thereafter (typically, via an annual certification through the ComplySci Compliance System).

If you have any questions about the foregoing reporting process or exceptions, you should consult the Global Chief Compliance Officer or the Office of the General Counsel.

Responsible Parties

This following parties will be responsible for implementing and enforcing this policy: **The General Counsel, Global Chief Compliance Officer or designees**

Documentation and Compliance Dates

Monitoring and testing of this policy will be documented in the following ways:

- **Periodic review of the transactions of “Access Persons”**
- **Annual review by the Global Chief Compliance Officer or designees**

Disclosures

The following disclosures are aligned with this policy:

- **Forms ADV**
- **Form N-2**

LIST OF SUBSIDIARIES

At the time of this filing, the following entities are subsidiaries of TCG BDC, Inc.:

Company Name	Jurisdiction of Organization
Carlyle Direct Lending CLO 2015-1R LLC	Delaware
NFIC SPV LLC	Delaware
TCG BDC SPV LLC	Delaware

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

CERTIFICATION

I, Linda Pace, certify that:

1. I have reviewed this annual report on Form 10-K of TCG BDC, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 25, 2020

/s/ Linda Pace

Linda Pace
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

CERTIFICATION

I, Thomas M. Hennigan, certify that:

1. I have reviewed this annual report on Form 10-K of TCG BDC, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 25, 2020

/s/ Thomas M. Hennigan

Thomas M. Hennigan
Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER, SECTION 906

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

I, Linda Pace, the Chief Executive Officer (Principal Executive Officer) of TCG BDC, Inc. (the “Company”), hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- the Form 10-K of the Company for the year ended December 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the “Form 10-K”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 25, 2020

/s/ Linda Pace

**Linda Pace
Chief Executive Officer
(Principal Executive Officer)**

* The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER, SECTION 906

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

I, Thomas M. Hennigan, the Chief Financial Officer (Principal Financial Officer) of TCG BDC, Inc. (the "Company"), hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- the Form 10-K of the Company for the year ended December 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-K"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 25, 2020

/s/ Thomas M. Hennigan

**Thomas M. Hennigan
Chief Financial Officer
(Principal Financial Officer)**

* The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

Middle Market Credit Fund, LLC

Consolidated Financial Statements with Report of Independent Auditors

For the years ended December 31, 2019 and 2018

Middle Market Credit Fund, LLC

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Report of Independent Auditors

The Board of Managers and Members of
Middle Market Credit Fund, LLC

We have audited the accompanying consolidated financial statements of Middle Market Credit Fund, LLC (the “Company”), which comprise the consolidated statements of assets, liabilities and members’ equity, including the consolidated schedules of investments, as of December 31, 2019 and 2018, and the related consolidated statements of operations, changes in members’ equity and cash flows for the years ended December 31, 2019 and 2018, and the related notes to the consolidated financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Middle Market Credit Fund, LLC at December 31, 2019 and 2018, and the consolidated results of its operations, changes in its members’ of capital and its cash flows for the years ended December 31, 2019 and 2018 in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP
New York, NY
February 25, 2020

MIDDLE MARKET CREDIT FUND, LLC
CONSOLIDATED STATEMENTS OF ASSETS, LIABILITIES AND MEMBERS' EQUITY
(dollar amounts in thousands)

	December 31, 2019	December 31, 2018
ASSETS		
Cash and cash equivalents	\$ 64,787	\$ 55,698
Investments, at fair value (amortized cost of \$1,258,157 and \$1,198,537, respectively)	1,246,839	1,173,508
Deferred financing asset	4,088	5,087
Interest receivable	4,609	1,732
Prepaid expenses and other assets	672	30
Total assets	\$ 1,320,995	\$ 1,236,055
LIABILITIES AND MEMBERS' EQUITY		
Secured borrowings (Note 5)	\$ 441,077	\$ 572,178
Mezzanine Loans (Note 5)	93,000	112,000
2017-1 Notes payable, net of unamortized debt issuance costs of \$1,644 and \$1,849, respectively (Note 6)	208,222	309,114
2019-2 Notes payable, net of unamortized debt issuance costs of \$1,797 and \$0, respectively (Note 6)	320,185	—
Subordinated Loans (Note 7)	247,000	236,000
Payable for investments purchased	11,765	12,937
Due to affiliate	—	146
Interest and credit facility fees payable (Note 5)	12,384	12,828
Dividend payable	8,000	7,400
Other accrued expenses and liabilities	234	884
Total liabilities	\$ 1,341,867	\$ 1,263,487
Commitments and contingencies (Note 8)		
MEMBERS' EQUITY/(DEFICIT)		
Members' equity	\$ 2	\$ 2
Accumulated net investment income (loss) net of cumulative dividends of \$82,659 and \$51,159, respectively	(1,271)	(2,405)
Accumulated net realized gain (loss) net of cumulative dividends of \$91 and \$91, respectively	(8,285)	—
Accumulated net unrealized appreciation (depreciation)	(11,318)	(25,029)
Total members' equity (deficit), net	\$ (20,872)	\$ (27,432)
Total liabilities and members' equity (deficit)	\$ 1,320,995	\$ 1,236,055

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

MIDDLE MARKET CREDIT FUND, LLC
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2019
(dollar amounts in thousands)

Consolidated Schedule of Investments as of December 31, 2019

Investments ⁽¹⁾	Footnotes	Industry	Reference Rate & Spread ⁽²⁾	Interest Rate ⁽²⁾	Maturity Date	Par/Principal Amount	Amortized Cost ⁽⁵⁾	Fair Value ⁽⁶⁾
First Lien Debt (98.11% of fair value)								
Achilles Acquisition, LLC	\+# (2) (3)	Banking, Finance, Insurance & Real Estate	L + 4.00%	5.75%	10/13/2025	\$ 17,865	\$ 17,776	\$ 17,763
Acisure, LLC	+ \ (2) (3)	Banking, Finance, Insurance & Real Estate	L + 3.75%	5.85%	11/22/2023	11,820	11,810	11,805
Acisure, LLC	+ \# (2) (3)	Banking, Finance, Insurance & Real Estate	L + 4.25%	6.35%	11/22/2023	20,674	20,639	20,674
Advanced Instruments, LLC	^+ * (2) (3) (7)	Healthcare & Pharmaceuticals	L + 5.25%	6.99%	10/31/2022	35,610	35,536	35,466
Alku, LLC	+ # (2) (3)	Business Services	L + 5.50%	7.44%	7/29/2026	25,000	24,754	24,624
Alpha Packaging Holdings, Inc.	+ * \ (2) (3)	Containers, Packaging & Glass	L + 4.25%	6.35%	5/12/2020	16,684	16,676	16,601
AmeriLife Group, LLC	^ # (2) (3) (7)	Banking, Finance, Insurance & Real Estate	L + 4.50%	6.20%	6/5/2026	16,627	16,557	16,558
Anchor Packaging, Inc.	^ # (2) (3) (7)	Containers, Packaging & Glass	L + 4.00%	5.70%	7/18/2026	20,462	20,363	20,457
API Technologies Corp.	\+ (2) (3)	Aerospace & Defense	L + 4.25%	5.95%	5/9/2026	14,925	14,853	14,807
Aptean, Inc.	+ \ (2) (3)	Software	L + 4.25%	6.34%	4/23/2026	12,406	12,344	12,385
AQA Acquisition Holding, Inc.	^ * \ (2) (3) (7)	High Tech Industries	L + 4.25%	6.16%	5/24/2023	18,954	18,922	18,860
Avalign Technologies, Inc.	+ \ (2) (3)	Healthcare & Pharmaceuticals	L + 4.50%	6.70%	12/22/2025	14,741	14,610	14,626
Big Ass Fans, LLC	+ * \ (2) (3)	Capital Equipment	L + 3.75%	5.85%	5/21/2024	13,909	13,841	13,903
Borchers, Inc.	+ * \ (2) (3) (7)	Chemicals, Plastics & Rubber	L + 4.50%	6.60%	11/1/2024	15,116	15,072	15,085
Brooks Equipment Company, LLC	* (2) (3)	Construction & Building	L + 5.00%	6.91%	8/29/2020	5,144	5,141	5,141
Clarity Telecom LLC.	+ (2) (3)	Media: Broadcasting & Subscription	L + 4.50%	6.20%	8/30/2026	14,963	14,915	14,902
Clearent Newco, LLC	^+ \ (2) (3) (7)	High Tech Industries	L + 5.50%	7.44%	3/20/2025	29,738	29,436	29,134
Datto, Inc.	+ \ (2) (3)	High Tech Industries	L + 4.25%	5.95%	4/2/2026	12,438	12,375	12,420
DecoPac, Inc.	+ * \ (2) (3) (7)	Non-durable Consumer Goods	L + 4.25%	6.01%	9/29/2024	12,336	12,233	12,292
Dent Wizard International Corporation	+ \ (2) (3)	Automotive	L + 4.00%	5.70%	4/7/2020	36,880	36,843	36,717
DTI Holdco, Inc.	+ * \ (2) (3)	High Tech Industries	L + 4.75%	6.68%	9/30/2023	18,885	18,771	17,611
Eliassen Group, LLC	+ \ (2) (3)	Business Services	L + 4.50%	6.20%	11/5/2024	7,581	7,548	7,579
EIP Merger Sub, LLC (Evolve IP)	+ ^ (2) (3) (7)	Telecommunications	L + 5.75%	7.45%	6/7/2023	19,661	19,605	19,661
Exactech, Inc.	+ \# (2) (3)	Healthcare & Pharmaceuticals	L + 3.75%	5.45%	2/14/2025	21,772	21,634	21,751
Excel Fitness Holdings, Inc.	+ # (2) (3)	Hotel, Gaming & Leisure	L + 5.25%	6.95%	10/7/2025	25,000	24,758	24,875
Golden West Packaging Group LLC	+ * \ (2) (3)	Containers, Packaging & Glass	L + 5.75%	7.45%	6/20/2023	29,464	29,303	29,072
HMT Holding Inc.	^+ * \ (2) (3) (7)	Energy: Oil & Gas	L + 5.00%	6.74%	11/17/2023	33,157	32,678	32,972
Jensen Hughes, Inc.	\+ ^ * (2) (3) (7)	Utilities: Electric	L + 4.50%	6.24%	3/22/2024	33,909	33,757	33,550
KAMC Holdings, Inc.	+ # (2) (3)	Energy: Electricity	L + 4.00%	5.91%	8/14/2026	13,965	13,899	13,881
MAG DS Corp.	^+ \ (2) (3) (7)	Aerospace & Defense	L + 4.75%	6.46%	6/6/2025	28,471	28,242	28,286

Consolidated Schedule of Investments as of December 31, 2019

Investments ⁽¹⁾	Footnotes	Industry	Reference Rate & Spread ⁽²⁾	Interest Rate ⁽²⁾	Maturity Date	Par/ Principal Amount	Amortized Cost ⁽⁵⁾	Fair Value ⁽⁶⁾
First Lien Debt (98.11% of fair value) (continued)								
Maravai Intermediate Holdings, LLC	+ # (2) (3)	Healthcare & Pharmaceuticals	L + 4.25%	6.00%	8/2/2025	\$ 29,625	\$ 29,378	\$ 29,400
Marco Technologies, LLC	^+ (2) (3) (7)	Media: Advertising, Printing & Publishing	L + 4.25%	6.16%	10/30/2023	7,463	7,410	7,463
Mold-Rite Plastics, LLC	+ (2) (3)	Chemicals, Plastics & Rubber	L + 4.25%	5.95%	12/14/2021	14,557	14,519	14,524
MSHC, Inc.	^+* (2) (3) (7)	Construction & Building	L + 4.25%	5.95%	12/31/2024	38,251	38,138	38,166
Newport Group Holdings II, Inc.	+# (2) (3)	Banking, Finance, Insurance & Real Estate	L + 3.75%	5.65%	9/13/2025	23,715	23,487	23,663
Odyssey Logistics & Technology Corp.	+* # (2) (3)	Transportation: Cargo	L + 4.00%	5.70%	10/12/2024	39,013	38,859	38,763
Output Services Group	^+ (2) (3) (7)	Media: Advertising, Printing & Publishing	L + 4.50%	6.20%	3/27/2024	19,621	19,570	19,469
PAI Holdco, Inc.	+* (2) (3)	Automotive	L + 4.25%	6.35%	1/5/2025	19,532	19,458	19,532
Park Place Technologies, Inc.	+ # (2) (3)	High Tech Industries	L + 4.00%	5.70%	3/28/2025	22,566	22,489	22,566
Pasternack Enterprises, Inc.	+ (2) (3)	Capital Equipment	L + 4.00%	5.70%	7/2/2025	22,755	22,742	22,653
Pathway Vet Alliance LLC	+ (2) (3) (7)	Consumer Services	L + 4.50%	6.21%	12/20/2024	19,085	18,708	19,217
Pharmalogic Holdings Corp.	+ (2) (3)	Healthcare & Pharmaceuticals	L + 4.00%	5.70%	6/11/2023	11,320	11,296	11,302
Premise Health Holding Corp.	^+ # (2) (3) (7)	Healthcare & Pharmaceuticals	L + 3.50%	5.60%	7/10/2025	13,723	13,665	13,501
Propel Insurance Agency, LLC	^+ (2) (3) (7)	Banking, Finance, Insurance & Real Estate	L + 4.25%	6.35%	6/1/2024	22,532	22,056	22,395
Q Holding Company	+* # (2) (3)	Automotive	L + 5.00%	6.70%	12/31/2023	21,955	21,777	21,922
QW Holding Corporation (Quala)	^+* (2) (3) (7)	Environmental Industries	L + 5.75%	7.73%	8/31/2022	11,630	11,449	11,531
Radiology Partners, Inc.	+ # (2) (3)	Healthcare & Pharmaceuticals	L + 4.75%	6.66%	7/9/2025	28,719	28,590	28,768
RevSpring Inc.	+* # (2) (3)	Media: Advertising, Printing & Publishing	L + 4.00%	5.95%	10/11/2025	24,750	24,631	24,608
Situs Group Holdings Corporation	+^ (2) (3) (7)	Banking, Finance, Insurance & Real Estate	L + 4.75%	6.45%	6/28/2025	13,715	13,621	13,697
Systems Maintenance Services Holding, Inc.	+* (2) (3)	High Tech Industries	L + 5.00%	6.70%	10/30/2023	23,765	23,672	18,180
Surgical Information Systems, LLC	+* (2) (3) (6)	High Tech Industries	L + 4.75%	7.47%	4/24/2023	26,168	26,005	25,715
T2 Systems, Inc.	^+* (2) (3) (7)	Transportation: Consumer	L + 6.75%	8.85%	9/28/2022	18,045	17,789	18,045
The Original Cakerie, Ltd. (Canada)	+* (2) (3) (7)	Beverage, Food & Tobacco	L + 5.00%	6.84%	7/20/2022	8,928	8,897	8,887
The Original Cakerie, Ltd. (Canada)	^* (2) (3) (7)	Beverage, Food & Tobacco	L + 4.50%	6.34%	7/20/2022	6,826	6,801	6,790
ThoughtWorks, Inc.	+* (2) (3)	Business Services	L + 4.00%	5.70%	10/11/2024	11,824	11,794	11,824
U.S. Acute Care Solutions, LLC	+ * (2) (3)	Healthcare & Pharmaceuticals	L + 5.00%	6.91%	5/15/2021	31,431	31,331	29,869
U.S. TelePacific Holdings Corp.	+* (2) (3)	Telecommunications	L + 5.00%	7.10%	5/2/2023	26,660	26,499	25,430
Valet Waste Holdings, Inc.	+ (2) (3)	Construction & Building	L + 3.75%	5.70%	9/28/2025	11,850	11,825	11,688
Welocalize, Inc.	+^ (2) (3) (7)	Business Services	L + 4.50%	6.21%	12/2/2024	23,038	22,788	22,787
WIRB - Copernicus Group, Inc.	+* (2) (3) (7)	Healthcare & Pharmaceuticals	L + 4.25%	5.95%	8/15/2022	20,888	20,822	20,887

Consolidated Schedule of Investments as of December 31, 2019

Investments ⁽¹⁾			Reference Rate & Spread ⁽²⁾	Interest Rate ⁽²⁾	Maturity Date	Par/ Principal Amount	Amortized Cost ⁽⁵⁾	Fair Value ⁽⁶⁾	
First Lien Debt (98.11% of fair value) (continued)									
WRE Holding Corp.	^+*	(2) (3) (7)	Environmental Industries	L + 5.00%	6.91%	1/3/2023	\$ 7,431	\$ 7,372	\$ 7,304
Zywave, Inc.	+*\	(2) (3) (7)	High Tech Industries	L + 5.00%	6.93%	11/17/2022	19,228	19,107	19,211
First Lien Debt Total							\$ 1,231,436	\$ 1,223,215	
Second Lien Debt (1.75% of fair value)									
DBI Holding, LLC	^*	(2) (3) (8)	Transportation: Cargo	8.00% PIK	8%	2/1/2026	\$ 21,150	\$ 20,697	\$ 21,150
Zywave, Inc.	*	(2) (3)	High Tech Industries	L + 9.00%	10.94%	11/17/2023	666	660	664
Second Lien Debt Total							\$ 21,357	\$ 21,814	
Equity Investments (0.15% of fair value)									
DBI Holding, LLC	^		Transportation: Cargo				16,957	\$ 5,364	\$ 1,810
Equity Investments Total								5,364	1,810
Total Investments							\$ 1,258,157	\$ 1,246,839	

^ Denotes that all or a portion of the assets are owned by Credit Fund. Credit Fund has entered into a revolving credit facility (the "Credit Fund Facility"). Accordingly, such assets are not available to creditors of Credit Fund Sub, the 2017-1 Issuer, the 2019-2 Issuer or Credit Fund Warehouse II.

+ Denotes that all or a portion of the assets are owned by Credit Fund Sub. Credit Fund Sub has entered into a revolving credit facility (the "Credit Fund Sub Facility"). The lenders of the Credit Fund Sub Facility have a first lien security interest in substantially all of the assets of Credit Fund Sub. Accordingly, such assets are not available to creditors of Credit Fund, the 2017-1 Issuer, the 2019-2 Issuer or Credit Fund Warehouse II.

* Denotes that all or a portion of the assets are owned by the 2017-1 Issuer and secure the notes issued in connection with a \$399,900 term debt securitization completed by Credit Fund on December 19, 2017 (the "2017-1 Debt Securitization"). Accordingly, such assets are not available to creditors of Credit Fund, Credit Fund Sub, the 2019-2 Issuer or Credit Fund Warehouse II.

\ Denotes that all or a portion of the assets are owned by the 2019-2 Issuer and secure the notes issued in connection with a \$399,900 term debt securitization completed by Credit Fund on May 21, 2019 (the "2019-2 Debt Securitization"). Accordingly, such assets are not available to creditors of Credit Fund, Credit Fund Sub, the 2017-1 Issuer or Credit Fund Warehouse II.

Denotes that all or a portion of the assets are owned by the Credit Fund Warehouse II. Credit Fund Warehouse II has entered into a revolving credit facility (the "Credit Fund Warehouse II"). The lenders of the Credit Fund Warehouse II Facility have a first lien security interest in substantially all of the assets of the Credit Fund Warehouse II. Accordingly, such assets are not available to creditors of Credit Fund, Credit Fund Sub, 2017-1 Issuer or 2019-2 Issuer.

- Unless otherwise indicated, issuers of investments held by Credit Fund are domiciled in the United States. As of December 31, 2019, the geographical composition of investments as a percentage of fair value was 1.26% in Canada and 98.74% in the United States. Certain portfolio company investments are subject to contractual restrictions on sales.
- Variable rate loans to the portfolio companies bear interest at a rate that is determined by reference to either LIBOR or an alternate base rate (commonly based on the Federal Funds Rate or the U.S. Prime Rate), which generally resets quarterly. For each such loan, Credit Fund has indicated the reference rate used and provided the spread and the interest rate in effect as of December 31, 2019. As of December 31, 2019, the reference rates for Credit Fund's variable rate loans were the 30-day LIBOR at 1.75%, the 90-day LIBOR at 1.91% and the 180-day LIBOR at 1.91%.
- Loan includes interest rate floor feature, which is generally 1.00%.
- Amortized cost represents original cost, including origination fees and upfront fees received that are deemed to be an adjustment to yield, adjusted for the accretion/amortization of discounts/premiums, as applicable, on debt investments using the effective interest method.
- Fair value is determined in good faith by or under the direction of the board of managers of Credit Fund, pursuant to Credit Fund's valuation policy, with the fair value of all investments determined using significant unobservable inputs, which is substantially similar to the valuation policy of the Company provided in Note 3, Fair Value Measurements.
- In addition to the interest earned based on the stated interest rate of this loan, which is the amount reflected in this schedule, Credit Fund is entitled to receive additional interest as a result of an agreement among lenders as follows: Surgical Information Systems, LLC (0.89%). Pursuant to the agreement among lenders in respect of these loans, these investments represent a first lien/last out loan, which has a secondary priority behind the first lien/first out loan with respect to principal, interest and other payments.

(7) As of December 31, 2019, Credit Fund and Credit Fund Sub had the following unfunded commitments to fund delayed draw and revolving senior secured loans:

First Lien Debt – unfunded delayed draw and revolving term loans commitments	Type	Unused Fee	Par/ Principal Amount	Fair Value
Advanced Instruments, LLC	Revolver	0.50%	\$ 563	\$ (2)
AmeriLife Group, LLC	Delayed Draw	1.00	298	(1)
Anchor Packaging, Inc.	Delayed Draw	1.00	4,487	(1)
AQA Acquisition Holding, Inc.	Revolver	0.50	2,459	(11)
Borchers, Inc.	Revolver	0.50	1,935	(3)
Clearent Newco, LLC	Delayed Draw	1.00	6,636	(110)
DecoPac, Inc.	Revolver	0.50	2,143	(7)
EIP Merger Sub, LLC (Evolve IP)	Revolver	0.50	1,680	—
EIP Merger Sub, LLC (Evolve IP)	Delayed Draw	1.00	2,240	—
HMT Holding Inc.	Revolver	0.50	6,173	(29)
Jensen Hughes, Inc.	Revolver	0.50	1,136	(11)
Jensen Hughes, Inc.	Delayed Draw	1.00	2,365	(23)
MAG DS Corp.	Revolver	0.50	2,188	(13)
Marco Technologies, LLC	Delayed Draw	1.00	7,500	—
MSHC, Inc.	Delayed Draw	1.00	1,913	(4)
Output Services Group	Delayed Draw	4.25	116	(1)
Pathway Vet Alliance LLC	Delayed Draw	1.00	19,867	68
Premise Health Holding Corp.	Delayed Draw	1.00	1,103	(17)
Propel Insurance Agency, LLC	Revolver	0.50	2,381	(10)
Propel Insurance Agency, LLC	Delayed Draw	0.50	7,143	(31)
QW Holding Corporation (Quala)	Revolver	0.50	5,498	(31)
QW Holding Corporation (Quala)	Delayed Draw	1.00	217	(1)
Situs Group Holdings Corporation	Delayed Draw	1.00	1,216	(1)
T2 Systems, Inc.	Revolver	0.50	1,369	—
The Original Cakerie, Ltd. (Canada)	Revolver	0.50	1,199	(5)
Welocalize, Inc.	Revolver	0.50	2,057	(21)
WIRB - Copernicus Group, Inc.	Revolver	0.50	1,000	—
WIRB - Copernicus Group, Inc.	Delayed Draw	1.00	2,592	—
WRE Holding Corp.	Revolver	0.50	441	(6)
WRE Holding Corp.	Delayed Draw	1.00	1,981	(25)
Zywave, Inc.	Revolver	0.50	998	(1)
Total unfunded commitments			\$ 92,894	\$ (297)

(8) Loan was on non-accrual status as of December 31, 2019.

MIDDLE MARKET CREDIT FUND, LLC
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2018
(dollar amounts in thousands)

Consolidated Schedule of Investments as of December 31, 2018

Investments ⁽¹⁾		Footnotes	Industry	Reference Rate & Spread ⁽²⁾	Interest Rate ⁽²⁾	Maturity Date	Par/Principal Amount	Amortized Cost ⁽⁵⁾	Fair Value ⁽⁶⁾
First Lien Debt (99.91% of fair value)									
Achilles Acquisition, LLC	+ \	(2) (3)	Banking, Finance, Insurance & Real Estate	L + 4.00%	6.56%	10/11/2025	\$ 18,000	\$ 17,906	\$ 17,716
Acisure, LLC	+	(2) (3)	Banking, Finance, Insurance & Real Estate	L + 4.25%	6.77%	11/22/2023	20,886	20,843	19,981
Acisure, LLC	+ \	(2) (3)	Banking, Finance, Insurance & Real Estate	L + 3.75%	6.27%	11/22/2023	11,940	11,928	11,333
Advanced Instruments, LLC	^+*	(2) (3) (8)	Healthcare & Pharmaceuticals	L + 5.25%	7.63%	10/31/2022	11,791	11,695	11,690
Ahead, LLC	^+	(2) (3) (8)	High Tech Industries	L + 4.25%	6.87%	6/29/2023	20,059	19,959	19,856
Alpha Packaging Holdings, Inc.	+*	(2) (3)	Containers, Packaging & Glass	L + 4.25%	7.05%	5/12/2020	16,860	16,830	16,813
AM Conservation Holding Corporation	+*	(2) (3)	Energy: Electricity	L + 4.50%	7.30%	10/31/2022	38,310	38,079	38,027
AQA Acquisition Holding, Inc.	^+*	(2) (3) (8)	High Tech Industries	L + 4.25%	7.05%	5/24/2023	19,148	19,111	18,978
Avalign Technologies, Inc.	+ \	(2) (3)	Healthcare & Pharmaceuticals	L + 4.50%	7.00%	12/22/2025	13,000	12,874	12,848
Big Ass Fans, LLC	+* \	(2) (3)	Capital Equipment	L + 3.75%	6.55%	5/21/2024	14,052	13,973	13,840
Borchers, Inc.	^+*	(2) (3) (8)	Chemicals, Plastics & Rubber	L + 4.50%	7.30%	11/1/2024	15,589	15,533	15,545
Brooks Equipment Company, LLC	+*	(2) (3)	Construction & Building	L + 5.00%	7.71%	8/29/2020	5,948	5,940	5,935
Clearent Newco, LLC	^+	(2) (3) (8)	High Tech Industries	L + 4.00%	6.52%	3/20/2024	23,093	22,702	22,819
DBI Holding, LLC	+*	(2) (3) (9)	Transportation: Cargo	L + 5.25%	7.76%	8/1/2021	34,494	34,276	25,400
DBI Holding, LLC	^		Transportation: Cargo	15% (100% PIK)	7.76%	2/1/2020	1,119	1,119	1,119
DecoPac, Inc.	^+*	(2) (3) (8)	Non-durable Consumer Goods	L + 4.25%	7.05%	9/29/2024	12,696	12,571	12,619
Dent Wizard International Corporation	+	(2) (3)	Automotive	L + 4.00%	6.51%	4/7/2020	24,256	24,183	24,110
DTI Holdco, Inc.	+* \	(2) (3)	High Tech Industries	L + 4.75%	7.28%	9/30/2023	19,081	18,941	17,793
EIP Merger Sub, LLC (Evolve IP)	+*	(2) (3) (4)	Telecommunications	L + 5.75%	8.27%	6/7/2022	22,358	21,923	21,788
EIP Merger Sub, LLC (Evolve IP)	*	(2) (3) (7)	Telecommunications	L + 5.75%	8.27%	6/7/2022	1,500	1,469	1,462
Eliassen Group, LLC	+	(2) (3)	Business Services	L + 4.50%	7.00%	11/5/2024	6,250	6,226	6,202
Exactech, Inc.	+ \	(2) (3)	Healthcare & Pharmaceuticals	L + 3.75%	6.27%	2/14/2025	12,903	12,849	12,741
Executive Consulting Group, LLC, Inc.	^+	(2) (3) (8)	Business Services	L + 4.50%	7.30%	6/20/2024	15,318	15,168	15,132
Golden West Packaging Group LLC	+*	(2) (3)	Containers, Packaging & Glass	L + 5.25%	7.77%	6/20/2023	30,180	29,978	29,760
HMT Holding Inc.	^+*	(2) (3) (8)	Energy: Oil & Gas	L + 4.50%	7.02%	11/17/2023	33,490	32,902	33,172
J.S. Held, LLC	+*	(2) (3)	Banking, Finance, Insurance & Real Estate	L + 4.50%	7.30%	9/25/2024	20,309	20,137	19,998
Jensen Hughes, Inc.	^+*	(2) (3) (8)	Utilities: Electric	L + 4.50%	7.30%	3/22/2024	27,978	27,896	27,382
Kestra Financial, Inc.	+*	(2) (3)	Banking, Finance, Insurance & Real Estate	L + 4.25%	6.76%	6/24/2022	21,744	21,547	21,690
MAG DS Corp.	^+	(2) (3) (8)	Aerospace & Defense	L + 4.75%	7.27%	6/6/2025	22,885	22,679	22,665
Maravai Intermediate Holdings, LLC	+ \	(2)	Healthcare & Pharmaceuticals	L + 4.25%	6.81%	8/2/2025	29,925	29,640	29,578

Consolidated Schedule of Investments as of December 31, 2018

Investments ⁽¹⁾	Footnotes	Industry	Reference Rate & Spread ⁽²⁾	Interest Rate ⁽²⁾	Maturity Date	Par/Principal Amount	Amortized Cost ⁽⁵⁾	Fair Value ⁽⁶⁾	
First Lien Debt (99.91% of fair value) (continued)									
Mold-Rite Plastics, LLC	+	(2) (3)	Chemicals, Plastics & Rubber	L + 4.50%	7.30%	12/14/2021	14,850	14,793	14,762
MSHC, Inc.	^+*	(2) (3) (8)	Construction & Building	L + 4.25%	6.89%	7/31/2023	23,579	23,514	23,088
Newport Group Holdings II, Inc.	+ \	(2)	Banking, Finance, Insurance & Real Estate	L + 3.75%	6.54%	9/13/2025	17,790	17,666	17,564
North American Dental Management, LLC	^+*	(2) (3) (8)	Healthcare & Pharmaceuticals	L + 5.25%	8.04%	7/7/2023	37,781	37,329	37,093
North Haven CA Holdings, Inc.	^+*	(2) (3) (8)	Business Services	L + 4.50%	7.02%	10/2/2023	35,139	34,789	34,401
Odyssey Logistics & Technology Corporation	+* \	(2) (3)	Transportation: Cargo	L + 4.00%	6.52%	10/12/2024	39,680	39,496	39,149
Output Services Group	^+ \	(2) (3) (8)	Media: Advertising, Printing & Publishing	L + 4.25%	6.77%	3/27/2024	17,400	17,338	16,663
PAI Holdco, Inc.	+*	(2) (3)	Automotive	L + 4.25%	7.05%	1/5/2025	19,727	19,637	19,459
Park Place Technologies, Inc.	+ \	(2) (3)	High Tech Industries	L + 4.00%	6.52%	3/29/2025	15,922	15,856	15,639
Pasternack Enterprises, Inc.	+	(2) (3)	Capital Equipment	L + 4.00%	6.52%	7/2/2025	20,076	20,076	19,745
Pharmalogic Holdings Corp.	^+	(2) (3) (8)	Healthcare & Pharmaceuticals	L + 4.00%	6.52%	6/11/2023	7,017	6,995	6,949
Ping Identity Corporation	+ \	(2) (3)	High Tech Industries	L + 3.75%	6.27%	1/25/2025	4,975	4,956	4,915
Premier Senior Marketing, LLC	*	(2) (3)	Banking, Finance, Insurance & Real Estate	L + 4.25%	6.75%	11/30/2025	4,953	4,953	4,875
Premise Health Holding Corp.	^+ \	(2) (3) (8)	Healthcare & Pharmaceuticals	L + 3.75%	6.55%	7/10/2025	13,862	13,805	13,717
Propel Insurance Agency, LLC	^+	(2) (3) (8)	Banking, Finance, Insurance & Real Estate	L + 4.25%	6.75%	6/1/2024	21,088	20,535	20,628
PSI Services, LLC	^+*	(2) (3) (8)	Business Services	L + 5.00%	7.52%	1/20/2023	29,919	29,469	29,239
Q Holding Company	+*	(2) (3)	Automotive	L + 5.00%	7.52%	12/18/2021	17,099	17,058	16,969
QW Holding Corporation (Quala)	^+*	(2) (3) (8)	Environmental Industries	L + 6.75%	9.22%	8/31/2022	9,704	9,338	9,489
RevSpring, Inc.	+* \	(2) (3)	Media: Advertising, Printing & Publishing	L + 4.25%	7.05%	10/11/2025	20,000	19,953	19,680
Situs Group Holdings Corporation	+	(2) (3)	Banking, Finance, Insurance & Real Estate	L + 4.50%	7.02%	2/26/2023	8,915	8,892	8,887
Surgical Information Systems, LLC	+*	(2) (3) (7)	High Tech Industries	L + 4.85%	7.37%	4/24/2023	27,708	27,494	27,171
Systems Maintenance Services Holding, Inc.	+*	(2) (3)	High Tech Industries	L + 5.00%	7.52%	10/28/2023	24,010	23,907	17,842
T2 Systems Canada, Inc.	+	(2) (3)	Transportation: Consumer	L + 6.75%	9.34%	9/28/2022	2,646	2,598	2,630
T2 Systems, Inc.	^+*	(2) (3) (8)	Transportation: Consumer	L + 6.75%	9.34%	9/28/2022	15,775	15,484	15,677
The Original Cakerie, Co. (Canada)	+*	(2) (3)	Beverage, Food & Tobacco	L + 5.00%	7.50%	7/20/2022	9,019	8,968	8,932
The Original Cakerie, Ltd. (Canada)	+	(2) (3) (8)	Beverage, Food & Tobacco	L + 4.50%	7.02%	7/20/2022	6,957	6,917	6,883
ThoughtWorks, Inc.	+* \	(2) (3)	Business Services	L + 4.00%	6.52%	10/12/2024	11,944	11,909	11,770
U.S. Acute Care Solutions, LLC	+*	(2) (3)	Healthcare & Pharmaceuticals	L + 5.00%	7.52%	5/15/2021	31,705	31,540	31,395
U.S. TelePacific Holdings Corp.	+* \	(2) (3)	Telecommunications	L + 5.00%	7.80%	5/2/2023	26,660	26,459	24,768
Upstream Intermediate, LLC	^+	(2) (3) (8)	Healthcare & Pharmaceuticals	L + 4.25%	6.77%	1/3/2024	17,939	17,863	17,677

Consolidated Schedule of Investments as of December 31, 2018

Investments ⁽¹⁾	Footnotes	Industry	Reference Rate & Spread ⁽²⁾	Interest Rate ⁽²⁾	Maturity Date	Par/Principal Amount	Amortized Cost ⁽⁵⁾	Fair Value ⁽⁶⁾
First Lien Debt (99.91% of fair value) (continued)								
Valet Waste Holdings, Inc.	+ \ (2) (3)	Construction & Building	L + 4.00%	6.52%	9/28/2025	\$ 11,970	\$ 11,947	\$ 11,902
Valicor Environmental Services, LLC	^+* (2) (3) (8)	Environmental Industries	L + 4.75%	7.27%	6/1/2023	33,410	32,914	32,995
WIRB - Copernicus Group, Inc.	^+* (2) (3) (8)	Healthcare & Pharmaceuticals	L + 4.25%	6.77%	8/15/2022	17,194	17,098	16,931
WRE Holding Corp.	^+* (2) (3) (8)	Environmental Industries	L + 5.00%	7.52%	1/3/2023	7,238	7,162	6,993
Zywave, Inc.	^+* (2) (3) (8)	High Tech Industries	L + 5.00%	7.52%	11/17/2022	18,050	17,914	17,991
First Lien Debt Total							\$ 1,197,499	\$ 1,172,460
Second Lien Debt (0.09% of fair value)								
Zywave, Inc.	* (2) (3)	High Tech Industries	L + 9.00%	11.65%	11/17/2023	1,050	\$ 1,038	\$ 1,048
Second Lien Debt Total							\$ 1,038	\$ 1,048
Total Investments							\$ 1,198,537	\$ 1,173,508

^ Denotes that all or a portion of the assets are owned by Credit Fund. Credit Fund has entered into the Credit Fund Facility. The lenders of the Credit Fund Facility have a first lien security interest in substantially all of the assets of Credit Fund. Accordingly, such assets are not available to creditors of Credit Fund Sub, the 2017-1 Issuer or the Credit Fund Warehouse.

+ Denotes that all or a portion of the assets are owned by Credit Fund Sub. Credit Fund Sub has entered into a revolving credit facility (the "Credit Fund Sub Facility"). The lenders of the Credit Fund Sub Facility have a first lien security interest in substantially all of the assets of Credit Fund Sub. Accordingly, such assets are not available to creditors of Credit Fund, the 2017-1 Issuer or the Credit Fund Warehouse.

* Denotes that all or a portion of the assets are owned by the 2017-1 Issuer and secure the notes issued in connection with a \$399,900 term debt securitization completed by Credit Fund on December 19, 2017 (the "2017-1 Debt Securitization"). Accordingly, such assets are not available to creditors of Credit Fund, Credit Fund Sub or the Credit Fund Warehouse.

\ Denotes that all or a portion of the assets are owned by the Credit Fund Warehouse. Credit Fund Warehouse has entered into a revolving credit facility (the "Credit Fund Warehouse Facility"). The lenders of the Credit Fund Warehouse Facility have a first lien security interest in substantially all of the assets of the Credit Fund Warehouse. Accordingly, such assets are not available to creditors of Credit Fund, Credit Fund Sub or the 2017-1 Issuer.

- Unless otherwise indicated, issuers of investments held by Credit Fund are domiciled in the United States. As of December 31, 2018, the geographical composition of investments as a percentage of fair value was 1.35% in Canada and 98.65% in the United States. Certain portfolio company investments are subject to contractual restrictions on sales.
- Variable rate loans to the portfolio companies bear interest at a rate that may be determined by reference to either LIBOR or an alternate base rate (commonly based on the Federal Funds Rate or the U.S. Prime Rate), which generally resets quarterly. For each such loan, Credit Fund has provided the interest rate in effect as of December 31, 2018. As of December 31, 2018, all of Credit Fund's LIBOR loans were indexed to the 30-day LIBOR at 2.50%, the 90-day LIBOR at 2.81% and the 180-day LIBOR at 2.88%.
- Loan includes interest rate floor feature, which is generally 1.00%.
- Credit Fund receives less than the stated interest rate of this loan as a result of an agreement among lenders. The interest rate reduction is 1.20% on EIP Merger Sub, LLC (Evolve IP). Pursuant to the agreement among lenders in respect of this loan, this investment represents a first lien/first out loan, which has first priority ahead of the first lien/last out loan with respect to principal, interest and other payments.
- Amortized cost represents original cost, including origination fees and upfront fees received that are deemed to be an adjustment to yield, adjusted for the accretion/amortization of discounts/premiums, as applicable, on debt investments using the effective interest method.
- Fair value is determined in good faith by or under the direction of the board of managers of Credit Fund, pursuant to Credit Fund's valuation policy, with the fair value of all investments determined using significant unobservable inputs, which is substantially similar to the valuation policy of the Company provided in Note 3, Fair Value Measurements.
- In addition to the interest earned based on the stated interest rate of this loan, which is the amount reflected in this schedule, Credit Fund is entitled to receive additional interest as a result of an agreement among lenders as follows: EIP Merger Sub, LLC (Evolve IP) (3.75%) and Surgical Information Systems, LLC (0.89%). Pursuant to the agreement among lenders in respect of this loan, this investment represents a first lien/last out loan, which has a secondary priority behind the first lien/first out loan with respect to principal, interest and other payments.

(8) As of December 31, 2018, Credit Fund had the following unfunded commitments to fund delayed draw and revolving senior secured loans:

First Lien Debt – unfunded delayed draw and revolving term loans commitments	Type	Unused Fee	Par/ Principal Amount	Fair Value
Advanced Instruments, LLC	Revolver	0.50%	\$ 1,333	\$ (10)
Ahead, LLC	Revolver	0.50	4,688	(38)
AQA Acquisition Holding, Inc.	Revolver	0.50	2,459	(19)
Borchers, Inc.	Revolver	0.50	1,935	(5)
Clearent Newco, LLC	Delayed Draw	1.00	4,988	(46)
Clearent Newco, LLC	Revolver	0.50	1,760	(16)
DecoPac, Inc.	Revolver	0.50	2,143	(11)
Executive Consulting Group, LLC, Inc.	Revolver	0.50	2,368	(25)
HMT Holding Inc.	Revolver	0.50	6,173	(49)
Jensen Hughes, Inc.	Revolver	0.50	2,000	(39)
Jensen Hughes, Inc.	Delayed Draw	1.00	337	(7)
MAG DS Corp.	Revolver	0.50	2,022	(18)
MSHC, Inc.	Delayed Draw	0.32	9,852	(145)
North American Dental Management, LLC	Revolver	0.50	2,000	(35)
North Haven CA Holdings, Inc. (CoAdvantage)	Revolver	0.50	6,114	(109)
Output Services Group	Delayed Draw	4.25	2,518	(93)
Pharmalogic Holdings Corp.	Delayed Draw	1.00	2,947	(20)
Premise Health Holding Corp.	Delayed Draw	1.00	1,103	(11)
Propel Insurance Agency, LLC	Delayed Draw	0.50	7,143	(110)
Propel Insurance Agency, LLC	Revolver	0.50	1,667	(26)
PSI Services LLC	Revolver	0.50	754	(17)
QW Holding Corporation (Quala)	Revolver	0.50	5,498	(52)
T2 Systems, Inc.	Revolver	0.50	1,173	(7)
The Original Cakerie, Ltd. (Canada)	Revolver	0.50	1,132	(10)
Upstream Intermediate, LLC	Revolver	0.50	1,606	(22)
Valicor Environmental Services, LLC	Revolver	0.50	4,971	(54)
WIRB - Copernicus Group, Inc.	Delayed Draw	1.00	6,480	(69)
WIRB - Copernicus Group, Inc.	Revolver	0.50	1,000	(11)
WRE Holding Corp.	Delayed Draw	0.89	2,069	(51)
WRE Holding Corp.	Revolver	0.50	613	(15)
Zywave, Inc.	Revolver	0.50	600	(2)
Total unfunded commitments			\$ 91,446	\$ (1,142)

(9) Loan was on non-accrual status as of December 31, 2018.

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

MIDDLE MARKET CREDIT FUND, LLC
CONSOLIDATED STATEMENTS OF OPERATIONS
(dollar amounts in thousands)

	For the years ended December 31,	
	2019	2018
Investment income:		
Interest income	\$ 91,942	\$ 80,161
Other income	2,150	2,399
Total investment income	94,092	82,560
Expenses:		
Interest expense	56,361	49,498
Credit facility fees	2,867	2,438
Other general and administrative	916	1,149
Professional fees	848	691
Administrative service fees	137	148
Organization expenses	329	—
Total expenses	61,458	53,924
Net investment income	32,634	28,636
Net realized gain (loss) and net change in unrealized appreciation (depreciation) on investments:		
Net realized gain (loss) on investments	(8,285)	33
Net change in unrealized appreciation (depreciation) on investments	13,711	(26,133)
Net realized gain (loss) and net change in unrealized appreciation (depreciation) on investments	5,426	(26,100)
Net increase in members' equity resulting from operations	\$ 38,060	\$ 2,536

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

MIDDLE MARKET CREDIT FUND, LLC
CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY
(dollar amounts in thousands)

	For the years ended December 31,	
	2019	2018
Increase (decrease) in members' equity resulting from operations:		
Net investment income (loss)	\$ 32,634	\$ 28,636
Net realized gain (loss) on investments	(8,285)	33
Net change in unrealized appreciation (depreciation) on investments	13,711	(26,133)
Net increase (decrease) in members' capital resulting from operations	38,060	2,536
Capital transactions:		
Dividends declared	(31,500)	(30,500)
Net increase (decrease) in members' equity resulting from capital transactions	(31,500)	(30,500)
Net increase (decrease) in members' equity	6,560	(27,964)
Members' equity (deficit) at beginning of year	(27,432)	532
Members' deficit at end of year	\$ (20,872)	\$ (27,432)

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

MIDDLE MARKET CREDIT FUND, LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollar amounts in thousands)

	For the years ended December 31,	
	2019	2018
Cash flows from operating activities:		
Net increase (decrease) in members' equity resulting from operations	\$ 38,060	\$ 2,536
Adjustments to reconcile net increase (decrease) in members' equity resulting from operations to net cash provided by (used in) operating activities:		
Payment-in-kind interest	(66)	—
Amortization of deferred financing costs	1,604	1,541
Amortization of discount on notes	137	—
Net accretion of discount on investments	(5,135)	(3,625)
Net realized (gain) loss on investments	8,285	(33)
Net change in unrealized (appreciation) depreciation on investments	(13,711)	26,133
Cost of investments purchased and change in payable for investments purchased	(480,015)	(495,147)
Proceeds from sales and repayments of investments	416,187	287,263
<i>Changes in operating assets:</i>		
Interest receivable	(2,877)	193
Prepaid expenses and other assets	(642)	2
<i>Changes in operating liabilities:</i>		
Due to affiliate	(146)	17
Interest and credit facility fees payable	(444)	4,058
Other liabilities	(650)	(235)
Net cash provided by (used in) operating activities	(39,413)	(177,297)
Cash flows from financing activities:		
Proceeds from issuance of subordinated loans	11,000	63,000
Borrowings on Credit Fund Facility and Credit Fund Sub Facility	350,070	359,385
Borrowings on Credit Fund Warehouse	34,544	101,044
Borrowings on Credit Fund Warehouse II	97,571	—
Repayments of Credit Fund Facility and Credit Fund Sub Facility	(496,698)	(239,687)
Repayments on Credit Fund Warehouse	(135,589)	—
Repayments of 2017-1 CLO notes	(101,196)	(40,131)
Proceeds from issuance of 2019-2 CLO notes	351,580	
Repayments of 2019-2 CLO notes	(29,634)	
Debt issuance costs paid	(2,245)	(1,338)
Dividends paid in cash	(30,900)	(28,780)
Net cash provided by (used in) financing activities	48,503	213,493
Net increase (decrease) in cash and cash equivalents	9,090	36,196
Cash and cash equivalents, beginning of year	55,698	19,502
Cash and cash equivalents, end of year	\$ 64,787	\$ 55,698
Supplemental disclosures:		
Dividends declared during the year	\$ 31,500	\$ 30,500
Interest paid during the year	\$ 54,941	\$ 45,277
Taxes paid during the year	\$ 554	\$ 415

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

MIDDLE MARKET CREDIT FUND, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019
(dollar amounts in thousands)

1. ORGANIZATION

Middle Market Credit Fund, LLC (“Credit Fund”) is a Delaware limited liability company formed on February 4, 2016. On February 29, 2016, TCG BDC, Inc. (“TCG BDC”) and Credit Partners USA LLC (“Credit Partners” and, together with TCG BDC, the “Members” and, each, a “Member”) entered into an amended and restated limited liability company agreement (as amended, the “LLC Agreement”) to co-manage Credit Fund. Credit Fund is managed by a six-member board of managers (“Board of Managers”), on which TCG BDC and Credit Partners (each, a “Member, and collectively, the “Members”) each have equal representation. Investment decisions must be unanimously approved by a quorum of the investment committee, which is comprised of persons appointed equally by each Member (“Investment Committee”). The Members each have 50% economic ownership of Credit Fund and have commitments to fund, from time to time, capital and subordinated loans of up to \$400,000 each. Credit Fund commenced substantial operations on May 11, 2016, the date of the first capital call.

Credit Fund’s investment objective is to generate current income and capital appreciation primarily through debt investments in U.S. middle market companies.

Middle Market Credit Fund SPV, LLC (the “Credit Fund Sub”), MMCF CLO 2017-1 LLC (the “2017-1 Issuer”), MMCF CLO 2019-2, LLC (the “2019-2 Issuer”, formerly known as MMCF Warehouse, LLC (the “Credit Fund Warehouse”) and MMCF Warehouse II, LLC (the “Credit Fund Warehouse II), each a Delaware limited liability company, were formed on April 5, 2016, October 6, 2017, November 26, 2018 and August 16, 2019, respectively. Credit Fund Sub, the 2017-1 Issuer, the 2019-2 Issuer and the Credit Fund Warehouse II are wholly owned subsidiaries of Credit Fund and are consolidated in Credit Fund’s consolidated financial statements commencing from the date of their respective formations. Credit Fund Sub, the 2017-1 Issuer, the 2019-2 Issuer and Credit Fund Warehouse II primarily invest in first lien loans of middle market companies. Credit Fund and its wholly owned subsidiaries follow the same Internal Risk Rating System as the TCG BDC.

Carlyle Global Credit Administration L.L.C. (the “Administrator”) provides the administrative services necessary for Credit Fund to operate. The Administrator is a wholly owned subsidiary of Carlyle Investment Management L.L.C., a subsidiary of The Carlyle Group Inc. (formerly, The Carlyle Group, L.P.). “Carlyle” refers to The Carlyle Group Inc. and its consolidated subsidiaries, a global investment firm publicly traded on the Nasdaq Global Select Market under the symbol “CG”.

Credit Fund has a five-year investment period commencing on February 29, 2016, as such period may be extended, suspended or sooner terminated pursuant to the terms of the LLC Agreement. After the end of the investment period, the LLC Agreement will continue to be in full force and effect and Credit Fund will not be dissolved until all the investments are amortized, liquidated or are otherwise transferred or disposed of by Credit Fund, the Credit Fund Sub, the 2017-1 Issuer, the 2019-2 Issuer, the Credit Warehouse II and, if applicable, any other subsidiary.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”). Credit Fund is an investment company for the purposes of accounting and financial reporting in accordance with Financial Accounting Standards Board Accounting Standards Update 2013-08, Financial Services—Investment Companies (Topic 946): *Amendments to the Scope, Measurement, and Disclosure Requirements*. U.S. GAAP for an investment company requires investments to be recorded at their estimated fair value. The carrying value for all other assets and liabilities approximates their fair value.

Principles of Consolidation

The consolidated financial statements include the accounts of Credit Fund and its wholly owned subsidiaries, the Credit Fund Sub, the 2017-1 Issuer, the 2019-2 Issuer and the Credit Fund Warehouse II. All significant intercompany balances and transactions have been eliminated.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make assumptions and estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management's estimates are based on historical experiences and other factors, including expectations of future events that management believes to be reasonable under the circumstances. It also requires management to exercise judgment in the process of applying Credit Fund's accounting policies. Assumptions and estimates regarding the valuation of investments and their resulting impact on base management and incentive fees involve a higher degree of judgment and complexity and these assumptions and estimates may be significant to the consolidated financial statements. Actual results could differ from these estimates and such differences could be material.

Investments

Investment transactions are recorded on the trade date. Realized gains or losses are measured by the difference between the net proceeds from the repayment or sale and the amortized cost basis of the investment using the specific identification method without regard to unrealized appreciation or depreciation previously recognized, and includes investments charged off during the period, net of recoveries. Net change in unrealized appreciation or depreciation on investments as presented in the accompanying Consolidated Statements of Operations reflects the net change in the fair value of investments, including the reversal of previously recorded unrealized appreciation or depreciation when gains or losses are realized. See Note 3 for further information about fair value measurements.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits and highly liquid investments (e.g., money market funds, U.S. treasury notes) with original maturities of three months or less. Cash equivalents are carried at amortized cost, which approximates fair value. Credit Fund's cash and cash equivalents are held with two large financial institutions and cash held in such financial institutions may, at times, exceed the Federal Deposit Insurance Corporation insured limit. As of December 31, 2019 and 2018, there were no cash equivalents held.

Revenue Recognition

Interest from Investments and Realized Gain/Loss on Investments

Interest income is recorded on an accrual basis and includes the accretion of discounts and amortization of premiums. Discounts from and premiums to par value on debt investments purchased are accreted/amortized into interest income over the life of the respective security using the effective interest method. The amortized cost of debt investments represents the original cost, including origination fees, adjusted for the accretion of discounts and amortization of premiums, if any. At time of exit, the realized gain or loss on an investment is the difference between the amortized cost at time of exit and the cash received at exit using the specific identification method.

Credit Fund may have loans in its portfolio that contain payment-in-kind ("PIK") provisions. PIK represents interest that is accrued and recorded as interest income at the contractual rates, increases the loan principal on the respective capitalization dates, and is generally due at maturity. As of December 31, 2019, the fair value of the loans in the portfolio with PIK provisions was \$21,150 and \$1,119, respectively. For the years ended December 31, 2019 and 2018, Credit Fund earned \$66 and \$1 in PIK income, respectively, included in interest income in the accompanying Consolidated Statements of Operations.

Other Income

Other income may include income such as consent, waiver, amendment, unused, syndication and prepayment fees associated with Credit Fund's investment activities as well as any fees for managerial assistance services rendered by Credit Fund to portfolio companies. Such fees are recognized as income when earned or the services are rendered. Credit Fund may receive fees for guaranteeing the outstanding debt of a portfolio company. Such fees will be amortized into other income over

the life of the guarantee. The unamortized amount, if any, is included in other assets in the accompanying Consolidated Statements of Assets, Liabilities and Members' Capital. For the years ended December 31, 2019 and 2018, Credit Fund earned \$2,150 and \$2,399, respectively, in other income.

Non-Accrual Income

Loans are generally placed on non-accrual status when principal or interest payments are past due 30 days or more or when there is reasonable doubt that principal or interest will be collected in full. Accrued and unpaid interest is generally reversed when a loan is placed on non-accrual status. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon management's judgment regarding collectability. Non-accrual loans are restored to accrual status when past due principal and interest are paid current and, in management's judgment, are likely to remain current. Management may not place a loan on non-accrual status if the loan has sufficient collateral value and is in the process of collection. As of December 31, 2019 and 2018, the fair value of the loan in the portfolio on non-accrual status was \$21,150 and \$25,400, respectively. The remaining first and second lien debt investments were performing and current on their interest payments as of December 31, 2019 and 2018.

Credit Fund Facilities, 2017-1 Notes, 2019-2 Notes and Related Costs, Expenses and Deferred Financing Costs

Interest expense and unused commitment fees on the Credit Fund Facility and Credit Fund Sub Facility (collectively, the "Credit Fund Facilities") are recorded on an accrual basis. Unused commitment fees are included in credit facility fees in the accompanying Consolidated Statements of Operations.

The Credit Fund Facilities are recorded at carrying value, which approximates fair value.

Deferred financing costs include capitalized expenses related to the closing of the Credit Fund Facilities. Amortization of deferred financing costs for each credit facility is computed on the straight-line basis over the respective term of each credit facility. The amortization of such costs is included in credit facility fees in the accompanying Consolidated Statements of Operations.

Debt issuance costs include capitalized expenses including structuring and arrangement fees related to the offering of the 2017-1 Notes and 2019-2 Notes (collectively, the "Notes"). Amortization of debt issuance costs for the Notes is computed on the effective yield method over the term of the respective Notes. The unamortized balance of such costs is presented as a direct deduction to the carrying amount of the respective Notes in the accompanying Consolidated Statements of Assets, Liabilities and Members' Equity. The amortization of such costs is included in interest expense in the accompanying Consolidated Statements of Operations.

The Notes are recorded at carrying value, which approximates fair value.

Organization Costs

Credit Fund agreed to reimburse each Member for initial organization costs incurred on behalf of Credit Fund up to \$150 per member. As of December 31, 2019, \$300 of organization costs had been incurred by Credit Fund and \$28 of excess organization and offering costs had been incurred by TCG BDC. Credit Fund's organization costs incurred are expensed when incurred.

Income Taxes

Credit Fund has elected to be treated as a partnership for U.S. federal income tax purposes. No provision is made for federal or state income taxes since income and losses are allocated to the individual Members who are responsible for reporting such and paying any taxes thereon. However, certain items of income distributed to Members may be subject to withholding or other taxes on behalf of those Members. Credit Fund has not recorded a liability for any uncertain tax positions pursuant to the provisions of Accounting Standards Codification (ASC) 740, *Tax Provisions*.

Credit Fund is not subject to federal and state taxes although it may be subject to local taxes in relation to loans originated by Credit Fund. Credit Fund is subject to New York City unincorporated business tax ("UBT"). For the years ended December 31, 2019 and 2018, UBT, including related interest and penalties, of \$228 and \$795, respectively, was included within other general and administrative in the accompanying Consolidated Statements of Operations.

The Credit Fund Sub, 2017-1 Issuer, 2019-2 Issuer and Credit Fund Warehouse II are disregarded entities for tax purposes and are consolidated with the tax return of Credit Fund.

Allocations to Members

To the extent that Credit Fund has income (loss) net of expenses accrued in accordance with the LLC Agreement, net realized gain (loss) and net change in unrealized appreciation (depreciation) on investments, calculated in accordance with U.S. GAAP, Credit Fund will allocate such amounts among the Members pro rata based on their respective membership interests in accordance with the LLC Agreement.

Capital Calls and Dividends and Distributions to Members

Capital contributions are made by the Members on a pro rata basis based on their respective capital commitments and recorded on the effective date of the contributions. To the extent that Credit Fund has taxable income available, Credit Fund intends to make distributions quarterly in an amount equal to the investment company taxable income and net capital gains (each as computed under Subchapter M of the Code) earned in the preceding quarter, shared among the Members on a pro rata basis based on their respective membership interests. Dividends and distributions to members are recorded on the record date. The amount to be distributed is determined by the Members with prior board approval each quarter and is generally based upon the taxable earnings estimated by management and available cash. Net realized capital gains, if any, are generally distributed at least annually, although Credit Fund may decide to retain such capital gains for investment. Such payments to Members relating to their membership interests are reflected as dividends.

The Members, with prior board approval, may determine to make a distribution in addition to that required above from available cash or cash equivalents received from one or more investments (whether from principal repayment or otherwise and after reduction of any applicable withholding or reserves). Any such distributions shall be shared among the Members as follows:

- (i) first, to pay any outstanding loans made by a Member or its affiliates, with prior board approval, to temporarily fund obligations for valid company purposes listed in the LLC Agreement until capital contributions are made by the Members and any interest accrued thereon;
- (ii) second, to the Members in respect of any accrued and unpaid interest on the subordinated loans contributed by Members as subsequent capital contributions to Credit Fund in proportion to the outstanding balances of such subordinated loans;
- (iii) third, to the Members in respect of any unpaid principal amount of the subordinated loans contributed by Members as subsequent capital contributions to Credit Fund in proportion to the outstanding balance of such subordinated loans; and
- (iv) fourth, to the Members as distributions in respect of their limited liability company interests in Credit Fund in proportion to their respective capital account balances.

Functional Currency

The functional currency of Credit Fund is the U.S. Dollar and all transactions were in U.S. Dollars.

Recent Accounting Standards Updates

On June 16, 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This ASU is intended to introduce new guidance for the accounting for credit losses on instruments within scope based on an estimate of current expected credit losses. The guidance will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019, with early adoption permitted. Credit Fund does not expect the adoption of ASU 2016-13 to have a material impact on its consolidated financial statements.

3. FAIR VALUE MEASUREMENTS

Credit Fund applies fair value accounting in accordance with the terms of Financial Accounting Standards Board ASC Topic 820, *Fair Value Measurement* (“ASC 820”). ASC 820 defines fair value as the amount that would be exchanged to sell an asset or transfer a liability in an orderly transfer between market participants at the measurement date. Credit Fund values securities/instruments traded in active markets on the measurement date by multiplying the closing price of such traded securities/instruments by the quantity of shares or amount of the instrument held. Credit Fund may also obtain quotes with respect to certain of its investments, such as its securities/instruments traded in active markets and its liquid securities/instruments that are not traded in active markets, from pricing services, brokers, or counterparties (i.e., “consensus pricing”).

When doing so, Credit Fund determines whether the quote obtained is sufficient according to U.S. GAAP to determine the fair value of the security. Credit Fund may use the quote obtained or alternative pricing sources may be utilized including valuation techniques typically utilized for illiquid securities/instruments.

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 Credit Fund's investments may fluctuate from period to period. Because of the inherent uncertainty of valuation, these estimated values may differ significantly from the values that would have been reported had a ready market for the investments existed, and it is reasonably possible that the difference could be material.

In addition, changes in the market environment and other events that may occur over the life of the investments may cause the realized gains or losses on investments to be different from the net change in unrealized appreciation or depreciation currently reflected in the consolidated financial statements as of December 31, 2019 and 2018.

U.S. GAAP establishes a hierarchical disclosure framework which ranks the level of observability of market price inputs used in measuring investments at fair value. The observability of inputs is impacted by a number of factors, including the type of investment and the characteristics specific to the investment and state of the marketplace, including the existence and transparency of transactions between market participants. Investments with readily available quoted prices or for which fair value can be measured from quoted prices in active markets generally have a higher degree of market price observability and a lesser degree of judgment applied in determining fair value.

Investments measured and reported at fair value are classified and disclosed based on the observability of inputs used in determination of fair values, as follows:

- Level 1—inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date. The types of financial instruments in Level 1 generally include unrestricted securities, including equities and derivatives, listed in active markets. Credit Fund does not adjust the quoted price for these investments, even in situations where Credit Fund holds a large position and a sale could reasonably impact the quoted price.
- Level 2—inputs to the valuation methodology are either directly or indirectly observable as of the reporting date and are those other than quoted prices in active markets. The type of financial instruments in this category generally includes less liquid and restricted securities listed in active markets, securities traded in other than active markets, government and agency securities, and certain over-the-counter derivatives where the fair value is based on observable inputs.
- Level 3—inputs to the valuation methodology are unobservable and significant to overall fair value measurement. The inputs into the determination of fair value require significant management judgment or estimation. Financial instruments that are in this category generally include investments in privately-held entities and certain over-the-counter derivatives where the fair value is based on unobservable inputs.

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 overall fair value measurement. Credit Fund's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

Transfers between levels, if any, are recognized at the beginning of the year in which the transfers occur. For the years ended December 31, 2019 and 2018, there were no transfers between levels.

The following tables summarize Credit Fund's investments measured at fair value on a recurring basis by the above fair value hierarchy levels as of December 31, 2019 and 2018:

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Assets				
First Lien Debt	\$ —	\$ —	\$ 1,223,215	\$ 1,223,215
Second Lien Debt	—	—	21,814	21,814
Equity Investments	—	—	1,810	1,810
Total	\$ —	\$ —	\$ 1,246,839	\$ 1,246,839

	December 31, 2018			
	Level 1	Level 2	Level 3	Total
Assets				
First Lien Debt	\$ —	\$ —	\$ 1,172,460	\$ 1,172,460
Second Lien Debt	—	—	1,048	1,048
Total	\$ —	\$ —	\$ 1,173,508	\$ 1,173,508

The changes in Credit Fund's investments at fair value for which Credit Fund has used Level 3 inputs to determine fair value and net change in unrealized appreciation (depreciation) included in earnings for Level 3 investments still held are as follows:

	Financial Assets for the Year Ended December 31, 2019			
	First Lien Debt	Second Lien Debt	Equity Investments	Total
Balance, beginning of year	\$ 1,172,460	\$ 1,048	\$ —	\$ 1,173,508
Purchases	452,968	20,626	5,364	478,958
Sales	(41,731)	—	—	(41,731)
Paydowns	(374,073)	(384)	—	(374,457)
Accretion of discount	5,058	77	—	5,135
Net realized gains (losses)	(8,285)	—	—	(8,285)
Net change in unrealized appreciation (depreciation)	16,818	447	(3,554)	13,711
Balance, end of year	\$ 1,223,215	\$ 21,814	\$ 1,810	\$ 1,246,839
Net change in unrealized appreciation (depreciation) included on the Consolidated Statements of Operations related to investments still held at the reporting date	\$ 6,535	\$ 447	\$ (3,554)	\$ 3,428

	Financial Assets for the Year Ended December 31, 2018		
	First Lien Debt	Second Lien Debt	Total
Balance, beginning of year	\$ 978,718	\$ 6,055	\$ 984,773
Purchases	498,813	—	498,813
Sales	—	—	—
Paydowns	(282,603)	(5,000)	(287,603)
Accretion of discount	3,573	52	3,625
Net realized gains (losses)	34	(1)	33
Net change in unrealized appreciation (depreciation)	(26,075)	(58)	(26,133)
Balance, end of year	\$ 1,172,460	\$ 1,048	\$ 1,173,508
Net change in unrealized appreciation (depreciation) included on the Consolidated Statements of Operations related to investments still held at the reporting date	\$ (24,942)	\$ (15)	\$ (24,957)

Credit Fund generally uses the following framework when determining the fair value of investments that are categorized as Level 3:

Investments in debt securities are initially evaluated to determine whether the enterprise value of the portfolio company is greater than the applicable debt. The enterprise value of the portfolio company is estimated using a market approach and an income approach. The market approach utilizes market value (EBITDA) multiples of publicly traded comparable companies and available precedent sales transactions of comparable companies. Credit Fund carefully considers numerous factors when selecting the appropriate companies whose multiples are used to value its portfolio companies. These factors include, but are not limited to, the type of organization, similarity to the business being valued, relevant risk factors,

as well as size, profitability and growth expectations. The income approach typically uses a discounted cash flow analysis of the portfolio company.

Investments in debt securities that do not have sufficient coverage through the enterprise value analysis are valued based on an expected probability of default and discount recovery analysis.

Investments in debt securities with sufficient coverage through the enterprise value analysis are generally valued using a discounted cash flow analysis of the underlying security. Projected cash flows in the discounted cash flow typically represent the relevant security's contractual interest, fees and principal payments plus the assumption of full principal recovery at the security's expected maturity date. The discount rate to be used is determined using an average of two market-based methodologies. Investments in debt securities may also be valued using consensus pricing.

The following table summarizes the quantitative information related to the significant unobservable inputs for Level 3 instruments which are carried at fair value as of December 31, 2019 and 2018:

	Fair Value as of December 31, 2019	Valuation Techniques	Significant Unobservable Inputs	Range		Weighted Average
				Low	High	
Investments in First Lien Debt	\$ 1,011,544	Discounted Cash Flow	Discount Rate	3.86%	7.83%	5.57%
	211,671	Consensus Pricing	Indicative Quotes	76.50	100.17	96.39
Total First Lien Debt	1,223,215					
Investments in Second Lien Debt	664	Discounted Cash Flow	Discount Rate	10.23%	10.23%	10.23%
	21,150	Income Approach	Discount Rate	10.33%	10.33%	10.33%
		Market Approach	Comparable Multiple	8.73x	8.73x	8.73x
Total Second Lien Debt	21,814					
Equity Investments	1,810	Income Approach	Discount Rate	10.33%	10.33%	10.33%
		Market Approach	Comparable Multiple	8.73x	8.73x	8.73x
Total Equity Investments	1,810					
Total Level 3 Investments	\$ 1,246,839					

	Fair Value as of December 31, 2018	Valuation Techniques	Significant Unobservable Inputs	Range		Weighted Average
				Low	High	
Investments in First Lien Debt	\$ 1,055,342	Discount Cash Flow	Discount Rate	6.54%	17.30%	7.86%
	91,717	Consensus Pricing	Indicative Quotes	74.31	95.67	90.20
	25,401	Income Approach	Discount Rate	13.27%	13.27%	13.27%
		Market Approach	Comparable Multiple	7.43x	7.43x	7.43x
Total First Lien Debt	\$ 1,172,460					
Investments in Second Lien Debt	1,048	Discounted Cash Flow	Discount Rate	11.93%	11.93%	11.93%
Total Second Lien Debt	\$ 1,048					
Total Level 3 Investments	\$ 1,173,508					

The significant unobservable inputs used in the fair value measurement of Credit Fund's investments in first and second lien debt securities are discount rates and indicative quotes. Significant increases in discount rates would result in a significantly lower fair value measurement. Significant decreases in indicative quotes in isolation may result in a significantly lower fair value measurement.

The significant unobservable inputs used in the fair value measurement of the Company's investment in equities are discount rates and comparable EBITDA multiples. Significant increases in discount rates would result in a significantly lower fair value measurement. Significant decreases in comparable EBITDA multiples would result in a significantly lower fair value measurement.

Financial instruments disclosed but not carried at fair value

The following table presents the carrying value and fair value of Credit Fund's secured borrowings, mezzanine loans, and subordinated loans disclosed but not carried at fair value as of December 31, 2019 and 2018:

	December 31, 2019		December 31, 2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Secured borrowings	\$ 441,077	\$ 441,077	\$ 572,178	\$ 572,178
Mezzanine loans	93,000	93,000	112,000	112,000
Subordinated loans	247,000	226,128	236,000	208,568
Total	\$ 781,077	\$ 760,205	\$ 920,178	\$ 892,746

The carrying values of the secured borrowings and mezzanine loans approximate their respective fair values and are categorized as Level III within the hierarchy.

Secured borrowings are valued generally using discounted cash flow analysis. The significant unobservable inputs used in the fair value measurement of Credit Fund's secured borrowings are discount rates. Significant increases in discount rates would result in a significantly lower fair value measurement.

Mezzanine loans and subordinated loans are valued using discounted cash flow analysis with expected recovery rate of principal and interest. The significant unobservable inputs used in the fair value measurement of the mezzanine loans are recovery rates of principal and interest. Significant decreases in recovery rates would result in a significantly lower fair value measurement. The significant unobservable inputs used in the fair value measurement of the subordinated loans are discount rates, default rates and recovery rates. Significant increases in discount rates or default rates would result in a significantly lower fair value measurement. Significant decreases in recovery rates would result in a significantly lower fair value measurement.

The following tables represent the carrying values (before debt issuance costs and discount) and fair values of Credit Fund's 2017-1 Notes and 2019-2 Notes disclosed but not carried at fair value as of December 31, 2019 and 2018:

2017-1 Notes	December 31, 2019		December 31, 2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Class A-1 Notes	\$ 90,373	\$ 90,046	\$ 191,569	\$ 191,330
Class A-2 Notes	48,300	47,845	48,300	47,608
Class B-1 Notes	15,000	14,703	15,000	14,621
Class B-2 Notes	9,000	8,876	9,000	8,743
Class C Notes	22,900	22,213	22,900	21,782
Class D Notes	25,100	24,422	25,100	24,033
Total	\$ 210,673	\$ 208,105	\$ 311,869	\$ 308,117

2019-2 Notes	December 31, 2019	
	Carrying Value	Fair Value
Class A-1 Notes	\$ 203,366	\$ 203,136
Class A-2 Notes	48,000	48,245
Class B Notes	23,000	23,249
Class C Notes	27,000	27,000
Class D Notes	21,000	21,000
Total	\$ 322,366	\$ 322,630

The fair value determination of Credit Fund's 2017-1 Notes and 2019-2 Notes was based on the market quotation(s) received from broker/dealer(s). These fair value measurements were based on significant inputs not observable and thus represent Level 3 measurements as defined in the accounting guidance for fair value measurement.

The carrying value of other financial assets and liabilities approximates their fair value based on the short term nature of these items.

4. RELATED PARTY TRANSACTIONS

Administration Agreement

On February 29, 2016, Credit Fund's Board of Managers approved an administration agreement (the "Administration Agreement") between Credit Fund and the Administrator. Pursuant to the Administration Agreement, the Administrator provides services and receives reimbursements equal to an amount that reimburses the Administrator for its costs and expenses and Credit Fund's allocable portion of overhead incurred by the Administrator in performing its obligations under the Administration Agreement, including Credit Fund's allocable portion of the compensation paid to or compensatory distributions received by Credit Fund's officer and respective staff who provide services to Credit Fund, operations staff who provide services to Credit Fund. Reimbursement under the Administration Agreement occurs quarterly in arrears.

The initial term of the Administration Agreement was two years from February 29, 2016 and, unless terminated earlier, the Administration Agreement renews automatically for successive annual periods. The Administration Agreement may not be assigned by a party without the consent of the other party and may be terminated by either party without penalty upon at least 60 days' written notice to the other party.

For the years ended December 31, 2019 and 2018 Credit Fund incurred \$137 and \$148, respectively, in fees under the Administrative Agreement, which were included in administrative service fees in the accompanying Consolidated Statements of Operations. As of December 31, 2019 and 2018, \$14 and \$14, respectively, was unpaid and included in other accrued expenses and liabilities in the accompanying Consolidated Statements of Assets, Liabilities and Members' Capital.

Sub-Administration Agreements

On February 29, 2016, the Administrator entered into sub-administration agreements with Carlyle Employee Co. Pursuant to the agreement, Carlyle Employee Co. provides the Administrator with access to personnel.

On April 5, 2016, the Administrator entered into a sub-administration agreement with State Street Bank and Trust Company (the "Sub-Administration Agreement"). This Agreement shall commence on the date hereof and shall continue in full force and effect until terminated. The Sub-Administration Agreement may not be assigned by a party without the consent of the other party and may be terminated by either party without penalty upon at least 60 days' written notice to the other party.

For the years ended December 31, 2019 and 2018, fees incurred in connection with the Sub-Administration Agreement, which amounted to \$300 and \$300, respectively, were included in other general and administrative in the accompanying Consolidated Statements of Operations. As of December 31, 2019 and 2018, \$150 and \$150, respectively, was unpaid and included in other accrued expenses and liabilities in the accompanying Consolidated Statements of Assets, Liabilities and Members' Capital.

Transactions with TCG BDC

During the years ended December 31, 2019 and 2018, the Credit Fund purchased two and four investments, respectively, from TCG BDC for proceeds of \$34,728 and \$85,002, respectively.

Other

No management or incentive fees are incurred by Credit Fund.

5. BORROWINGS

Credit Fund Facilities

The Credit Fund, Credit Fund Sub and Credit Fund Warehouse II are party to separate credit facilities as described below. In addition, until May 15, 2019, the 2019-2 Issuer (formerly known as the Credit Fund Warehouse) was party to the Credit Fund Warehouse Facility. As of December 31, 2019, Credit Fund, Credit Fund Sub, and Credit Fund Warehouse II were in compliance with all covenants and other requirements of their respective credit facility agreements. As of December 31, 2018, Credit Fund, Credit Fund Sub and the 2019-2 Issuer were in compliance with all covenants and other requirements of their respective credit facility agreements. Below is a summary of the borrowings and repayments under the credit facilities for the respective periods.

	Credit Fund Facility	Credit Fund Sub Facility	Credit Fund Warehouse Facility	Credit Fund Warehouse II Facility
Outstanding balance as of December 31, 2017	\$ 85,750	\$ 377,686	\$ —	N/A
Borrowings	120,150	239,235	101,044	N/A
Repayments	(93,900)	(145,787)	—	N/A
Outstanding balance as of December 31, 2018	112,000	471,134	101,044	—
Borrowings	126,200	223,870	34,544	97,571
Repayments	(145,200)	(351,498)	(135,588)	—
Outstanding balance as of December 31, 2019	<u>\$ 93,000</u>	<u>\$ 343,506</u>	<u>\$ —</u>	<u>\$ 97,571</u>

Credit Fund Facility. On June 24, 2016, Credit Fund closed on the Credit Fund Facility, which was subsequently amended on June 5, 2017, October 2, 2017, November 3, 2017, June 22, 2018, June 29, 2018 and February 21, 2019, from which Credit Fund may from time to time request mezzanine loans from TCG BDC. The maximum principal amount of the Facility is \$175,000, subject to availability under the Credit Fund Facility, which is based on certain advance rates multiplied by the value of Credit Fund's portfolio investments net of certain other indebtedness that Credit Fund may incur in accordance with the terms of the Credit Fund Facility. Proceeds of the Credit Fund Facility may be used for general corporate purposes, including the funding of portfolio investments. Amounts drawn under the Credit Fund Facility bear interest at the greater of zero and LIBOR plus an applicable spread of 9.00% and such interest payments are made quarterly. The availability period under the Credit Fund Facility will terminate on March 22, 2020, which is also its maturity date upon which Credit Fund is obligated to repay any outstanding borrowings.

Credit Fund Sub Facility. On June 24, 2016, the Credit Fund Sub closed on the Credit Fund Sub Facility with lenders, which was subsequently amended on May 31, 2017, October 27, 2017, August 24, 2018 and December 12, 2019. The Credit Fund Sub Facility provides for secured borrowings during the applicable revolving period up to an amount equal to \$640,000 (the borrowing base as calculated pursuant to the terms of the Credit Fund Sub Facility). The aggregate maximum credit commitment can be increased up to an amount not to exceed \$1,400,000, subject to certain restrictions and conditions set forth in the Credit Fund Sub Facility, including adequate collateral to support such borrowings. The Credit Fund Sub Facility has a revolving period through May 21, 2021 and a maturity date of May 22, 2024, which may be extended by mutual agreement of the parties to the Credit Fund Sub Facility. Borrowings under the Credit Fund Sub Facility bear interest initially at the applicable commercial paper rate (if the lender is a conduit lender) or LIBOR (or, if applicable, a

rate based on the prime rate or federal funds rate) plus 2.25% per year during the revolving period and plus 3.75% per year thereafter. The Credit Fund Sub is also required to pay an undrawn commitment fee of between 0.50% and 0.75% per year depending on the usage of the Credit Fund Sub Facility. Payments under the Credit Fund Sub Facility are made quarterly. Subject to certain exceptions, the Facility is secured by a first lien security interest in substantially all of the portfolio investments held by the Credit Fund Sub.

Credit Fund Warehouse Facility. On November 26, 2018, Credit Fund Warehouse closed on the Credit Fund Warehouse Facility with lenders. The Credit Fund Warehouse Facility provided for secured borrowings during the applicable revolving period up to an amount equal to \$150,000. The Credit Fund Warehouse Facility was secured by a first lien security interest in substantially all of the portfolio investments held by the Credit Fund Warehouse. The maturity date of the Credit Fund Warehouse Facility was November 26, 2019. Amounts borrowed under the Credit Fund Warehouse Facility bore interest at a rate of LIBOR plus 1.05%. Effective May 15, 2019, the Warehouse Facility changed its name from “MMCF Warehouse, LLC” to “MMCF CLO 2019-2, LLC” and secured borrowings outstanding were repaid in connection with the 2019-2 Debt Securitization.

Credit Fund Warehouse II Facility. On August 16, 2019, Credit Fund Warehouse II closed on a revolving credit facility (the “Credit Fund Warehouse II Facility”) with lenders. The Credit Fund Warehouse II Facility provides for secured borrowings during the applicable revolving period up to an amount equal to \$150,000. The Credit Fund Warehouse II Facility is secured by a first lien security interest in substantially all of the portfolio investments held by the Credit Fund Warehouse II Facility. The maturity date of the Credit Fund Warehouse II Facility is August 16, 2022. Amounts borrowed under the Credit Fund Warehouse II Facility bear interest at a rate of LIBOR plus 1.05% for the first 12 months, LIBOR plus 1.15% for the next 12 months and LIBOR plus 1.50% in the final 12 months.

Summary of Facilities

The facilities of Credit Fund, Credit Fund Sub, Credit Fund Warehouse and Credit Fund Warehouse II consisted of the following as of December 31, 2019 and 2018:

	December 31, 2019		
	Total Facility	Borrowings Outstanding	Unused Portion ⁽¹⁾
Secured borrowings - Credit Fund Sub Facility	\$ 640,000	\$ 343,506	\$ 296,494
Secured borrowings - Credit Fund Warehouse Facility II	150,000	97,571	52,429
Mezzanine loans	175,000	93,000	82,000
Total	<u>\$ 965,000</u>	<u>\$ 534,077</u>	<u>\$ 430,923</u>

	December 31, 2018		
	Total Facility	Borrowings Outstanding	Unused Portion ⁽¹⁾
Secured borrowings - Credit Fund Sub Facility	\$ 640,000	\$ 471,134	\$ 168,866
Secured borrowings - Credit Fund Warehouse Facility	150,000	101,044	48,956
Mezzanine loans	175,000	112,000	63,000
Total	<u>\$ 965,000</u>	<u>\$ 684,178</u>	<u>\$ 280,822</u>

(1) The unused portion is the amount upon which commitment fees are based.

As of December 31, 2019 and 2018, \$6,716 and \$10,151 of interest expense, respectively, \$567 and \$224 of unused commitment fees, respectively, and \$41 and \$29 of other fees, respectively, were included in interest and credit facility fees payable. As of December 31, 2019 and 2018, the interest rate was 5.17% and 5.28%, respectively, based on floating LIBOR rates. For the years ended December 31, 2019 and 2018, the weighted average interest rates were 5.83% and 6.06%. For the years ended December 31, 2019 and 2018, average principal debt outstanding was \$585,401 and \$587,364, respectively

For the years ended December 31, 2019 and 2018, the components of interest expense and credit facility fees on the facilities were as follows:

	For the years ended December 31,	
	2019	2018
Interest expense	\$ 34,110	\$ 35,606
Facility unused commitment fee	1,772	1,086
Amortization of deferred financing costs	951	1,233
Other fees	86	119
Total interest expense and credit facility fees	\$ 36,919	\$ 38,044
Cash paid for interest expense	\$ 36,891	\$ 34,175

6. Notes

2017-1 Notes

On December 19, 2017, Credit Fund completed the 2017-1 Debt Securitization. The notes offered in the 2017-1 Debt Securitization (the “2017-1 Notes”) were issued by the 2017-1 Issuer, a wholly owned and consolidated subsidiary of Credit Fund, and are secured by a diversified portfolio of the 2017-1 Issuer consisting primarily of first and second lien senior secured loans. The 2017-1 Debt Securitization was executed through a private placement of the 2017-1 Notes, consisting of:

- \$231,700 of Aaa/AAA Class A-1 Notes, which bear interest at the three-month LIBOR plus 1.17%;
- \$48,300 of Aa2/AA Class A-2 Notes, which bear interest at the three-month LIBOR plus 1.50%;
- \$15,000 of A2/A Class B-1 Notes, which bear interest at the three-month LIBOR plus 2.25%;
- \$9,000 of A2/A Class B-2 Notes which bear interest at 4.30%;
- \$22,900 of Baa2/BBB Class C Notes which bear interest at the three-month LIBOR plus 3.20%; and
- \$25,100 of Ba2/BB Class D Notes which bear interest at the three-month LIBOR plus 6.38%.

The 2017-1 Notes are scheduled to mature on January 15, 2028. Credit Fund received 100% of the preferred interests issued by the 2017-1 Issuer (the “2017-1 Issuer Preferred Interests”) on the closing date of the 2017-1 Debt Securitization in exchange for Credit Fund's contribution to the 2017-1 Issuer of the initial closing date loan portfolio. The 2017-1 Issuer Preferred Interests do not bear interest and had a nominal value of \$47,900 at closing.

On the closing date of the 2017-1 Debt Securitization, the 2017-1 Issuer effected a one-time distribution to the Credit Fund of a substantial portion of the proceeds of the private placement of the 2017-1 Notes, net of expenses, which distribution was used to repay a portion of certain amounts outstanding under the Credit Fund Sub Facility and the Credit Fund Facility. As part of the 2017-1 Debt Securitization, certain first and second lien senior secured loans were distributed by the Credit Fund Sub to the Company pursuant to a distribution and contribution agreement. Credit Fund contributed the loans that comprised the initial closing date loan portfolio (including the loans distributed to Credit Fund from the Credit Fund Sub) to the 2017-1 Issuer pursuant to a contribution agreement. Assets of the 2017-1 Issuer are not available to the creditors of the Credit Fund Sub or Credit Fund. In connection with the issuance and sale of the 2017-1 Notes, Credit Fund made customary representations, warranties and covenants in the purchase agreement.

Credit Fund (the “Servicer”) serves as servicer to the 2017-1 Issuer under a servicing agreement (the “Servicing Agreement”). Pursuant to the Servicing Agreement, the 2017-1 Issuer will pay servicing fees (“Servicing Fees”) to the Servicer for servicing the portfolio. As per the Servicing Agreement, for the period Credit Fund retains all of the 2017-1 Issuer Preferred Interests, the Servicer will not earn Servicing Fees for providing such portfolio servicing. Credit Fund

currently retains all of the 2017-1 Issuer Preferred Interests, thus the Servicer did not earn any Servicing Fees from the 2017-1 Issuer for the year ended December 31, 2019. Any such waived fees may not be recaptured by the Servicer.

The 2017-1 Issuer pays ongoing administrative expenses to the trustee, independent accountants, legal counsel, rating agencies and independent managers in connection with developing and maintaining reports, and providing required services in connection with the administration of the 2017-1 Issuer.

As of December 31, 2019, there were 31 first lien and second lien senior secured loans with a total fair value of approximately \$231,984 securing the 2017-1 Notes. The pool of loans in the securitization must meet certain requirements, including asset mix and concentration, term, agency rating, collateral coverage, minimum coupon, minimum spread and sector diversity requirements in the indenture governing the 2017-1 Notes.

For the years ended December 31, 2019 and 2018, the weighted average interest rate, which includes amortization of debt issuance costs on the 2017-1 Notes, were 4.21% and 4.3% respectively, based on floating LIBOR rates.

For the years ended December 31, 2019 and 2018, the components of interest expense on the 2017-1 Notes were as follows:

	For the years ended December 31,	
	2019	2018
Interest expense	\$ 11,856	\$ 13,584
Amortization of deferred financing costs	302	204
Amortization of discount	101	104
Total interest expense and credit facility fees	\$ 12,259	\$ 13,892
Cash paid for interest expense	\$ 12,839	\$ 11,102

2019-2 Notes

On May 21, 2019, Credit Fund completed the 2019-2 Debt Securitization. The notes offered in the 2019-2 Debt Securitization (the “2019-2 Notes”) were issued by the 2019-2 Issuer, a wholly owned and consolidated subsidiary of Credit Fund, and are secured by a diversified portfolio of the 2019-2 Issuer consisting primarily of first and second lien senior secured loans. The 2019-2 Debt Securitization was executed through a private placement of the 2019-2 Notes, consisting of:

- \$233,000 of Aaa/AAA Class A-1 Notes, which bear interest at the three-month LIBOR plus 1.50%;
- \$48,000 of Aa2/AA Class A-2 Notes, which bear interest at the three-month LIBOR plus 2.40%;
- \$23,000 of A2/A Class B Notes, which bear interest at the three-month LIBOR plus 3.45%;
- \$27,000 of Baa2/BBB- Class C Notes which bear interest at the three-month LIBOR plus 4.55%; and
- \$21,000 of Ba2/BB- Class D Notes which bear interest at the three-month LIBOR plus 8.03%.

The 2019-2 Notes are scheduled to mature on April 15, 2029. Credit Fund received 100% of the preferred interests issued by the 2019-2 Issuer (the “2019-2 Issuer Preferred Interests”) on the closing date of the 2019-2 Debt Securitization in exchange for Credit Fund’s contribution to the 2019-2 Issuer of the initial closing date loan portfolio. The 2019-2 Issuer Preferred Interests do not bear interest and had a nominal value of \$48,300 at closing.

On the closing date of the 2019-2 Debt Securitization, the 2019-2 Issuer effected a one-time distribution to the Credit Fund of a substantial portion of the proceeds of the private placement of the 2019-2 Notes, net of expenses, which distribution was used to repay amounts outstanding under the Credit Fund Warehouse Facility. As part of the 2019-2 Debt Securitization, certain first and second lien senior secured loans were distributed by the Credit Fund Warehouse to the Company pursuant to a distribution and contribution agreement. Credit Fund contributed the loans that comprised the initial closing date loan portfolio (including the loans distributed to Credit Fund from the Credit Fund Warehouse) to the 2019-2 Issuer pursuant to a contribution agreement. Assets of the 2019-2 Issuer are not available to the creditors of the Credit Fund Warehouse or Credit Fund. In connection with the issuance and sale of the 2019-2 Notes, Credit Fund made customary representations, warranties and covenants in the purchase agreement.

Credit Fund (“Servicer”) serves as servicer to the 2019-2 Issuer under a servicing agreement (the “Servicing Agreement”). Pursuant to the Servicing Agreement, Credit Fund has waived payment of servicing fees by the 2019-2 Issuer (“Servicing Fees”) so long as Credit Fund, or any affiliate thereof, is acting as servicer. Therefore, the Servicer did not earn

any Servicing Fees from the 2019-2 Issuer for the period ended December 31, 2019. Any such waived fees may not be recaptured by the Servicer.

The 2019-2 Issuer pays ongoing administrative expenses to the trustee, independent accountants, legal counsel, rating agencies and independent managers in connection with developing and maintaining reports, and providing required services in connection with the administration of the 2019-2 Issuer.

As of December 31, 2019, there were 49 first lien and second lien senior secured loans with a total fair value of approximately \$343,402 securing the 2019-2 Notes. The pool of loans in the securitization must meet certain requirements, including asset mix and concentration, term, agency rating, collateral coverage, minimum coupon, minimum spread and sector diversity requirements in the indenture governing the 2019-2 Notes.

For the period from May 21, 2019 (date of issuance of the 2019-2 Notes) through December 31, 2019, the weighted average interest rate, which includes amortization of debt issuance costs on the 2019-2 Notes, was 4.46%, based on floating LIBOR rates.

For the period ended December 31, 2019, the components of interest expense on the 2019-2 Notes were as follows:

Interest expense	\$	9,893
Amortization of deferred financing costs		448
Amortization of discount		37
Total interest expense and credit facility fees	\$	10,378
Cash paid for interest expense	\$	6,782

7. MEMBERS' EQUITY AND SUBORDINATED LOANS

The Members each have 50% economic ownership of Credit Fund and have commitments to fund, from time to time, capital and subordinated loans of up to \$400,000 each. Funding of such commitments generally requires the approval of the board of Credit Fund, including the board members appointed by the Members.

For the years ended December 31, 2019 and 2018, TCG BDC and Credit Partners each made capital contributions of and \$5,500 and \$31,500, respectively, in subordinated loans to Credit Fund. As of December 31, 2019 and 2018, Credit Fund had subordinated loans of \$247,000 and \$236,000, respectively, and members' equity of \$2 and \$2, respectively. The subordinated loans have a stated interest rate of 0.001% and a maturity date of March 1, 2021, unless extended by the Members.

As of December 31, 2019 and 2018, TCG BDC and Credit Partners have remaining commitments to fund, from time to time, capital of up to \$276,499 and \$281,999 each, respectively.

8. COMMITMENTS AND CONTINGENCIES

A summary of significant contractual payment obligations was as follows as of December 31, 2019 and 2018:

Payment Due by Period	As of December 31,	
	2019	2018
Less than 1 Year	\$ 93,000	\$ 213,044
1-3 Years	344,571	—
3-5 Years	343,506	236,000
More than 5 Years	533,039	780,248
Total	\$ 1,314,116	\$ 1,229,292

In the ordinary course of its business, Credit Fund enters into contracts or agreements that contain indemnification and warranties. Future events could occur that lead to the execution of these provisions against Credit Fund. Credit Fund believes that the likelihood of such an event is remote; however, the maximum potential exposure is unknown. No accrual has been made in the consolidated financial statements as of December 31, 2019 and 2018 for any such exposure.

As of December 31, 2019 and 2018, Credit Fund had remaining \$552,998 and \$563,998, respectively, in total capital commitments from the members.

Credit Fund had the following unfunded commitments to fund delayed draw and revolving senior secured loans as of the indicated dates:

	Par Value as of December 31,	
	2019	2018
Unfunded delayed draw commitments	\$ 59,674	\$ 37,437
Unfunded revolving term loan commitments	33,220	54,009
Total unfunded commitments	\$ 92,894	\$ 91,446

9. LEGAL MATTERS

Credit Fund may become party to certain lawsuits in the ordinary course of business. Credit Fund does not believe that the outcome of current matters, if any, will materially impact Credit Fund or its consolidated financial statements. As of December 31, 2019 and 2018, Credit Fund was not subject to any material legal proceedings, nor, to Credit Fund's knowledge, is any material legal proceeding threatened against Credit Fund.

10. CONSOLIDATED FINANCIAL HIGHLIGHTS

	For the years ended December 31,	
	2019	2018
Internal rate of return ⁽¹⁾	N/M	N/M
Ratios and supplemental data		
Ratios to average members' equity		
Operating expenses ⁽²⁾	248650.0%	221300%
Interest expense ⁽²⁾	2834500.0%	2474900%
Total expenses ⁽²⁾	3083150.0%	2696200%
Net investment income ⁽³⁾	1621450.0%	1431800%

(1) The internal rate of return since inception ("IRR") was computed based on the dates of members' equity contributions to Credit Fund, distributions from Credit Fund to Members in respect of their equity, and the fair value of the members' equity as of December 31, 2019 and 2018. The IRR of the Members is net of all fees and expenses. Because IRR does not include contributions from, distribution to or the carrying value of the Members' subordinated loans, the IRRs for the years ended December 31, 2019 and 2018 are not a meaningful measure of Credit Fund's performance for its Members. Inclusive of contributions from, distribution to and the carrying value of the Members' equity and subordinated loans, the IRR of the Members' equity and subordinated loans for the period from the commencement of operations to December 31, 2019 and 2018 was 9.62% and 7.58%, respectively.

(2) The expense ratios are calculated as the total operating expenses allocated to the Members divided by the fair value of the Members' weighted average capital balance for the period presented as defined by the disclosure requirements for investment companies. Pursuant to the LLC Agreement, there are no management or incentive fees. Expenses were not annualized in calculating the expense ratio. Because the expense ratios do not include the carrying value of the Members' weighted average subordinated loans, the expense ratios for the period from the year ended December 31, 2019 and 2018 are not a meaningful measure of Credit Fund's expenses for its Members. Inclusive of the carrying value of the Members' equity and subordinated loans, the total expense ratio of the Members' equity and subordinated loans for the years ended December 31, 2019 and 2018 were 28.7% and 27.8%, respectively.

(3) The net investment income ratio is the excess of the Members' investment income over total expenses divided by the fair value of the Members' weighted average capital balance for the period presented. Net investment income was not annualized in calculating the net investment income ratio. Because the net investment income ratio does not include the carrying value of the Members' weighted average subordinated loans, the net investment income ratios for the years ended December 31, 2019 and 2018 are not a meaningful measure of Credit Fund's net investment income for its Members. Inclusive of the carrying value of the Members' equity and subordinated loans, the net

investment income ratio of the Members' equity and subordinated loans for the years ended December 31, 2019 and 2018 were 15.1% and 14.8%, respectively.

11. SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 25, 2020, which is the date the consolidated financial statements were available to be issued. There have been no subsequent events that require recognition or disclosure through such date.