

PROSPECT CAPITAL CORP
Form 10-Q
February 08, 2017

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

FORM 10-Q

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

For the quarterly period ended December 31, 2016

OR

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

Commission File Number: 814-00659

PROSPECT CAPITAL CORPORATION

(Exact name of Registrant as specified in its charter)

Maryland 43-2048643
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

10 East 40th Street, 42nd Floor
New York, New York 10016
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (212)
448-0702

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 and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted 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 and post 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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

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

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

Class of Common Stock	Outstanding at February 8, 2017
\$0.001 par value	359,296,184

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FORWARD-LOOKING STATEMENTS

This report contains information that may constitute “forward-looking statements.” Generally, the words “believe,” “expect,” “intend,” “estimate,” “anticipate,” “project,” “will” and similar expressions identify forward-looking statements, which generally are not historical in nature. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future—including statements relating to volume growth, share of sales and earnings per share growth, and statements expressing general views about future operating results—are forward-looking statements. Management believes that these forward-looking statements are reasonable as and when made. However, caution should be taken not to place undue reliance on any such forward-looking statements because such statements speak only as of the date when made. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations or projections. These risks and uncertainties include, but are not limited to, those described in Part II, “Item 1A. Risk Factors” and elsewhere in this report and in our Annual Report on Form 10-K for the year ended June 30, 2016, and those described from time to time in our future reports filed with the Securities and Exchange Commission.

PART I

Item 1. Financial Statements

PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES

(in thousands, except share and per share data)

	December 31, 2016 (Unaudited)	June 30, 2016 (Audited)
Assets		
Investments at fair value:		
Control investments (amortized cost of \$1,880,883 and \$1,768,220, respectively)	\$ 1,867,410	\$ 1,752,449
Affiliate investments (amortized cost of \$8,530 and \$10,758, respectively)	7,819	11,320
Non-control/non-affiliate investments (amortized cost of \$4,222,503 and \$4,312,122, respectively)	4,061,770	4,133,939
Total investments at fair value (amortized cost of \$6,111,916 and \$6,091,100, respectively)	5,936,999	5,897,708
Cash	203,911	317,798
Receivables for:		
Interest, net	23,943	12,127
Other	6,484	168
Prepaid expenses	670	855
Deferred financing costs on Revolving Credit Facility (Note 4)	6,141	7,525
Total Assets	6,178,148	6,236,181
Liabilities		
Revolving Credit Facility (Notes 4 and 8)	—	—
Prospect Capital InterNotes® (Notes 7 and 8)	947,172	893,210
Convertible Notes (Notes 5 and 8)	909,505	1,074,361
Public Notes (Notes 6 and 8)	737,311	699,368
Due to Prospect Capital Management (Note 13)	52,212	54,149
Interest payable	38,419	40,804
Dividends payable	29,915	29,758
Due to Prospect Administration (Note 13)	3,010	1,765
Accrued expenses	2,885	2,259
Other liabilities	3,123	3,633
Due to broker	—	957
Total Liabilities	2,723,552	2,800,264
Commitments and Contingencies (Note 3)	—	—
Net Assets	\$ 3,454,596	\$ 3,435,917
Components of Net Assets		
Common stock, par value \$0.001 per share (1,000,000,000 common shares authorized; 359,000,280 and 357,107,231 issued and outstanding, respectively) (Note 9)	\$ 359	\$ 357
Paid-in capital in excess of par (Note 9)	3,981,732	3,967,397
Accumulated overdistributed net investment income	(16,907)	(3,623)
Accumulated net realized loss	(335,671)	(334,822)
Net unrealized loss	(174,917)	(193,392)
Net Assets	\$ 3,454,596	\$ 3,435,917
Net Asset Value Per Share (Note 16)	\$9.62	\$9.62

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share data)
(Unaudited)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2016	2015	2016	2015
Investment Income				
Interest income:				
Control investments	\$48,281	\$51,429	\$94,190	\$103,373
Affiliate investments	—	11	—	896
Non-control/non-affiliate investments	87,465	88,161	174,125	181,869
Structured credit securities	39,045	46,902	78,126	91,668
Total interest income	174,791	186,503	346,441	377,806
Dividend income:				
Control investments	1,282	13,545	3,522	16,758
Non-control/non-affiliate investments	97	1	241	3
Total dividend income	1,379	13,546	3,763	16,761
Other income:				
Control investments	3,856	3,270	6,796	5,679
Non-control/non-affiliate investments	3,454	5,872	6,312	9,196
Total other income (Note 10)	7,310	9,142	13,108	14,875
Total Investment Income	183,480	209,191	363,312	409,442
Operating Expenses				
Base management fee (Note 13)	30,886	31,781	61,678	64,735
Income incentive fee (Note 13)	21,101	25,224	40,831	48,034
Interest and credit facility expenses	40,848	42,205	82,517	84,162
Allocation of overhead from Prospect Administration (Note 13)	2,657	2,000	6,190	6,178
Audit, compliance and tax related fees	1,058	1,192	2,453	3,069
Directors' fees	112	94	225	188
Other general and administrative expenses	2,413	5,802	6,094	10,941
Total Operating Expenses	99,075	108,298	199,988	217,307
Net Investment Income	84,405	100,893	163,324	192,135
Net Realized and Change in Unrealized Gains (Losses) from Investments				
Net realized (losses) gains				
Control investments	178	(8)	183	(9)
Affiliate investments	—	—	137	—
Non-control/non-affiliate investments	(260)	(5,310)	312	(7,444)
Net realized (losses) gains	(82)	(5,318)	632	(7,453)
Net change in unrealized gains (losses)				
Control investments	(11,068)	(37,104)	2,298	(77,287)
Affiliate investments	853	241	(1,273)	346
Non-control/non-affiliate investments	26,896	(153,784)	17,450	(174,981)
Net change in unrealized gains (losses)	16,681	(190,647)	18,475	(251,922)
Net Realized and Change in Unrealized Gains (Losses) from Investments	16,599	(195,965)	19,107	(259,375)
Net realized losses on extinguishment of debt	(124)	(48)	(185)	(63)
Net Increase (Decrease) in Net Assets Resulting from Operations	\$100,880	\$(95,120)	\$182,246	\$(67,303)
Net increase (decrease) in net assets resulting from operations per share	\$0.28	\$(0.27)	\$0.51	\$(0.19)

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Dividends declared per share	\$ (0.25)	\$ (0.25)	\$ (0.50)	\$ (0.50)
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See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

(in thousands, except share data)

(Unaudited)

	Six Months Ended December 31,	
	2016	2015
Operations		
Net investment income	\$163,324	\$192,135
Net realized gains (losses)	447	(7,516)
Net change in unrealized gains (losses)	18,475	(251,922)
Net Increase (Decrease) in Net Assets Resulting from Operations	182,246	(67,303)
Distributions to Shareholders		
Distribution from net investment income	(179,097)	(177,942)
Net Decrease in Net Assets Resulting from Distributions to Shareholders	(179,097)	(177,942)
Common Stock Transactions		
Offering costs from issuance of common stock	—	118
Repurchase of common stock under stock repurchase program	—	(34,140)
Value of shares issued through reinvestment of dividends	15,530	7,645
Net Increase (Decrease) in Net Assets Resulting from Common Stock Transactions	15,530	(26,377)
Total Increase (Decrease) in Net Assets	18,679	(271,622)
Net assets at beginning of period	3,435,917	3,703,049
Net Assets at End of Period (Accumulated Overdistributed Net Investment Income of \$(16,907) and \$(3,623), respectively)	\$3,454,596	\$3,431,427
Common Stock Activity		
Shares repurchased under stock repurchase program	—	(4,708,750)
Shares issued through reinvestment of dividends	1,893,049	1,029,703
Net shares issued (repurchased) due to common stock activity	1,893,049	(3,679,047)
Shares issued and outstanding at beginning of period	357,107,231	359,090,759
Shares Issued and Outstanding at End of Period	359,000,280	355,411,712

See notes to consolidated financial statements.

PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands, except share data)
(Unaudited)

	Six Months Ended December 31,	
	2016	2015
Operating Activities		
Net increase (decrease) in net assets resulting from operations	\$ 182,246	\$(67,303)
Net realized losses on extinguishment of debt	185	63
Net realized (gains) losses from investments	(632)	7,453
Net change in unrealized (gains) losses from investments	(18,475)	251,922
Amortization of discounts and premiums, net	37,178	40,627
Accretion of discount on Public Notes (Note 6)	132	98
Amortization of deferred financing costs	6,758	6,916
Payment-in-kind interest	(9,196)	(4,140)
Structuring fees	(5,693)	(6,906)
Change in operating assets and liabilities:		
Payments for purchases of investments	(801,798)	(650,842)
Proceeds from sale of investments and collection of investment principal	759,326	791,774
(Increase) decrease in interest receivable, net	(11,816)	5,288
(Increase) decrease in other receivables	(6,317)	412
Decrease (increase) in prepaid expenses	185	(8)
Decrease in due to broker	(957)	(26,778)
(Decrease) increase in interest payable	(2,385)	1,148
Increase in due to Prospect Administration	1,245	3,610
(Decrease) increase in due to Prospect Capital Management	(1,937)	54,632
Increase in accrued expenses	626	1,759
(Decrease) increase in other liabilities	(510)	3,796
Net Cash Provided by Operating Activities	128,165	413,521
Financing Activities		
Borrowings under Revolving Credit Facility (Note 4)	210,000	536,000
Principal payments under Revolving Credit Facility (Note 4)	(210,000)	(846,700)
Issuances of Public Notes, net of original issue discount (Note 6)	37,466	160,000
Redemptions of Convertible Notes (Note 5)	(167,500)	(150,000)
Issuances of Prospect Capital InterNotes® (Note 7)	64,731	69,289
Redemptions of Prospect Capital InterNotes®, net (Note 7)	(11,440)	(2,606)
Financing costs paid and deferred	(1,900)	(6,549)
Cost of shares repurchased under stock repurchase program	—	(34,140)
Offering costs from issuance of common stock	—	118
Dividends paid	(163,409)	(170,605)
Net Cash Used in Financing Activities	(242,052)	(445,193)
Net Decrease in Cash	(113,887)	(31,672)
Cash at beginning of period	317,798	110,026
Cash at End of period	\$203,911	\$78,354
Supplemental Disclosures		
Cash paid for interest	\$78,012	\$75,735
Non-Cash Financing Activities		

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Value of shares issued through reinvestment of dividends	\$ 15,530	\$ 7,645
Cost basis of investments written off as worthless	\$ 1,720	\$ 3,762

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS
(in thousands, except share data)

Portfolio Company	Locale / Industry Investments(1)	December 31, 2016 (Unaudited)			
		Amortized Cost	Fair Value(2)	% of Net Assets	
LEVEL 3 PORTFOLIO INVESTMENTS					
Control Investments (greater than 25.00% voting control)(41)					
Arctic Energy Services, LLC(15)	Wyoming / Energy Equipment & Services	Class D Units (32,915 units)(39)	\$ 31,640	\$ 18,555	0.5%
		Class E Units (21,080 units)(39)	20,230	—	—%
		Class A Units (700 units)(39)	9,006	—	—%
		Class C Units (10 units)(39)	—	—	—%
CCPI Inc.(16)	Ohio / Metals & Mining	Senior Secured Term Loan A (10.00%, due 12/31/2017)(3)	60,876	18,555	0.5%
		Senior Secured Term Loan B (12.00% plus 7.00% PIK, due 12/31/2017)(40)	12,088	12,088	0.3%
		Common Stock (14,857 shares)	9,320	9,320	0.3%
			6,759	21,469	0.6%
CP Energy Services Inc.(17)	Oklahoma / Energy Equipment & Services	Series B Convertible Preferred Stock (1,043 shares)(39)	28,167	42,877	1.2%
		Common Stock (2,924 shares)(39)	15,227	—	—%
			113,499	73,048	2.1%
Credit Central Loan Company, LLC(18)	South Carolina / Consumer Finance	Subordinated Term Loan (10.00% plus 10.00% PIK, due 6/26/2019)(13)(40)	44,370	51,370	1.5%
		Class A Units (10,640,642 units)(13)(39)	13,731	8,312	0.2%
		Net Revenues Interest (25% of Net Revenues)(13)(39)	—	3,299	0.1%
			57,843	62,981	1.8%
Echelon Aviation LLC	New York / Diversified Financial Services	Senior Secured Term Loan (11.75% (LIBOR + 9.75% with 2.00% LIBOR floor) plus 2.25% PIK, due 3/31/2022)(10)(12)(40)	31,055	31,055	0.9%
		Senior Secured Term Loan (11.00% (LIBOR + 9.00% with 2.00% LIBOR floor) plus 1.00% PIK, due 12/7/2024)(10)(12)(39)(40)	16,044	16,044	0.5%
		Membership Interest (99%)	22,738	29,760	0.8%
			69,837	76,859	2.2%
Edmentum Ultimate Holdings, LLC(19)	Minnesota / Internet Software & Services	Second Lien Revolving Credit Facility to Edmentum, Inc. – \$7,834 Commitment (5.00%, due 6/9/2020)(14)	—	—	—%
		Unsecured Senior PIK Note (8.50% PIK, due 6/9/2020)(40)	6,619	6,619	0.2%
		Unsecured Junior PIK Note (10.00% PIK, due 6/9/2020)(40)	30,820	26,561	0.8%

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		Class A Units (370,964 units)(39)	6,577	3,432	0.1%
			37,025	36,612	1.1%
First Tower Finance Company LLC(20)	Mississippi / Consumer Finance	Subordinated Term Loan to First Tower, LLC (10.00% plus 12.00% PIK, due 6/24/2019)(13)(40)	258,210	258,210	7.5%
		Class A Units (93,997,533 units)(13)(39)	78,481	97,398	2.8%
			336,691	355,608	10.3%
Freedom Marine Solutions, LLC(21)	Louisiana / Energy Equipment & Services	Membership Interest (100%)(39)	41,411	26,671	0.8%
			41,411	26,671	0.8%

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

			December 31, 2016 (Unaudited)			
Portfolio Company	Locale / Industry	Investments(1)	Principal Value	Amortized Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS						
Control Investments (greater than 25.00% voting control)(41)						
Gulf Coast Machine & Supply Company	Texas / Energy Equipment & Services	Senior Secured Term Loan (10.50% (LIBOR + 8.50% with 2.00% LIBOR floor), in non-accrual status effective 1/1/2015, due 10/12/2017)(10)(11)	\$41,980	\$ 35,403	\$ 7,487	0.2%
		Series A Convertible Preferred Stock (99,900 shares)(39)		25,950	—	—%
		Common Stock (100 shares)(39)	—	—	—	—%
				61,353	7,487	0.2%
MITY, Inc.(22)	Utah / Commercial Services & Supplies	Senior Secured Note A (10.00% (LIBOR + 7.00% with 3.00% LIBOR floor), due 1/30/2020)(3)(10)(11)	18,250	18,250	18,250	0.5%
		Senior Secured Note B (10.00% (LIBOR + 7.00% with 3.00% LIBOR floor) plus 10.00% PIK, due 1/30/2020)(3)(10)(11)(40)	16,442	16,442	16,442	0.5%
		Subordinated Unsecured Note to Broda Enterprises ULC (10.00%, due on demand)(13)	5,478	7,200	5,478	0.2%
		Common Stock (42,053 shares)		6,849	16,789	0.4%
				48,741	56,959	1.6%
				284,421	284,421	284,421
National Property REIT Corp.(23)	Various / Equity Real Estate Investment Trusts (REITs) / Online Lending	Senior Secured Term Loan A (6.00% (LIBOR + 4.00% with 2.00% LIBOR floor) plus 5.50% PIK, due 4/1/2019)(10)(11)(40)	284,421	284,421	284,421	8.2%
		Senior Secured Term Loan E (11.00% (LIBOR + 9.00% with 2.00% LIBOR floor) plus 5.00% PIK, due 4/1/2019)(10)(11)(40)	205,591	205,591	205,591	6.0%
		Senior Secured Term Loan C to ACL Loan Holdings, Inc. (11.00% (LIBOR + 9.00% with 2.00% LIBOR floor) plus 5.00% PIK, due 4/1/2019)(10)(11)(13)(40)	88,556	88,556	88,556	2.6%
		Senior Secured Term Loan C to American Consumer Lending Limited (11.00% (LIBOR + 9.00% with 2.00% LIBOR floor) plus 5.00% PIK, due 12/15/2020)(10)(11)(13)(40)	46,918	46,918	46,918	1.4%
		Common Stock (1,743,534 shares)(39)	—	184,768	254,187	7.4%

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		Net Operating Income Interest (5% of Net Operating Income)(39)	—	—	68,948	1.9%
				810,254	948,621	27.5%
Nationwide Loan Company LLC(24)	Illinois / Consumer Finance	Senior Subordinated Term Loan to Nationwide Acceptance LLC (10.00% plus 10.00% PIK, due 6/18/2019)(13)(40)	16,819	16,819	16,819	0.5%
		Class A Units (29,559,899 units)(13)		16,293	19,456	0.6%
				33,112	36,275	1.1%
		Senior Secured Note (14.00%, due 5/6/2021)	3,714	3,714	3,714	0.1%
NMMB, Inc.(25)	New York / Media	Senior Secured Note to Armed Forces Communications, Inc. (14.00%, due 5/6/2021)	7,000	7,000	7,000	0.2%
		Series A Preferred Stock (7,200 shares)(39)		7,200	2,558	0.1%
		Series B Preferred Stock (5,669 shares)(39)		5,669	2,014	0.1%
				23,583	15,286	0.4%
R-V Industries, Inc.	Pennsylvania / Construction & Engineering	Senior Subordinated Note (10.00% (LIBOR + 9.00% with 1.00% LIBOR floor), due 6/12/2018)(3)(10)(11)	28,622	28,622	28,622	0.8%
		Common Stock (745,107 shares)		6,941	6,909	0.2%
				35,563	35,531	1.0%

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	December 31, 2016 (Unaudited)					
			Principal Value	Amortized Cost	Fair Value(2)	% of Net Assets		
LEVEL 3 PORTFOLIO INVESTMENTS								
Control Investments (greater than 25.00% voting control)(41)								
USES Corp.(26)	Texas / Commercial Services & Supplies	Senior Secured Term Loan A (9.00% PIK, in non-accrual status effective 4/1/2016, due 3/31/2019)	\$27,091	\$26,158	\$27,091	0.8%		
		Senior Secured Term Loan B (15.50% PIK, in non-accrual status effective 4/1/2016, due 3/31/2019)	37,880	35,568	16,013	0.4%		
		Common Stock (268,962 shares)(39)	—	—	—	—%		
Valley Electric Company, Inc.(27)	Washington / Construction & Engineering	Senior Secured Note to Valley Electric Co. of Mt. Vernon, Inc. (8.00% (LIBOR + 5.00% with 3.00% LIBOR floor) plus 2.50% PIK, due 12/31/2019)(3)(10)(11)(40)	10,430	10,430	10,430	0.3%		
		Senior Secured Note (10.00% plus 8.50% PIK, due 6/23/2019)(40)	24,568	24,568	20,491	0.6%		
		Common Stock (50,000 shares)(39)	—	26,204	—	—%		
			—	61,202	30,921	0.9%		
Wolf Energy, LLC	Kansas / Energy Equipment & Services	Senior Secured Promissory Note secured by assets formerly owned by H&M (18.00%, in non-accrual status effective 4/15/2013, due 4/15/2018)	41,758	—	—	—%		
		Membership Interest (100%)(39)	—	—	—	—%		
		Net Profits Interest (8% of Equity Distributions)(4)(39)	—	—	15	—%		
			—	—	15	—%		
			\$1,880,883	\$1,867,410	\$1,867,410	54.0%		
Affiliate Investments (5.00% to 24.99% voting control)(42)								
Targus International, LLC(28)	California / Leisure Products	Senior Secured Term Loan A (15.00% PIK, in non-accrual status effective 10/1/15, due 12/31/2019)(8)	—	—	\$1,422	\$1,263	\$1,422	—%
		Senior Secured Term Loan B (15.00% PIK, in non-accrual status effective 10/1/15, due 12/31/2019)(8)	—	—	4,267	3,788	4,267	0.1%
		Common Stock (1,262,737 shares)(39)	—	—	3,479	2,130	2,130	0.1%
			—	—	8,530	7,819	0.2%	
			—	—	\$8,530	\$7,819	0.2%	

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	December 31, 2016 (Unaudited)		
			Amortized Value	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS					
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)					
AFI Shareholder, LLC (f/k/a Aircraft Fasteners International, LLC)	California / Trading Companies & Distributors	Class A Units (32,500 units)(39)	\$ 289	\$ 679	—%
			289	679	—%
ALG USA Holdings, LLC	Pennsylvania / Hotels, Restaurants & Leisure	Second Lien Term Loan (10.25% (LIBOR + 9.00% with 1.25% LIBOR floor), due 2/28/2020)(8)(10)(11)	11,649 11,649	11,771	0.3%
American Gilsonite Company(29)	Utah / Metals & Mining	Membership Interest (1.93%)(39)	—	—	—%
			—	—	—%
Apidos CLO IX	Cayman Islands /	Subordinated Notes (Residual Interest, current Structured Finance yield 9.57%, due 7/15/2023)(5)(13)	19,326 19,276	17,295	0.5%
			19,276	17,295	0.5%
Apidos CLO XI	Cayman Islands /	Subordinated Notes (Residual Interest, current Structured Finance yield 12.96%, due 1/17/2023)(5)(13)	30,800 30,870	26,902	0.8%
			30,870	26,902	0.8%
Apidos CLO XII	Cayman Islands /	Subordinated Notes (Residual Interest, current Structured Finance yield 13.28%, due 4/15/2025)(5)(13)	32,606 32,596	29,821	0.9%
			32,596	29,821	0.9%
Apidos CLO XV	Cayman Islands /	Subordinated Notes (Residual Interest, current Structured Finance yield 10.36%, due 10/20/2025)(5)(13)	30,885 29,887	24,655	0.7%
			29,887	24,655	0.7%
Apidos CLO XXII	Cayman Islands /	Subordinated Notes (Residual Interest, current Structured Finance yield 18.08%, due 10/20/2027)(5)(6)(13)	36,350 26,710	26,752	0.8%
			26,710	26,752	0.8%
Arctic Glacier U.S.A., Inc.	Minnesota / Food Products	Second Lien Term Loan (10.50% (LIBOR + 9.25% with 1.25% LIBOR floor), due 11/10/2019)(3)(10)(11)	150,000	150,000	4.3%
			150,000	150,000	4.3%
Ark-La-Tex Wireline Services, LLC	Louisiana / Energy Equipment & Services	Senior Secured Term Loan A (6.50% (LIBOR + 5.50% with 1.00% LIBOR floor), in non-accrual status effective 4/1/2016, due 4/8/2019)(10)(12)	20,323 20,323	9,074	0.3%
		Senior Secured Term Loan B (12.50% (LIBOR + 11.50% with 1.00% LIBOR floor),	23,282	—	—%

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		in non-accrual status effective 4/1/2016, due 4/8/2019)(10)(12)	43,592	9,074	0.3%
Armor Holding II LLC	New York / Commercial Services & Supplies	Second Lien Term Loan (10.25% (LIBOR + 9.00% with 1.25% LIBOR floor), due 12/26/2020)(3)(8)(10)(11)	6,908	6,918	0.2%
			6,918	6,918	0.2%
Atlantis Health Care Group (Puerto Rico), Inc.	Puerto Rico / Health Care Providers & Services	Revolving Line of Credit – \$7,000 Commitment (9.50% (LIBOR + 8.00% with 1.50% LIBOR floor), due 8/21/2018)(10)(11)(14)	2,350	2,350	0.1%
		Senior Term Loan (9.50% (LIBOR + 8.00% with 1.50% LIBOR floor), due 2/21/2020)(3)(10)(11)	79,968	79,968	2.3%
Babson CLO Ltd. 2014-III	Cayman Islands /	Subordinated Notes (Residual Interest, current yield 15.56%, due 1/15/2026)(5)(6)(13)	82,318	82,318	2.4%
			42,050	41,223	1.2%
			42,034	41,223	1.2%

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	December 31, 2016 (Unaudited)			
			Principal Value	Amortized Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS						
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)						
Broder Bros., Co.	Pennsylvania / Textiles, Apparel & Luxury Goods	Senior Secured Term Loan A (7.00% (LIBOR + 5.75% with 1.25% LIBOR floor), due 6/03/2021)(3)(10)(12)	\$ 119,262	\$ 119,262	\$ 119,262	3.5%
		Senior Secured Term Loan B (13.50% (LIBOR + 12.25% with 1.25% LIBOR floor), due 6/03/2021)(10)(12)	120,491	120,491	120,491	3.4%
Brookside Mill CLO Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 6.98%, due 4/17/2025)(5)(13)	26,000	18,734	15,918	0.5%
				18,734	15,918	0.5%
California Street CLO IX Ltd. (f/k/a Symphony CLO IX Ltd.)	Cayman Islands / Structured Finance	Preference Shares (Residual Interest, current yield 13.15%, due 10/16/2028)(5)(13)	58,915	40,253	34,799	1.0%
				40,253	34,799	1.0%
Capstone Logistics Acquisition, Inc.	Georgia / Commercial Services & Supplies	Second Lien Term Loan (9.25% (LIBOR + 8.25% with 1.00% LIBOR floor), due 10/7/2022)(3)(8)(10)(11)	101,828	101,340	100,698	2.9%
				101,340	100,698	2.9%
Carlyle Carlyle Global Market Strategies CLO 2016-3, Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 18.30%, due 10/20/2029)(5)(6)(13)	32,200	31,153	30,160	0.9%
				31,153	30,160	0.9%
Cent CLO 17 Limited	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 13.59%, due 1/30/2025)(5)(13)	24,870	18,364	16,768	0.5%
				18,364	16,768	0.5%
Cent CLO 20 Limited	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 9.64%, due 1/25/2026)(5)(13)	40,275	31,752	25,771	0.7%
				31,752	25,771	0.7%
Cent CLO 21 Limited	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 11.61%, due 7/27/2026)(5)(6)(13)	48,528	36,287	30,756	0.9%
				36,287	30,756	0.9%

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CIFC Funding 2013-III, Ltd.	Cayman Islands /Subordinated Notes (Residual Structured Finance	Interest, current yield 17.38%, due 10/24/2025)(5)(13)	44,100	31,347	30,928	0.9%
				31,347	30,928	0.9%
CIFC Funding 2013-IV, Ltd.	Cayman Islands /Subordinated Notes (Residual Structured Finance	Interest, current yield 18.13%, due 11/27/2024)(5)(13)	45,500	32,561	34,499	1.0%
				32,561	34,499	1.0%
CIFC Funding 2014-IV Investor, Ltd.	Cayman Islands /Income Notes (Residual Interest, Structured Finance	current yield 18.31%, due 10/17/2026)(5)(6)(13)	41,500	30,480	31,494	0.9%
				30,480	31,494	0.9%
CIFC Funding 2016-I, Ltd.	Cayman Islands /Income Notes (Residual Interest, Structured Finance	current yield 17.14%, due 10/21/2028)(5)(6)(13)	34,000	30,091	29,879	0.9%
				30,091	29,879	0.9%
Cinedigm DC Holdings, LLC	New York / Media	Senior Secured Term Loan (11.00% (LIBOR + 9.00% with 2.00% LIBOR floor) plus 2.50% PIK, due 3/31/2021)(10)(11)(40)	62,442	62,392	62,442	1.8%
				62,392	62,442	1.8%

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	December 31, 2016 (Unaudited)			
			Principal Value	Amortized Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS						
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)						
Coverall North America, Inc.	Florida / Commercial Services & Supplies	Senior Secured Term Loan A (7.00% (LIBOR + 6.00% with 1.00% LIBOR floor), due 11/02/2020)(3)(10)(11)	\$23,750	\$23,750	\$23,750	0.7%
		Senior Secured Term Loan B (12.00% (LIBOR + 11.00% with 1.00% LIBOR floor), due 11/02/2020)(3)(10)(11)	25,000	25,000	25,000	0.7%
				48,750	48,750	1.4%
Crosman Corporation	New York / Leisure Products	Senior Secured Term Loan A (9.31% (LIBOR + 8.70% with .30% LIBOR floor) plus 4.00% PIK, due 8/5/2020)(3)(10)(12)(40)	54,673	54,673	54,673	1.6%
		Senior Secured Term Loan B (16.31% (LIBOR + 15.70% with .30% LIBOR floor) plus 4.00% PIK, due 8/5/2020)(10)(12)(40)	41,656	41,656	41,656	1.2%
				96,329	96,329	2.8%
CURO Group Holdings Corp (f/k/a Speedy Cash Holdings Corp.)	Canada / Consumer Finance	Senior Unsecured Notes (12.00%, due 11/15/2017)(8)(13)	15,000	15,000	11,988	0.3%
		Subordinated Secured Term Loan (10.75%, due 5/15/2018)(8)(13)	10,000	9,546	9,575	0.3%
				24,546	21,563	0.6%
Digital Room LLC	California / Commercial Services & Supplies	Second Lien Term Loan (11.00% (LIBOR + 10.00% with 1.00% LIBOR floor), due 5/21/2023)(8)(10)(12)	34,000	33,337	33,337	1.0%
				33,337	33,337	1.0%
Dunn Paper, Inc.	Georgia / Paper & Forest Products	Second Lien Term Loan (9.75% (LIBOR + 8.75% with 1.00% LIBOR floor), due 8/26/2023)(3)(8)(10)(11)	11,500	11,278	11,295	0.3%
				11,278	11,295	0.3%
Easy Gardener Products, Inc.	Texas / Commercial Services & Supplies	Senior Secured Term Loan (10.84% (LIBOR + 10.00% with .25% LIBOR floor), due 09/30/2020)(3)(10)(11)	17,281	17,281	16,481	0.5%
				17,281	16,481	0.5%
Fleetwash, Inc.	New Jersey / Commercial Services &	Senior Secured Term Loan B (10.50% (LIBOR + 9.50% with 1.00% LIBOR floor), due 4/30/2019)(3)(10)(11)	23,402	23,402	23,402	0.7%

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	Supplies	Delayed Draw Term Loan – \$15,000 Commitment (9.50% (LIBOR + 8.50% with 1.00% LIBOR floor) expires 4/30/2019)(10)(14)	—	—	—	—%
				23,402	23,402	0.7%
Galaxy XV CLO, Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 15.90%, due 4/15/2025)(5)(13)	39,275	28,394	28,998	0.8%
				28,394	28,998	0.8%
Galaxy XVI CLO, Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 13.13%, due 11/16/2025)(5)(13)	24,575	18,535	17,544	0.5%
				18,535	17,544	0.5%
Galaxy XVII CLO, Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 13.47%, due 7/15/2026)(5)(6)(13)	39,905	30,698	28,707	0.8%
				30,698	28,707	0.8%
Generation Brands Holdings, Inc.	Illinois / Household Durables	Subordinated Secured Term Loan (11.00% (LIBOR + 10.00% with 1.00% LIBOR floor), due 12/10/2022)(3)(8)(10)(11)	19,000	18,479	19,000	0.5%
				18,479	19,000	0.5%

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)

(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	December 31, 2016 (Unaudited)			
			Principal Value	Amortized Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS						
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)						
Global Employment Solutions, Inc.	Colorado / Commercial Services & Supplies	Senior Secured Term Loan (10.25% (LIBOR + 9.25% with 1.00% LIBOR floor), due 6/26/2020)(3)(10)(12)	\$49,250	\$49,250	\$49,250	1.4%
				49,250	49,250	1.4%
Halcyon Loan Advisors Funding 2012-1 Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 5.30%, due 8/15/2023)(5)(13)	23,188	16,595	13,952	0.4%
				16,595	13,952	0.4%
Halcyon Loan Advisors Funding 2013-1 Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 14.56%, due 4/15/2025)(5)(13)	40,400	29,554	28,782	0.8%
				29,554	28,782	0.8%
Halcyon Loan Advisors Funding 2014-1 Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 14.69%, due 4/18/2026)(5)(13)	24,500	17,056	16,417	0.5%
				17,056	16,417	0.5%
Halcyon Loan Advisors Funding 2014-2 Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 15.95%, due 4/28/2025)(5)(6)(13)	41,164	28,625	28,563	0.8%
				28,625	28,563	0.8%
Halcyon Loan Advisors Funding 2015-3 Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 16.68%, due 10/18/2027)(5)(6)(13)	39,598	35,167	35,569	1.0%
				35,167	35,569	1.0%
Harbortouch Payments, LLC	Pennsylvania / Commercial Services & Supplies	Escrow Receivable(39)	—	—	2,173	0.1%
				—	2,173	0.1%
HarbourView CLO VII, Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 18.57%, due 11/18/2026)(5)(6)(13)	19,025	14,475	13,980	0.4%
				14,475	13,980	0.4%
Harley Marine Services, Inc.	Washington / Oil, Gas & Consumable Fuels	Second Lien Term Loan (10.50% (LIBOR + 9.25% with 1.25% LIBOR floor), due 12/20/2019)(3)(8)(10)(11)	9,000	8,902	8,323	0.2%
				8,902	8,323	0.2%

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Hollander Sleep Products, LLC	Florida / Household Durables	Senior Secured Term Loan (9.00% (LIBOR + 8.00% with 1.00% LIBOR floor), due 10/21/2020)(3)(10)(11)	21,860	21,860	21,071	0.6%
				21,860	21,071	0.6%
Inpatient Care Management Company, LLC	Florida / Health Care Providers & Services	Senior Secured Term Loan (11.50% (LIBOR + 10.50% with 1.00% LIBOR floor), due 6/8/2021)(10)(12)	26,293	26,293	26,293	0.8%
				26,293	26,293	0.8%
Instant Web, LLC	Minnesota / Media	Senior Secured Term Loan A (5.50% (LIBOR + 4.50% with 1.00% LIBOR floor), due 3/28/2019)(10)(11)	121,945	121,945	121,945	3.5%
		Senior Secured Term Loan B (12.00% (LIBOR + 11.00% with 1.00% LIBOR floor), due 3/28/2019)(3)(10)(11)	158,100	158,100	158,100	4.6%
		Senior Secured Term Loan C-1 (12.75% (LIBOR + 11.75% with 1.00% LIBOR floor), due 3/28/2019)(10)(11)	27,000	27,000	27,000	0.8%
		Senior Secured Term Loan C-2 (13.50% (LIBOR + 12.50% with 1.00% LIBOR floor), due 3/28/2019)(10)(11)	25,000	25,000	25,000	0.7%
			332,045	332,045	9.6%	

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	December 31, 2016 (Unaudited)			
			Principal Value	Amortized Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS						
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)						
InterDent, Inc.	California / Health Care Providers & Services	Senior Secured Term Loan A (6.27% (LIBOR + 5.50% with 0.75% LIBOR floor), due 8/3/2017)(10)(12)	\$79,097	\$ 79,097	\$79,097	2.3%
		Senior Secured Term Loan B (11.27% (LIBOR + 10.50% with 0.75% LIBOR floor), due 8/3/2017)(3)(10)(12)	131,125	131,125	131,125	3.8%
				210,222	210,222	6.1%
JD Power and Associates	California / Professional Services	Second Lien Term Loan (9.50% (LIBOR + 8.50% with 1.00% LIBOR floor), due 9/7/2024)(3)(8)(10)(11)	15,000	14,784	15,000	0.4%
				14,784	15,000	0.4%
Jefferson Mill CLO Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 15.32%, due 7/20/2027)(5)(6)(13)	19,500	16,946	15,376	0.4%
				16,946	15,376	0.4%
K&N Parent, Inc.	California / Auto Components	Second Lien Term Loan (9.75% (LIBOR + 8.75% with 1.00% LIBOR floor), due 10/20/2024)(8)(10)(11)	13,000	12,745	12,745	0.4%
				12,745	12,745	0.4%
Keystone Peer Review Organization Holdings, Inc.	Pennsylvania / Health Care Providers & Services	Second Lien Term Loan (11.75% (PRIME + 8.00%) with 3.75% PRIME floor), due 7/28/2023)(8)(10)	45,000	45,000	45,000	1.3%
				45,000	45,000	1.3%
LaserShip, Inc.	Virginia / Road & Rail	Senior Secured Term Loan A (10.25% (LIBOR + 8.25% with 2.00% LIBOR floor), due 3/18/2019)(3)(10)(12)	34,189	34,189	34,189	1.0%
		Senior Secured Term Loan B (10.25% (LIBOR + 8.25% with 2.00% LIBOR floor), due 3/18/2019)(3)(10)(12)	20,990	20,990	20,990	0.6%
LCM XIV Ltd.	Cayman Islands / Structured Finance			55,179	55,179	1.6%
		Income Notes (Residual Interest, current yield 16.91%, due	30,500	22,027	22,226	0.6%

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		7/15/2025)(5)(13)		22,027	22,226	0.6%
Madison Park Funding IX, Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 20.22%, due 8/15/2022)(5)(13)	43,110	28,989	28,091	0.8%
				28,989	28,091	0.8%
Matrixx Initiatives, Inc.	New Jersey / Pharmaceuticals	Senior Secured Term Loan A (7.50% (LIBOR + 6.00% with 1.50% LIBOR floor), due 8/9/2018)(3)(10)(11)	33,802	33,802	33,802	1.0%
		Senior Secured Term Loan B (12.50% (LIBOR + 11.00% with 1.50% LIBOR floor), due 8/9/2018)(3)(10)(11)	45,562	45,562	45,562	1.3%
				79,364	79,364	2.3%
Maverick Healthcare Equity, LLC	Arizona / Health Care Providers & Services	Preferred Units (1,250,000 units)(39)		1,252	1,738	0.1%
		Class A Common Units (1,250,000 units)(39)		—	—	—%
				1,252	1,738	0.1%
Mineral Fusion Natural Brands(30)	Colorado / Personal Products	Membership Interest (1.43%)(39)		—	115	—%
				—	115	—%
Mountain View CLO 2013-I Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 15.40%, due 4/12/2024)(5)(13)	43,650	30,835	29,821	0.9%
				30,835	29,821	0.9%

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	December 31, 2016 (Unaudited)			
			Principal Value	Amortized Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS						
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)						
Mountain View CLO IX Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 17.21%, due 7/15/2027)(5)(6)(13)	\$47,830	\$41,924	\$41,550	1.2%
				41,924	41,550	1.2%
National Home Healthcare Corp.	Michigan / Health Care Providers & Services	Second Lien Term Loan (11.75% (PRIME + 8.00%) with 3.75% PRIME floor), due 12/8/2022)(8)(10)	15,400	15,172	15,172	0.4%
				15,172	15,172	0.4%
NCP Finance Limited Partnership(31)	Ohio / Consumer Finance	Subordinated Secured Term Loan (11.00% (LIBOR + 9.75% with 1.25% LIBOR floor), due 9/30/2018)(3)(8)(10)(12)(13)	27,039	26,486	25,687	0.7%
				26,486	25,687	0.7%
Nixon, Inc.	California / Textiles, Apparel & Luxury Goods	Senior Secured Term Loan (9.50% plus 3.00% PIK, plus 2.00% default interest, in non-accrual status effective 7/1/2016, due 4/16/2018)(8)	15,413	14,197	7,334	0.2%
				14,197	7,334	0.2%
Octagon Investment Partners XV, Ltd.	Cayman Islands / Structured Finance	Income Notes (Residual Interest, current yield 12.23%, due 1/19/2025)(5)(13)	32,921	24,984	22,018	0.6%
				24,984	22,018	0.6%
Octagon Investment Partners XVIII, Ltd.	Cayman Islands / Structured Finance	Income Notes (Residual Interest, current yield 17.44%, due 12/16/2024)(5)(6)(13)	28,200	18,856	17,946	0.5%
				18,856	17,946	0.5%
Outerwall Inc.	Washington / Diversified Consumer Services	Senior Secured Term Loan B (9.75% (LIBOR + 8.75% with 1.00% LIBOR floor), due 9/27/2024)(3)(8)(10)(11)	40,000	39,421	40,000	1.2%
				39,421	40,000	1.2%
		Revolving Line of Credit – \$15,000 Commitment (8.00% (LIBOR + 7.00% with 1.00% LIBOR floor), due 9/26/2020)(10)(12)(14)	8,000	8,000	8,000	0.2%
Pacific World Corporation	California / Personal Products					

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		Senior Secured Term Loan A (6.00% (LIBOR + 5.00% with 1.00% LIBOR floor), due 9/26/2020)(3)(10)(12)	97,750	97,750	93,215	2.7%
		Senior Secured Term Loan B (10.00% (LIBOR + 9.00% with 1.00% LIBOR floor), due 9/26/2020)(3)(10)(12)	97,750	97,750	70,659	2.1%
				203,500	171,874	5.0%
Pelican Products, Inc.	California / Leisure Products	Second Lien Term Loan (9.25% (LIBOR + 8.25% with 1.00% LIBOR floor), due 4/9/2021)(3)(8)(10)(12)	17,500	17,488	16,862	0.5%
				17,488	16,862	0.5%
		Revolving Line of Credit – \$1,000 Commitment (9.50% (LIBOR + 8.50% with 1.00% LIBOR floor), due 8/11/17)(10)(11)(14)	—	—	—	—%
PeopleConnect Intermediate, LLC (f/k/a Intelius, Inc.)	Washington / Internet Software & Services	Senior Secured Term Loan A (6.50% (LIBOR + 5.50% with 1.00% LIBOR floor), due 7/1/2020)(3)(10)(11)	20,020	20,020	19,848	0.6%
		Senior Secured Term Loan B (12.50% (LIBOR + 11.50% with 1.00% LIBOR floor), due 7/1/2020)(3)(10)(11)	20,760	20,760	20,528	0.6%
				40,780	40,376	1.2%
PGX Holdings, Inc.(33)	Utah / Diversified Consumer Services	Second Lien Term Loan (10.00% (LIBOR + 9.00% with 1.00% LIBOR floor), due 9/29/2021)(3)(10)(12)	143,767	143,767	143,767	4.2%
				143,767	143,767	4.2%

See notes to consolidated financial statements.

PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	December 31, 2016 (Unaudited)			
			Principal Value	Amortized Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS						
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)						
Photonis Technologies SAS	France / Aerospace & Defense	First Lien Term Loan (8.50% (LIBOR + 7.50% with 1.00% LIBOR floor), due 9/18/2019)(8)(10)(11)(13)	\$ 9,927	\$ 9,783	\$ 8,731	0.3%
				9,783	8,731	0.3%
Pinnacle (US) Acquisition Co. Limited	Texas / Energy Equipment & Services	Second Lien Term Loan (10.50% (LIBOR + 9.25% with 1.25% LIBOR floor), due 8/3/2020)(8)(10)(11)	7,037	6,932	5,317	0.2%
				6,932	5,317	0.2%
PlayPower, Inc.	North Carolina / Commercial Services & Supplies	Second Lien Term Loan (9.75% (LIBOR + 8.75% with 1.00% LIBOR floor), due 6/23/2022)(3)(8)(10)(11)	11,000	10,868	11,000	0.3%
				10,868	11,000	0.3%
PrimeSport, Inc.	Georgia / Hotels, Restaurants & Leisure	Senior Secured Term Loan A (8.00% (LIBOR + 7.00% with 1.00% LIBOR floor), due 2/11/2021)(3)(10)(11)	53,546	53,546	53,546	1.5%
		Senior Secured Term Loan B (13.00% (LIBOR + 12.00% with 1.00% LIBOR floor), due 2/11/2021)(3)(10)(11)	74,500	74,500	71,696	2.1%
				128,046	125,242	3.6%
Prince Mineral Holding Corp.	New York / Metals & Mining	Senior Secured Term Loan (11.50%, due 12/15/2019)(8)	10,000	9,944	9,635	0.3%
				9,944	9,635	0.3%
Rocket Software, Inc.	Massachusetts / Software	Second Lien Term Loan (10.50% (LIBOR + 9.50% with 1.00% LIBOR floor), due 10/14/2024)(8)(10)(11)	50,000	49,045	50,000	1.4%
				49,045	50,000	1.4%
Royal Holdings, Inc.	Indiana / Chemicals	Second Lien Term Loan (8.50% (LIBOR + 7.50% with 1.00% LIBOR floor), due 6/19/2023)(3)(8)(10)(11)	5,000	4,969	5,000	0.1%
				4,969	5,000	0.1%
SCS Merger Sub, Inc.	Texas / IT Services	Second Lien Term Loan (10.50% (LIBOR + 9.50% with 1.00% LIBOR floor), due 10/30/2023)(3)(8)(10)(12)	20,000	19,495	20,000	0.6%
				19,495	20,000	0.6%
SESAC Holdco II LLC	Tennessee / Media	Second Lien Term Loan (9.00% (LIBOR + 8.00% with 1.00% LIBOR floor), due 4/22/2021)(3)(8)(10)(12)	10,000	9,892	9,892	0.3%
				9,892	9,892	0.3%

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SITEL Worldwide Corporation	Tennessee / Diversified Consumer Services	Second Lien Term Loan (10.50% (LIBOR + 9.50% with 1.00% LIBOR floor), due 9/18/2022)(3)(8)(10)(11)	19,000	18,543	18,543	0.5%
				18,543	18,543	0.5%
Small Business Whole Loan Portfolio(36)	New York / Online Lending	1,214 Individual Small Business Loans purchased from On Deck Capital, Inc.	14,927	14,927	14,292	0.4%
				14,927	14,292	0.4%
Spartan Energy Services, Inc.	Louisiana / Energy Equipment & Services	Senior Secured Term Loan A (7.00% (LIBOR + 6.00% with 1.00% LIBOR floor), in non-accrual status effective 4/1/2016, due 12/28/2017)(10)(12) Senior Secured Term Loan B (13.00% (LIBOR + 12.00% with 1.00% LIBOR floor), in non-accrual status effective 4/1/2016, due 12/28/2017)(10)(12)	13,156	12,494	10,724	0.3%
			14,920	13,669	—	—%
Stryker Energy, LLC	Ohio / Oil, Gas & Consumable Fuels	Overriding Royalty Interests(9)				—%
						—%

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	December 31, 2016 (Unaudited)			
			Principal Value	Amortized Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS						
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)						
Sudbury Mill CLO Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 11.89%, due 1/17/2026)(5)(13)	\$28,200	\$ 19,846	\$ 17,003	0.5%
				19,846	17,003	0.5%
Symphony CLO XIV Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 13.82%, due 7/14/2026)(5)(6)(13)	49,250	37,520	35,460	1.0%
				37,520	35,460	1.0%
Symphony CLO XV Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 14.33%, due 10/17/2026)(5)(13)	50,250	41,807	38,872	1.1%
				41,807	38,872	1.1%
TouchTunes Interactive Networks, Inc.	New York / Media	Second Lien Term Loan (9.25% (LIBOR + 8.25% with 1.00% LIBOR floor), due 5/29/2022)(3)(8)(10)(11)	14,000	13,897	13,897	0.4%
				13,897	13,897	0.4%
Traeger Pellet Grills LLC	Oregon / Household Durables	Senior Secured Term Loan A (6.50% (LIBOR + 4.50% with 2.00% LIBOR floor), due 6/18/2018)(3)(10)(11)	33,956	33,956	33,956	1.0%
		Senior Secured Term Loan B (11.50% (LIBOR + 9.50% with 2.00% LIBOR floor), due 6/18/2018)(3)(10)(11)	36,319	36,319	36,319	1.0%
				70,275	70,275	2.0%
Transaction Network Services, Inc.	Virginia / IT Services	Second Lien Term Loan (9.00% (LIBOR + 8.00% with 1.00% LIBOR floor), due 8/14/2020)(3)(8)(10)(11)	4,410	4,394	4,394	0.1%
				4,394	4,394	0.1%
United Sporting Companies, Inc.(38)	South Carolina / Leisure Products	Second Lien Term Loan (12.75% (LIBOR + 11.00% with 1.75% LIBOR floor), due 5/16/2018)(3)(10)(12)	140,847	140,847	140,847	4.1%
				140,847	140,847	4.1%
Universal Fiber Systems, LLC	Virginia / Chemicals	Second Lien Term Loan (10.50% (LIBOR + 9.50% with 1.00% LIBOR floor), due 10/02/2022)(3)(8)(10)(12)	37,000	36,393	37,000	1.1%
				36,393	37,000	1.1%
Universal Turbine Parts, LLC	Alabama / Aerospace & Defense	Senior Secured Term Loan A (6.75% (LIBOR + 5.75% with 1.00% LIBOR floor), due 7/22/2021)(3)(10)(11)	32,338	32,338	32,338	0.9%
			32,500	32,500	32,500	1.0%

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		Senior Secured Term Loan B (12.75% (LIBOR + 11.75% with 1.00% LIBOR floor), due 7/22/2021)(3)(10)(11)		64,838	64,838	1.9%
		Revolving Line of Credit – \$2,500 Commitment (10.75% (LIBOR + 9.75% with 1.00% LIBOR floor), due 4/15/2017)(10)(12)(14)	1,000	1,000	1,000	—%
USG Intermediate, LLC	Texas / Leisure Products	Senior Secured Term Loan A (8.25% (LIBOR + 7.25% with 1.00% LIBOR floor), due 4/15/2020)(3)(10)(12)	16,132	16,132	16,132	0.5%
		Senior Secured Term Loan B (13.25% (LIBOR + 12.25% with 1.00% LIBOR floor), due 4/15/2020)(3)(10)(12)	19,755	19,755	19,755	0.6%
		Equity(39)		1	—	—%
				36,888	36,887	1.1%
Venio LLC	Pennsylvania / Diversified Consumer Services	Second Lien Term Loan (12.00% (LIBOR + 9.50% with 2.50% LIBOR floor) plus 2.00% default interest, in non-accrual status effective 12/31/15, due 2/19/2020)(10)(11)	17,000	16,485	8,909	0.3%
				16,485	8,909	0.3%

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Portfolio Company	Locale / Industry Investments(1)		December 31, 2016 (Unaudited)			
			Principal Value	Amortized Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS						
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)						
Vivid Seats LLC	Illinois / Internet & Direct Marketing Retail	Second Lien Term Loan (10.75% (LIBOR + 9.75% with 1.00% LIBOR floor), due 10/12/2023)(8)(10)(11)	\$22,500	\$22,066	\$22,066	0.6%
				22,066	22,066	0.6%
Voya CLO 2012-2, Ltd.	Cayman Islands / Structured Finance	Income Notes (Residual Interest, current yield 14.82%, due 10/15/2022)(5)(13)	38,070	27,292	26,744	0.8%
				27,292	26,744	0.8%
Voya CLO 2012-3, Ltd.	Cayman Islands / Structured Finance	Income Notes (Residual Interest, current yield 13.27%, due 10/15/2022)(5)(13)	46,632	33,421	30,889	0.9%
				33,421	30,889	0.9%
Voya CLO 2012-4, Ltd.	Cayman Islands / Structured Finance	Income Notes (Residual Interest, current yield 18.91%, due 10/15/2023)(5)(13)	40,613	31,376	33,740	1.0%
				31,376	33,740	1.0%
Voya CLO 2014-1, Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 19.53%, due 4/18/2026)(5)(6)(13)	32,383	25,028	27,638	0.8%
				25,028	27,638	0.8%
Voya CLO 2016-3, Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 17.31%, due 10/18/2027)(5)(6)(13)	28,100	27,216	26,529	0.8%
				27,216	26,529	0.8%
Washington Mill CLO Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 10.20%, due 4/20/2026)(5)(6)(13)	22,600	17,289	14,997	0.4%
				17,289	14,997	0.4%
Water Pik, Inc.	Colorado / Personal Products	Second Lien Term Loan (9.75% (LIBOR + 8.75% with 1.00% LIBOR floor), due 1/8/2021)(3)(8)(10)(11)	14,448	14,143	14,448	0.5%
				14,143	14,448	0.5%
Wheel Pros, LLC	Colorado / Auto Components	Senior Subordinated Secured Note (11.00% (LIBOR + 7.00% with 4.00% LIBOR floor), due 6/29/2020)(3)(10)(11)	12,000	12,000	11,941	0.4%
			5,460	5,460	5,460	0.2%

Senior Subordinated Secured Note
(11.00% (LIBOR + 7.00% with
4.00% LIBOR floor), due
6/29/2020)(3)(10)(11)

Total Non-Control/Non-Affiliate Investments (Level 3)	17,460	17,401	0.6%
Total Portfolio Investments	\$4,222,503	\$4,061,770	117.6%
	\$6,111,916	\$5,936,999	171.8%

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Portfolio Company	Locale / Industry Investments(1)		June 30, 2016		
			Amortized Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS					
Control Investments (greater than 25.00% voting control)(43)					
Arctic Energy Services, LLC(15)	Wyoming / Energy Equipment & Services	Class D Units (32,915 units)(39)	\$ 31,640	\$ 35,815	1.0%
		Class E Units (21,080 units)(39)	20,230	2,525	0.1%
		Class A Units (700 units)(39)	9,006	—	—%
		Class C Units (10 units)(39)	—	—	—%
CCPI Inc.(16)	Ohio / Metals & Mining	Senior Secured Term Loan A (10.00%, due 12/31/2017)(3)	60,876	38,340	1.1%
		Senior Secured Term Loan B (12.00% plus 7.00% PIK, due 12/31/2017)(40)	12,313	12,313	0.4%
		Common Stock (14,857 shares)	9,320	9,320	0.3%
			6,635	19,723	0.5%
CP Energy Services Inc.(17)	Oklahoma / Energy Equipment & Services	Series B Convertible Preferred Stock (1,043 shares)(39)	28,268	41,356	1.2%
		Common Stock (2,924 shares)(39)	98,273	76,002	2.2%
			15,227	—	—%
			113,500	76,002	2.2%
Credit Central Loan Company, LLC(18)	South Carolina / Consumer Finance	Subordinated Term Loan (10.00% plus 10.00% PIK, due 6/26/2019)(13)(40)	36,931	36,931	1.1%
		Class A Units (7,500,000 units)(13)(39)	11,633	11,707	0.3%
		Net Revenues Interest (25% of Net Revenues)(13)(39)	—	3,616	0.1%
			48,564	52,254	1.5%
Echelon Aviation LLC	New York / Diversified Financial Services	Senior Secured Term Loan (11.75% (LIBOR + 9.75% with 2.00% LIBOR floor) plus 2.25% PIK, due 3/31/2022)(10)(12)(40)	37,855	37,855	1.1%
		Membership Interest (99%)	19,907	22,966	0.7%
			57,762	60,821	1.8%
		Second Lien Revolving Credit Facility to Edmentum, Inc. – \$7,834 Commitment (5.00% due 6/9/2020)(14)	6,424	6,424	0.2%
Edmentum Ultimate Holdings, LLC(19)	Minnesota / Internet Software & Services	Unsecured Senior PIK Note (8.50% PIK, due 6/9/2020)(40)	6,341	6,341	0.2%
		Unsecured Junior PIK Note (10.00% PIK, due 6/9/2020)(40)	28,837	25,569	0.7%
		Class A Units (370,964 units)(39)	6,576	6,012	0.2%
			41,678	44,346	1.3%
First Tower Finance Company LLC(20)	Mississippi / Consumer Finance	Subordinated Term Loan to First Tower, LLC (10.00% plus 12.00% PIK, due 6/24/2019)(13)(40)	255,762	255,762	7.4%

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		Class A Units (86,711,625 units)(13)(39)	70,476	96,904	2.8%
			326,238	352,666	10.2%
Freedom Marine Solutions, LLC(21)	Louisiana / Energy Equipment & Services	Membership Interest (100%)(39)	40,810	26,618	0.8%
			40,810	26,618	0.8%
Gulf Coast Machine & Supply Company	Texas / Energy Equipment & Services	Senior Secured Term Loan (10.50% (LIBOR + 8.50% with 2.00% LIBOR floor), in non-accrual status effective 1/1/2015, due 10/12/2017)(10)(11)	38,825	7,312	0.2%
		Series A Convertible Preferred Stock (99,900 shares)(39)	25,950	—	—%
			60,375	7,312	0.2%

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	June 30, 2016			
			Principal Value	Amortized Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS						
Control Investments (greater than 25.00% voting control)(43)						
MITY, Inc.(22)	Utah / Commercial Services & Supplies	Senior Secured Note A (10.00% (LIBOR + 7.00% with 3.00% LIBOR floor), due 3/19/2019)(3)(10)(11)	\$ 18,250	\$ 18,250	\$ 18,250	0.5%
		Senior Secured Note B (10.00% (LIBOR + 7.00% with 3.00% LIBOR floor) plus 10.00% PIK, due 3/19/2019)(3)(10)(11)(40)	16,442	16,442	16,442	0.5%
		Subordinated Unsecured Note to Broda Enterprises ULC (10.00%, due on demand)(13)	7,200	7,200	5,667	0.2%
		Common Stock (42,053 shares)		6,848	13,690	0.4%
National Property REIT Corp.(23)	Various / Equity Real Estate Investment Trusts (REITs) / Online Lending	Senior Secured Term Loan A (6.00% (LIBOR + 4.00% with 2.00% LIBOR floor) plus 5.50% PIK, due 4/1/2019)(10)(11)(40)	248,677	248,677	248,677	7.2%
		Senior Secured Term Loan E (11.00% (LIBOR + 9.00% with 2.00% LIBOR floor) plus 5.00% PIK, due 4/1/2019)(10)(11)(40)	212,819	212,819	212,819	6.2%
		Senior Secured Term Loan C to ACL Loan Holdings, Inc. (11.00% (LIBOR + 9.00% with 2.00% LIBOR floor) plus 5.00% PIK, due 4/1/2019)(10)(11)(13)(40)	99,972	99,972	99,972	2.9%
		Common Stock (1,533,899 shares)(39)		165,908	215,491	6.3%
		Net Operating Income Interest (5% of Net Operating Income)(39)		—	66,974	2.0%
				727,376	843,933	24.6%
Nationwide Loan Company LLC(24)	Illinois / Consumer Finance	Senior Subordinated Term Loan to Nationwide Acceptance LLC (10.00% plus 10.00% PIK, due 6/18/2019)(13)(40)	16,696	16,696	16,696	0.5%
		Class A Units (29,343,795 units)(13)		16,201	19,117	0.5%
				32,897	35,813	1.0%
NMMB, Inc.(25)	New York / Media	Senior Secured Note (14.00%, due 5/6/2021)	3,714	3,714	3,442	0.1%
		Senior Secured Note to Armed Forces Communications, Inc. (14.00%, due	7,000	7,000	6,487	0.2%

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		5/6/2021)					
		Series A Preferred Stock (7,200 shares)(39)	7,200	44	—%		
		Series B Preferred Stock (5,669 shares)(39)	5,669	34	—%		
			23,583	10,007	0.3%		
		Senior Subordinated Note (10.00% (LIBOR + 9.00% with 1.00% LIBOR floor), due 6/12/2018)(3)(10)(11)	28,622	28,622	28,622	0.8%	
R-V Industries, Inc.	Pennsylvania / Construction & Engineering	Common Stock (545,107 shares)	5,087	6,039	0.2%		
		Warrant (to purchase 200,000 shares of Common Stock, expires 6/30/2017)	1,682	2,216	0.1%		
			35,391	36,877	1.1%		
		Senior Secured Term Loan A (7.00% (LIBOR + 6.00% with 1.00% LIBOR floor) plus 2.00% default interest, in non-accrual status effective 4/1/2016, due 3/31/2019)(10)(11)	26,300	26,158	26,300	0.8%	
USES Corp.(26)	Texas / Commercial Services & Supplies	Senior Secured Term Loan B (13.50% (LIBOR + 12.50% with 1.00% LIBOR floor) plus 2.00% default interest, in non-accrual status effective 4/1/2016, due 3/31/2019)(10)(11)	36,000	35,568	13,986	0.4%	
		Common Stock (268,962 shares)(39)	—	—	—%		
			61,726	40,286	1.2%		

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	June 30, 2016		Fair Value(2)	% of Net Assets	
			Principal Value	Amortized Cost			
LEVEL 3 PORTFOLIO INVESTMENTS							
Control Investments (greater than 25.00% voting control)(43)							
Valley Electric Company, Inc.(27)	Washington / Construction & Engineering	Senior Secured Note to Valley Electric Co. of Mt. Vernon, Inc. (8.00% (LIBOR + 5.00% with 3.00% LIBOR floor) plus 2.50% PIK, due 12/31/2019)(3)(10)(11)(40)	\$ 10,430	\$ 10,430	\$ 10,430	0.3%	
		Senior Secured Note (10.00% plus 8.50% PIK, due 6/23/2019)(40)	23,802	23,802	20,661	0.6%	
		Common Stock (50,000 shares)(39)		26,204	—	—%	
				60,436	31,091	0.9%	
Wolf Energy, LLC	Kansas / Energy Equipment & Services	Senior Secured Promissory Note secured by assets formerly owned by H&M (18.00%, in non-accrual status effective 4/15/2013, due 4/15/2018)	38,257	—	659	—%	
		Membership Interest (100%)(39)		—	—	—%	
		Net Profits Interest (8% of Equity Distributions)(4)(39)		—	19	—%	
				—	678	—%	
			\$ 1,768,220	\$ 1,752,449	\$ 1,752,449	51.0%	
Affiliate Investments (5.00% to 24.99% voting control)(44)							
BNN Holdings Corp.	Michigan / Health Care Equipment & Supplies	Series A Preferred Stock (9,925.455 shares)(7)(39)			\$ 1,780	\$ 2,270	0.1%
		Series B Preferred Stock (1,753.636 shares)(7)(39)			448	572	—%
Targus International, LLC(28)	California / Leisure Products	Senior Secured Term Loan A (15.00% PIK, in non-accrual status effective 10/1/15, due 12/31/2019)(8)	1,319	1,263	1,319	—%	
		Senior Secured Term Loan B (15.00% PIK, in non-accrual status effective 10/1/15, due 12/31/2019)(8)	3,957	3,788	3,957	0.1%	
		Common Stock (1,262,737 shares)(39)		3,479	3,202	0.1%	
				8,530	8,478	0.2%	
			\$ 10,758	\$ 11,320	\$ 11,320	0.3%	

See notes to consolidated financial statements.

PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	June 30, 2016		
			Amortized Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS					
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)					
AFI Shareholder, LLC (f/k/a Aircraft Fasteners International, LLC)	California / Trading Companies & Distributors	Class A Units (32,500 units)(39)	\$ 330	\$ 511	—%
			330	511	—%
Airmall Inc.	Pennsylvania / Multiline Retail	Escrow Receivable	3,916	3,900	0.1%
			3,916	3,900	0.1%
Ajax Rolled Ring & Machine, LLC(35)	South Carolina / Machinery	Escrow Receivable	—	608	—%
			—	608	—%
ALG USA Holdings, LLC	Pennsylvania / Hotels, Restaurants & Leisure	Second Lien Term Loan (10.25% (LIBOR + 9.00% with 1.25% LIBOR floor), due 2/28/2020)(8)(10)(11)	11,630	11,771	0.3%
			11,630	11,771	0.3%
American Gilsonite Company(29)	Utah / Metals & Mining	Membership Interest (1.93%)(39)	—	—	—%
			—	—	—%
Apidos CLO IX	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 16.98%, due 7/15/2023)(5)(13)	19,997	19,966	0.6%
			19,997	19,966	0.6%
Apidos CLO XI	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 11.95%, due 1/17/2023)(5)(13)	29,763	26,057	0.8%
			29,763	26,057	0.8%
Apidos CLO XII	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 13.39%, due 4/15/2025)(5)(13)	34,598	30,638	0.9%
			34,598	30,638	0.9%
Apidos CLO XV	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 10.72%, due 10/20/2025)(5)(13)	31,479	25,335	0.7%
			31,479	25,335	0.7%
Apidos CLO XXII	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 17.29%, due 10/20/2027)(5)(6)(13)	26,948	25,369	0.7%
			26,948	25,369	0.7%
Arctic Glacier U.S.A., Inc.	Minnesota / Food Products	Second Lien Term Loan (10.50% (LIBOR + 9.25% with 1.25% LIBOR floor), due 11/10/2019)(3)(10)(11)	150,000	145,546	4.2%
			150,000	145,546	4.2%
			21,088	11,779	0.3%

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Ark-La-Tex Wireline Services, LLC	Louisiana / Energy Equipment & Services	Senior Secured Term Loan A (6.50% (LIBOR + 5.50% with 1.00% LIBOR floor), in non-accrual status effective 4/1/2016, due 4/8/2019)(10)(12)	23,289	—	—%
		Senior Secured Term Loan B (12.50% (LIBOR + 11.50% with 1.00% LIBOR floor), in non-accrual status effective 4/1/2016, due 4/8/2019)(10)(12)	44,327	11,779	0.3%
Armor Holding II LLC	New York / Commercial Services & Supplies	Second Lien Term Loan (10.25% (LIBOR + 9.00% with 1.25% LIBOR floor), due 12/26/2020)(3)(8)(10)(11)	6,907	6,907	0.2%
			6,907	6,907	0.2%

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	June 30, 2016		% of Net	
			Principal Value	Amortized Cost		Fair Value(2)
LEVEL 3 PORTFOLIO INVESTMENTS						
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)						
Atlantis Health Care Group (Puerto Rico), Inc.	Puerto Rico / Health Care Providers & Services	Revolving Line of Credit – \$7,000 Commitment (10.25% (LIBOR + 8.25% with 2.00% LIBOR floor), due 8/21/2017)(10)(11)(14)	\$2,350	\$ 2,350	\$ 2,350	0.1%
		Senior Term Loan (10.25% (LIBOR + 8.25% with 2.00% LIBOR floor), due 2/21/2018)(3)(10)(11)	38,166	38,166	38,166	1.1%
Babson CLO Ltd. 2014-III	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 12.25%, due 1/15/2026)(5)(6)(13)	52,250	44,075	40,312	1.2%
		Senior Secured Term Loan A (7.00% (LIBOR + 5.75% with 1.25% LIBOR floor), due 6/03/2021)(3)(10)(12)	120,737	120,737	120,737	3.5%
Broder Bros., Co.	Pennsylvania / Textiles, Apparel & Luxury Goods	Senior Secured Term Loan B (13.50% (LIBOR + 12.25% with 1.25% LIBOR floor), due 6/03/2021)(10)(12)	121,475	121,475	121,475	3.5%
			242,212	242,212	242,212	7.0%
Brookside Mill CLO Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 14.44%, due 4/17/2025)(5)(13)	26,000	19,875	18,990	0.6%
			19,875	18,990	18,990	0.6%
California Street CLO IX Ltd. (f/k/a Symphony CLO IX Ltd.)	Cayman Islands / Structured Finance	Preference Shares (Residual Interest, current yield 14.11%, due 4/16/2022)(5)(13)	45,500	32,629	29,267	0.9%
			32,629	29,267	29,267	0.9%
Capstone Logistics Acquisition, Inc.	Georgia / Commercial Services & Supplies	Second Lien Term Loan (9.25% (LIBOR + 8.25% with 1.00% LIBOR floor), due 10/7/2022)(3)(8)(10)(12)	101,828	101,298	97,752	2.8%
Cent CLO 17 Limited	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 12.64%, due 1/30/2025)(5)(13)	24,870	18,839	16,695	0.5%
			18,839	16,695	16,695	0.5%
Cent CLO 20 Limited	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 10.19%, due 1/25/2026)(5)(13)	40,275	32,835	26,501	0.8%

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			32,835	26,501	0.8%	
Cent CLO 21 Limited	Cayman Islands / Subordinated Notes (Residual Interest, Structured Finance	current yield 11.64%, due 7/27/2026)(5)(6)(13)	48,528	38,125	31,467	0.9%
			38,125		31,467	0.9%
CIFC Funding 2013-III, Ltd.	Cayman Islands / Subordinated Notes (Residual Interest, Structured Finance	current yield 15.72%, due 10/24/2025)(5)(13)	44,100	32,338	29,634	0.9%
			32,338		29,634	0.9%
CIFC Funding 2013-IV, Ltd.	Cayman Islands / Subordinated Notes (Residual Interest, Structured Finance	current yield 16.13%, due 11/27/2024)(5)(13)	45,500	33,414	32,752	0.9%
			33,414		32,752	0.9%
CIFC Funding 2014-IV Investor, Ltd.	Cayman Islands / Income Notes (Residual Interest, Structured Finance	current yield 15.05%, due 10/17/2026)(5)(6)(13)	41,500	31,729	30,378	0.9%
			31,729		30,378	0.9%
Cinedigm DC Holdings, LLC	New York / Media	Senior Secured Term Loan (11.00% (LIBOR + 9.00% with 2.00% LIBOR floor) plus 2.50% PIK, due 3/31/2021)(10)(11)(40)	65,990	65,940	65,990	1.9%
			65,940		65,990	1.9%

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	June 30, 2016			% of Net Assets
			Principal Value	Amortized Cost	Fair Value(2)	
LEVEL 3 PORTFOLIO INVESTMENTS						
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)						
Coverall North America, Inc.	Florida / Commercial Services & Supplies	Senior Secured Term Loan A (7.00% (LIBOR + 6.00% with 1.00% LIBOR floor), due 11/02/2020)(3)(10)(11)	\$24,250	\$24,250	\$24,250	0.7%
		Senior Secured Term Loan B (12.00% (LIBOR + 11.00% with 1.00% LIBOR floor), due 11/02/2020)(3)(10)(11)	25,000	25,000	25,000	0.7%
				49,250	49,250	1.4%
Crosman Corporation	New York / Leisure Products	Senior Secured Term Loan A (9.16% (LIBOR + 8.70% with .30% LIBOR floor) plus 4.00% PIK, due 8/5/2020)(3)(10)(12)(40)	54,185	54,185	53,935	1.6%
		Senior Secured Term Loan B (16.16% (LIBOR + 15.70% with .30% LIBOR floor) plus 4.00% PIK, due 8/5/2020)(10)(12)(40)	41,284	41,284	40,458	1.1%
				95,469	94,393	2.7%
CURO Group Holdings Corp. (f/k/a Speedy Cash Holdings Corp.)	Canada / Consumer Finance	Senior Unsecured Notes (12.00%, due 11/15/2017)(8)(13)	15,000	15,000	8,081	0.2%
				15,000	8,081	0.2%
Easy Gardener Products, Inc.	Texas / Commercial Services & Supplies	Senior Secured Term Loan (10.63% (LIBOR + 10.00% with .25% LIBOR floor), due 09/30/2020)(3)(10)(11)	17,369	17,369	17,369	0.5%
				17,369	17,369	0.5%
Empire Today, LLC	Illinois / Household Durables	Senior Secured Note (11.375%, due 2/1/2017)(8)	50,426	49,988	49,938	1.4%
				49,988	49,938	1.4%
Fleetwash, Inc.	New Jersey / Commercial Services & Supplies	Senior Secured Term Loan B (10.50% (LIBOR + 9.50% with 1.00% LIBOR floor), due 4/30/2019)(3)(10)(11)	23,402	23,402	23,402	0.7%
		Delayed Draw Term Loan – \$15,000 Commitment (9.50% (LIBOR + 8.50% with 1.00% LIBOR floor) expires 4/30/2019)(10)(11)(14)	—	—	—	—%
				23,402	23,402	0.7%
Focus Brands, Inc.			18,000	17,876	18,000	0.5%

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	Georgia / Food & Staples Retailing	Second Lien Term Loan (10.25% (LIBOR + 9.00% with 1.25% LIBOR floor), due 8/21/2018)(8)(10)(12)		17,876	18,000	0.5%
Galaxy XV CLO, Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 18.19%, due 4/15/2025)(5)(13)	39,275	29,037	30,452	0.9%
				29,037	30,452	0.9%
Galaxy XVI CLO, Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 16.22%, due 11/16/2025)(5)(13)	24,575	19,195	18,925	0.5%
				19,195	18,925	0.5%
Galaxy XVII CLO, Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 15.77%, due 7/15/2026)(5)(6)(13)	39,905	31,077	29,820	0.9%
				31,077	29,820	0.9%
Generation Brands Holdings, Inc.	Illinois / Household Durables	Subordinated Secured Term Loan (11.00% (LIBOR + 10.00% with 1.00% LIBOR floor), due 12/10/2022)(8)(10)(11)	19,000	18,437	19,000	0.6%
				18,437	19,000	0.6%
Global Employment Solutions, Inc.	Colorado / Commercial Services & Supplies	Senior Secured Term Loan (10.25% (LIBOR + 9.25% with 1.00% LIBOR floor), due 6/26/2020)(3)(10)(12)	49,312	49,312	49,312	1.4%
				49,312	49,312	1.4%

See notes to consolidated financial statements.

PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	June 30, 2016			% of Net Assets
			Principal Value	Amortized Cost	Fair Value(2)	
LEVEL 3 PORTFOLIO INVESTMENTS						
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)						
Halcyon Loan Advisors Funding 2012-1 Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 17.90%, due 8/15/2023)(5)(13)	\$23,188	\$ 18,245	\$ 18,140	0.5%
				18,245	18,140	0.5%
Halcyon Loan Advisors Funding 2013-1 Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 18.01%, due 4/15/2025)(5)(13)	40,400	31,897	32,212	0.9%
				31,897	32,212	0.9%
Halcyon Loan Advisors Funding 2014-1 Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 13.66%, due 4/18/2026)(5)(13)	24,500	18,255	17,076	0.5%
				18,255	17,076	0.5%
Halcyon Loan Advisors Funding 2014-2 Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 16.91%, due 4/28/2025)(5)(6)(13)	41,164	30,795	30,532	0.9%
				30,795	30,532	0.9%
Halcyon Loan Advisors Funding 2015-3 Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 15.86%, due 10/18/2027)(5)(6)(13)	39,598	36,746	35,202	1.0%
				36,746	35,202	1.0%
Harbortouch Payments, LLC	Pennsylvania / Commercial Services & Supplies	Second Lien Term Loan (10.00% (LIBOR + 9.00% with 1.00% LIBOR floor) plus 3.00% PIK, due 5/31/2023)(10)(11)(40) Escrow Receivable(39)	27,500	27,500	27,500	0.8%
				—	1,602	—%
				27,500	29,102	0.8%
HarbourView CLO VII, Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 17.35%, due 11/18/2026)(5)(6)(13)	19,025	14,454	13,005	0.4%
				14,454	13,005	0.4%
Harley Marine Services, Inc.	Washington / Oil, Gas & Consumable Fuels	Second Lien Term Loan (10.50% (LIBOR + 9.25% with 1.25% LIBOR floor), due 12/20/2019)(3)(8)(10)(11)	9,000	8,886	8,886	0.3%
				8,886	8,886	0.3%
Hollander Sleep Products, LLC	Florida / Household Durables	Senior Secured Term Loan (9.00% (LIBOR + 8.00% with 1.00% LIBOR floor), due 10/21/2020)(3)(10)(12)	21,860	21,860	21,098	0.6%
				21,860	21,098	0.6%
		Escrow Receivable		—	6	—%

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ICV-CAS Holdings, LLC	New York / Transportation Infrastructure		—	6	—%
Inpatient Care Management Company, LLC	Florida / Health Care Providers & Services	Senior Secured Term Loan (11.50% (LIBOR + 10.50% with 1.00% LIBOR floor), due 6/8/2021)(10)(12)	17,000	17,000	17,000 0.5%
				17,000	17,000 0.5%
		Senior Secured Term Loan A (5.50% (LIBOR + 4.50% with 1.00% LIBOR floor), due 3/28/2019)(10)(11)	122,943	122,943	122,943 3.6%
		Senior Secured Term Loan B (12.00% (LIBOR + 11.00% with 1.00% LIBOR floor), due 3/28/2019)(3)(10)(11)	158,100	158,100	158,100 4.6%
Instant Web, LLC	Minnesota / Media	Senior Secured Term Loan C-1 (12.75% (LIBOR + 11.75% with 1.00% LIBOR floor), due 3/28/2019)(10)(11)	27,000	27,000	27,000 0.8%
		Senior Secured Term Loan C-2 (13.50% (LIBOR + 12.50% with 1.00% LIBOR floor), due 3/28/2019)(10)(11)	25,000	25,000	25,000 0.7%
				333,043	333,043 9.7%

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	June 30, 2016			% of Net Assets
			Principal Value	Amortized Cost	Fair Value(2)	
LEVEL 3 PORTFOLIO INVESTMENTS						
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)						
InterDent, Inc.	California / Health Care Providers & Services	Senior Secured Term Loan A (6.25% (LIBOR + 5.50% with 0.75% LIBOR floor), due 8/3/2017)(10)(12)	\$79,538	\$79,538	\$79,538	2.3%
		Senior Secured Term Loan B (11.25% (LIBOR + 10.50% with 0.75% LIBOR floor), due 8/3/2017)(3)(10)(12)	131,125	131,125	130,582	3.8%
JAC Holding Corporation	Michigan / Auto Components	Senior Secured Note (11.50%, due 10/1/2019)(8)	2,868	2,868	2,868	0.1%
Jefferson Mill CLO Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 9.75%, due 7/20/2027)(5)(6)(13)	19,500	16,915	13,072	0.4%
JHH Holdings, Inc.	Texas / Health Care Providers & Services	Second Lien Term Loan (11.25% (LIBOR + 10.00% with 1.25% LIBOR floor) plus 0.50% PIK, due 3/30/2019)(3)(10)(11)(40)	35,477	35,477	35,477	1.0%
LaserShip, Inc.	Virginia / Road & Rail	Senior Secured Term Loan A (10.25% (LIBOR + 8.25% with 2.00% LIBOR floor) plus 2.00% PIK, due 3/18/2019)(3)(10)(12)(40)	34,570	34,570	32,113	0.9%
LCM XIV Ltd.	Cayman Islands / Structured Finance	Senior Secured Term Loan B (10.25% (LIBOR + 8.25% with 2.00% LIBOR floor) plus 2.00% PIK, due 3/18/2019)(3)(10)(12)(40)	21,214	21,214	19,705	0.6%
		Income Notes (Residual Interest, current yield 18.80%, due 7/15/2025)(5)(13)	30,500	22,890	23,376	0.7%
Madison Park Funding IX, Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 21.15%, due 8/15/2022)(5)(13)	31,110	22,259	21,174	0.6%
Matrixx Initiatives, Inc.	New Jersey / Pharmaceuticals	Senior Secured Term Loan A (7.50% (LIBOR + 6.00% with 1.50% LIBOR floor), due 8/9/2018)(3)(10)(11)	30,177	30,177	30,177	0.9%

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		Senior Secured Term Loan B (12.50% (LIBOR + 11.00% with 1.50% LIBOR floor), due 8/9/2018)	40,562	40,562	40,562	1.2%
			70,739	70,739	70,739	2.1%
Maverick Healthcare Equity, LLC	Arizona / Health Care Providers & Services	Preferred Units (1,250,000 units) Class A Common Units (1,250,000 units)	1,252	2,037	1,252	0.1%
			—	353	—	—%
			1,252	2,390	1,252	0.1%
Mineral Fusion Natural Brands	Colorado / Personal Products	Membership Interest (1.43%)	—	266	—	—%
			—	266	—	—%
Mountain View CLO 2013-I Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 14.72%, due 4/12/2024)	43,650	33,156	30,928	0.9%
				33,156	30,928	0.9%
Mountain View CLO IX Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 16.23%, due 7/15/2027)	47,830	43,088	40,218	1.2%
				43,088	40,218	1.2%

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	June 30, 2016			% of Net Assets
			Principal Value	Amortized Cost	Fair Value(2)	
LEVEL 3 PORTFOLIO INVESTMENTS						
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)						
Nathan's Famous, Inc.	New York / Food & Staples Retailing	Senior Secured Notes (10.00%, due 3/15/2020)(8)	\$3,000	\$ 3,000	\$ 3,000	0.1%
				3,000	3,000	0.1%
NCP Finance Limited Partnership(31)	Ohio / Consumer Finance	Subordinated Secured Term Loan (11.00% (LIBOR + 9.75% with 1.25% LIBOR floor), due 9/30/2018)(3)(8)(10)(12)(13)	27,199	26,504	25,838	0.7%
				26,504	25,838	0.7%
Nixon, Inc.	California / Textiles, Apparel & Luxury Goods	Senior Secured Term Loan (9.50% plus 3.00% PIK, due 4/16/2018)(3)(8)(40)	14,311	14,197	11,776	0.3%
				14,197	11,776	0.3%
Octagon Investment Partners XV, Ltd.	Cayman Islands / Structured Finance	Income Notes (Residual Interest, current yield 16.54%, due 1/19/2025)(5)(13)	32,921	26,213	24,027	0.7%
				26,213	24,027	0.7%
Octagon Investment Partners XVIII, Ltd.	Cayman Islands / Structured Finance	Income Notes (Residual Interest, current yield 20.29%, due 12/16/2024)(5)(6)(13)	28,200	20,046	19,701	0.6%
				20,046	19,701	0.6%
Onyx Payments(32)	Texas / Commercial Services & Supplies	Revolving Line of Credit – \$5,000 Commitment (9.00% (LIBOR + 8.00% with 1.00% LIBOR floor), due 9/10/2016)(10)(11)(14)	1,000	1,000	1,000	—%
		Senior Secured Term Loan A (6.50% (LIBOR + 5.50% with 1.00% LIBOR floor), due 9/10/2019)(3)(10)(11)	48,352	48,352	48,352	1.4%
		Senior Secured Term Loan B (13.50% (LIBOR + 12.50% with 1.00% LIBOR floor), due 9/10/2019)(3)(10)(11)	59,389	59,389	59,389	1.8%
				108,741	108,741	3.2%
Pacific World Corporation	California / Personal Products	Revolving Line of Credit – \$15,000 Commitment (8.00% (LIBOR + 7.00% with 1.00% LIBOR floor), due 9/26/2020)(10)(12)(14)	2,500	2,500	2,500	0.1%
		Senior Secured Term Loan A (6.00% (LIBOR + 5.00% with 1.00% LIBOR	97,994	97,994	93,624	2.7%

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		floor), due 9/26/2020)(10)(12)					
		Senior Secured Term Loan B (10.00%					
		(LIBOR + 9.00% with 1.00% LIBOR	97,994	97,994	81,567	2.4%	
		floor), due 9/26/2020)(3)(10)(12)					
			198,488	177,691	5.2%		
Pelican Products, Inc.	California / Leisure Products	Second Lien Term Loan (9.25% (LIBOR + 8.25% with 1.00% LIBOR floor), due 4/9/2021)(3)(8)(10)(12)	17,500	17,486	15,744	0.5%	
			17,486	15,744	0.5%		
		Revolving Line of Credit – \$1,500 Commitment (9.50% (LIBOR + 8.50% with 1.00% LIBOR floor), due 8/11/16)(10)(11)(14)	—	—	—	—%	
PeopleConnect Intermediate, LLC (f/k/a Intelius, Inc.)	Washington / Internet Software & Services	Senior Secured Term Loan A (6.50% (LIBOR + 5.50% with 1.00% LIBOR floor), due 7/1/2020)(3)(10)(11)	20,379	20,379	19,907	0.6%	
		Senior Secured Term Loan B (12.50% (LIBOR + 11.50% with 1.00% LIBOR floor), due 7/1/2020)(3)(10)(11)	20,938	20,938	20,215	0.6%	
			41,317	40,122	1.2%		
PGX Holdings, Inc.(33)	Utah / Diversified Consumer Services	Second Lien Term Loan (10.00% (LIBOR + 9.00% with 1.00% LIBOR floor), due 9/29/2021)(3)(10)(12)	135,000	135,000	135,000	3.9%	
			135,000	135,000	3.9%		

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	June 30, 2016			% of Net Assets
			Principal Value	Amortized Cost	Fair Value(2)	
LEVEL 3 PORTFOLIO INVESTMENTS						
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)						
Photonis Technologies SAS	France / Aerospace & Defense	First Lien Term Loan (8.50% (LIBOR + 7.50% with 1.00% LIBOR floor), due 9/18/2019)(8)(10)(12)(13)	\$9,927	\$ 9,756	\$ 9,015	0.3%
				9,756	9,015	0.3%
Pinnacle (US) Acquisition Co. Limited	Texas / Energy Equipment & Services	Second Lien Term Loan (10.50% (LIBOR + 9.25% with 1.25% LIBOR floor), due 8/3/2020)(8)(10)(11)	7,037	6,918	5,425	0.2%
				6,918	5,425	0.2%
PlayPower, Inc.	North Carolina / Commercial Services & Supplies	Second Lien Term Loan (9.75% (LIBOR + 8.75% with 1.00% LIBOR floor), due 6/23/2022)(3)(8)(10)(11)	11,000	10,856	10,911	0.3%
				10,856	10,911	0.3%
Prime Security Services Borrower, LLC	Illinois / Diversified Consumer Services	Second Lien Term Loan (9.75% (LIBOR + 8.75% with 1.00% LIBOR floor), due 7/1/2022)(8)(10)(12)	10,000	9,870	10,000	0.3%
				9,870	10,000	0.3%
PrimeSport, Inc.	Georgia / Hotels, Restaurants & Leisure	Senior Secured Term Loan A (7.00% (LIBOR + 6.00% with 1.00% LIBOR floor), due 2/11/2021)(3)(10)(11) Senior Secured Term Loan B (12.00% (LIBOR + 11.00% with 1.00% LIBOR floor), due 2/11/2021)(3)(10)(11)	53,683	53,683	53,683	1.6%
				74,500	74,500	2.1%
				128,183	128,183	3.7%
Prince Mineral Holding Corp.	New York / Metals & Mining	Senior Secured Term Loan (11.50%, due 12/15/2019)(8)	10,000	9,934	8,701	0.3%
				9,934	8,701	0.3%
Rocket Software, Inc.	Massachusetts / Software	Second Lien Term Loan (10.25% (LIBOR + 8.75% with 1.50% LIBOR floor), due 2/8/2019)(3)(8)(10)(12)	20,000	19,854	20,000	0.6%
				19,854	20,000	0.6%
Royal Holdings, Inc.	Indiana / Chemicals	Second Lien Term Loan (8.50% (LIBOR + 7.50% with 1.00% LIBOR floor), due 6/19/2023)(8)(10)(11)	5,000	4,967	4,819	0.1%
				4,967	4,819	0.1%
SCS Merger Sub, Inc.	Texas / IT Services	Second Lien Term Loan (10.50% (LIBOR + 9.50% with 1.00% LIBOR floor), due 10/30/2023)(3)(8)(10)(12)	20,000	19,456	19,655	0.6%
				19,456	19,655	0.6%

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Entity	State / Industry	Instrument	Face Value	Carrying Amount	Carrying Amount	Yield
Security Alarm Financing Enterprises, L.P.(34)	California / Diversified Consumer Services	Subordinated Unsecured Notes (11.50% (LIBOR + 9.50% with 2.00% LIBOR floor), due 12/19/2020)(10)(12)	25,000	25,000	22,700	0.7%
					25,000	22,700
SESAC Holdco II LLC	Tennessee / Media	Second Lien Term Loan (9.00% (LIBOR + 8.00% with 1.00% LIBOR floor), due 4/22/2021)(3)(8)(10)(11)	10,000	9,878	9,878	0.3%
					9,878	9,878
SITEL Worldwide Corporation	Tennessee / Diversified Consumer Services	Second Lien Term Loan (10.50% (LIBOR + 9.50% with 1.00% LIBOR floor), due 9/18/2022)(8)(10)(11)	16,000	15,715	15,715	0.5%
					15,715	15,715
Small Business Whole Loan Portfolio(36)	New York / Online Lending	741 Individual Small Business Loans purchased from On Deck Capital, Inc.	14,603	14,603	14,215	0.4%
					14,603	14,215

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	June 30, 2016			
			Principal Value	Amortized Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS						
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)						
Spartan Energy Services, Inc.	Louisiana / Energy Equipment & Services	Senior Secured Term Loan A (7.00% (LIBOR + 6.00% with 1.00% LIBOR floor), in non-accrual status effective 4/1/2016, due 12/28/2017)(10)(12)	\$13,156	\$12,923	\$11,368	0.3%
		Senior Secured Term Loan B (13.00% (LIBOR + 12.00% with 1.00% LIBOR floor), in non-accrual status effective 4/1/2016, due 12/28/2017)(10)(12)	14,123	13,669	984	0.1%
Stryker Energy, LLC	Ohio / Oil, Gas & Consumable Fuels	Overriding Royalty Interests(9)	—	—	—	—%
			—	—	—	—%
Sudbury Mill CLO Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 12.64%, due 1/17/2026)(5)(13)	28,200	20,865	17,395	0.5%
				20,865	17,395	0.5%
Symphony CLO XIV Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 13.12%, due 7/14/2026)(5)(6)(13)	49,250	39,602	35,703	1.0%
				39,602	35,703	1.0%
Symphony CLO XV Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 13.76%, due 10/17/2026)(5)(13)	50,250	44,141	39,523	1.2%
				44,141	39,523	1.2%
System One Holdings, LLC	Pennsylvania / Commercial Services & Supplies	Senior Secured Term Loan (11.25% (LIBOR + 10.50% with 0.75% LIBOR floor), due 11/17/2020)(3)(10)(12)	104,553	104,553	104,553	3.0%
TouchTunes Interactive Networks, Inc.	New York / Media	Second Lien Term Loan (9.25% (LIBOR + 8.25% with 1.00% LIBOR floor), due 5/29/2022)(8)(10)(12)	5,000	4,936	4,936	0.1%
				4,936	4,936	0.1%
Traeger Pellet Grills LLC	Oregon / Household Durables	Senior Secured Term Loan A (6.50% (LIBOR + 4.50% with 2.00% LIBOR floor), due 6/18/2018)(3)(10)(11)	34,519	34,519	34,519	1.0%
		Senior Secured Term Loan B (11.50% (LIBOR + 9.50% with 2.00% LIBOR	36,506	36,506	36,506	1.1%

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		floor), due 6/18/2018)(3)(10)(11)		71,025	71,025	2.1%
Transaction Network Virginia / IT Services, Inc.	Services	Second Lien Term Loan (9.00% (LIBOR + 8.00% with 1.00% LIBOR floor), due 8/14/2020)(8)(10)(12)	4,410	4,392	4,392	0.1%
				4,392	4,392	0.1%
Trinity Services Group, Inc.(37)	Florida / Commercial Services & Supplies	Senior Secured Term Loan A (6.50% (LIBOR + 5.50% with 1.00% LIBOR floor), due 8/13/2019)(10)(11)	9,626	9,626	9,626	0.3%
		Senior Secured Term Loan B (11.50% (LIBOR + 10.50% with 1.00% LIBOR floor), due 8/13/2019)(3)(10)(11)	125,000	125,000	125,000	3.6%
				134,626	134,626	3.9%
United Sporting Companies, Inc.(38)	South Carolina / Leisure Products	Second Lien Term Loan (12.75% (LIBOR + 11.00% with 1.75% LIBOR floor), due 5/16/2018)(3)(10)(12)	140,847	140,847	136,668	4.0%
				140,847	136,668	4.0%
Universal Fiber Systems, LLC	Virginia / Chemicals	Second Lien Term Loan (10.50% (LIBOR + 9.50% with 1.00% LIBOR floor), due 10/02/2022)(3)(8)(10)(12)	37,000	36,340	36,340	1.1%
				36,340	36,340	1.1%

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	June 30, 2016		Fair Value(2)	% of Net Assets
			Principa Value	Amortized Cost		
LEVEL 3 PORTFOLIO INVESTMENTS						
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)						
		Revolving Line of Credit – \$2,500 Commitment (10.75% (LIBOR + 9.75% with 1.00% LIBOR floor), due 4/15/2017)(10)(12)(14)	\$ 1,000	\$ 1,000	\$ 1,000	—%
USG Intermediate, LLC	Texas / Leisure Products	Senior Secured Term Loan A (8.25% (LIBOR + 7.25% with 1.00% LIBOR floor), due 4/15/2020)(3)(10)(12)	16,779	16,779	16,779	0.5%
		Senior Secured Term Loan B (13.25% (LIBOR + 12.25% with 1.00% LIBOR floor), due 4/15/2020)(3)(10)(12)	19,960	19,960	19,960	0.6%
		Equity(39)		1	—	—%
				37,740	37,739	1.1%
Venio LLC	Pennsylvania / Diversified Consumer Services	Second Lien Term Loan (12.00% (LIBOR + 9.50% with 2.50% LIBOR floor) plus 2.00% default interest, in non-accrual status effective 12/31/15, due 2/19/2020)(10)(11)	17,000	17,000	12,876	0.4%
				17,000	12,876	0.4%
Voya CLO 2012-2, Ltd.	Cayman Islands / Structured Finance	Income Notes (Residual Interest, current yield 18.84%, due 10/15/2022)(5)(13)	38,070	28,112	28,982	0.8%
				28,112	28,982	0.8%
Voya CLO 2012-3, Ltd.	Cayman Islands / Structured Finance	Income Notes (Residual Interest, current yield 18.51%, due 10/15/2022)(5)(13)	46,632	34,597	34,319	1.0%
				34,597	34,319	1.0%
Voya CLO 2012-4, Ltd.	Cayman Islands / Structured Finance	Income Notes (Residual Interest, current yield 19.09%, due 10/15/2023)(5)(13)	40,613	30,772	30,756	0.9%
				30,772	30,756	0.9%
Voya CLO 2014-1, Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 19.32%, due 4/18/2026)(5)(6)(13)	32,383	26,133	26,741	0.8%
				26,133	26,741	0.8%
Washington Mill CLO Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 9.52%, due 4/20/2026)(5)(6)(13)	22,600	18,406	15,056	0.4%
				18,406	15,056	0.4%
Water Pik, Inc.			15,439	15,097	15,097	0.4%

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	Colorado / Personal Products	Second Lien Term Loan (9.75% (LIBOR + 8.75% with 1.00% LIBOR floor), due 1/8/2021)(8)(10)(11)	15,097	15,097	0.4%
		Senior Subordinated Secured Note (11.00% (LIBOR + 7.00% with 4.00% LIBOR floor), due 6/29/2020)(3)(10)(11)	12,000	12,000	0.4%
Wheel Pros, LLC	Colorado / Auto Components	Senior Subordinated Secured Note (11.00% (LIBOR + 7.00% with 4.00% LIBOR floor), due 6/29/2020)(3)(10)(11)	5,460	5,460	0.2%
			17,460	17,460	0.6%
	Total Non-Control/Non-Affiliate Investments (Level 3)		\$4,312,122	\$4,133,939	120.3%
	Total Portfolio Investments		\$6,091,100	\$5,897,708	171.6%

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
 CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
 (in thousands, except share data)

Endnote Explanations as of December 31, 2016 (Unaudited) and June 30, 2016

The terms “Prospect,” “we,” “us” and “our” mean Prospect Capital Corporation and its subsidiaries unless the context specifically requires otherwise. The securities in which Prospect has invested were acquired in transactions that (1) were exempt from registration under the Securities Act of 1933, as amended (the “Securities Act”). These securities may be resold only in transactions that are exempt from registration under the Securities Act.

Fair value is determined by or under the direction of our Board of Directors. As of December 31, 2016 and (2) June 30, 2016, all of our investments were classified as Level 3. ASC 820 classifies such unobservable inputs used to measure fair value as Level 3 within the valuation hierarchy. See Notes 2 and 3 within the accompanying notes to consolidated financial statements for further discussion.

Security, or a portion thereof, is held by Prospect Capital Funding LLC (“PCF”), our wholly-owned subsidiary and a (3) bankruptcy remote special purpose entity, and is pledged as collateral for the Revolving Credit Facility and such security is not available as collateral to our general creditors (see Note 4). The fair values of the investments held by PCF at December 31, 2016 and June 30, 2016 were \$1,318,623 and \$1,348,577, respectively, representing 22.2% and 22.9% of our total investments, respectively.

In addition to the stated returns, the net profits interest held will be realized upon sale of the borrower or a sale of (4) the interests.

This investment is in the equity class of a collateralized loan obligation (“CLO”) security. The CLO equity (5) investments are entitled to recurring distributions which are generally equal to the excess cash flow generated from the underlying investments after payment of the contractual payments to debt holders and fund expenses. The current estimated yield is based on the current projections of this excess cash flow taking into account assumptions which have been made regarding expected prepayments, losses and future reinvestment rates. These assumptions are periodically reviewed and adjusted. Ultimately, the actual yield may be higher or lower than the estimated yield if actual results differ from those used for the assumptions.

Co-investment with another fund managed by an affiliate of our investment adviser, Prospect Capital Management (6) L.P. See Note 13 for further discussion.

(7) On a fully diluted basis represents 10.00% of voting common shares.

(8) Syndicated investment which was originated by a financial institution and broadly distributed.

(9) The overriding royalty interests held receive payments at the stated rates based upon operations of the borrower.

(10) Security, or a portion thereof, has a floating interest rate which may be subject to a LIBOR or PRIME floor. The interest rate was in effect at December 31, 2016 and June 30, 2016.

The interest rate on these investments is subject to the base rate of 3-Month LIBOR, which was 1.00% and 0.65% (11) at December 31, 2016 and June 30, 2016, respectively. The current base rate for each investment may be different from the reference rate on December 31, 2016 and June 30, 2016.

The interest rate on these investments is subject to the base rate of 1-Month LIBOR, which was 0.77% and 0.47% (12) at December 31, 2016 and June 30, 2016, respectively. The current base rate for each investment may be different from the reference rate on December 31, 2016 and June 30, 2016.

Investment has been designated as an investment not “qualifying” under Section 55(a) of the Investment Company (13) Act of 1940 (the “1940 Act”). Under the 1940 Act, we may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of our total assets. As of December 31, 2016 and June 30, 2016, our qualifying assets as a percentage of total assets, stood at 71.82% and 74.58%, respectively. We monitor the status of these assets on an ongoing basis.

Undrawn committed revolvers and delayed draw term loans to our portfolio companies incur commitment and (14) unused fees ranging from 0.00% to 4.00%. As of December 31, 2016 and June 30, 2016, we had \$36,984 and \$40,560, respectively, of undrawn revolver and delayed draw term loan commitments to our portfolio companies.

See notes to consolidated financial statements.

PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
 CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
 (in thousands, except share data)

Endnote Explanations as of December 31, 2016 (Unaudited) and June 30, 2016 (Continued)

Arctic Oilfield Equipment USA, Inc. (“Arctic Oilfield”), a consolidated entity in which we own 100% of the common equity, owns 70% of the equity units of Arctic Energy Services, LLC (“Arctic Energy”), the operating company. We report Arctic Energy as a separate controlled company. On September 30, 2015, we restructured (15) our investment in Arctic Energy. Concurrent with the restructuring, we exchanged our \$31,640 senior secured loan and our \$20,230 subordinated loan for Class D and Class E Units in Arctic Energy. Our ownership of Arctic Oilfield includes a preferred interest in their holdings of all the Class D, Class E, Class C, and Class A Units (in order of priority returns). These unit classes are senior to management’s interests in the F and B Units.

CCPI Holdings Inc., a consolidated entity in which we own 100% of the common stock, owns 94.59% of CCPI (16) Inc. (“CCPI”), the operating company, as of December 31, 2016 and June 30, 2016. We report CCPI as a separate controlled company.

CP Holdings of Delaware LLC, a consolidated entity in which we own 100% of the membership interests, owns 82.3% of CP Energy Services Inc. (“CP Energy”) as of December 31, 2016 and June 30, 2016. As of June 30, 2016, CP Energy owned directly or indirectly 100% of each of CP Well Testing, LLC; Wright Foster Disposals, LLC; (17) Foster Testing Co., Inc.; ProHaul Transports, LLC; and Wright Trucking, Inc. We report CP Energy as a separate controlled company. Effective December 31, 2014, CP Energy underwent a corporate reorganization in order to consolidate certain of its wholly-owned subsidiaries. On October 30, 2015, we restructured our investment in CP Energy. Concurrent with the restructuring, we exchanged our \$86,965 senior secured loan and \$15,924 subordinated loan for Series B Redeemable Preferred Stock in CP Energy.

Credit Central Holdings of Delaware, LLC, a consolidated entity in which we own 100% of the membership interests, owns 99.91% and 74.93% of Credit Central Loan Company, LLC (f/k/a Credit Central Holdings, LLC (“Credit Central”)) as of December 31, 2016 and June 30, 2016, respectively. Credit Central owns 100% of each of (18) Credit Central, LLC; Credit Central South, LLC; Credit Central of Texas, LLC; and Credit Central of Tennessee, LLC, the operating companies. We report Credit Central as a separate controlled company. On September 28, 2016, we have made an additional \$12,523 second lien debt and \$2,098 equity investment in Credit Central, increasing its ownership to 99.91%.

Prospect owns 37.1% of the equity of Edmentum Ultimate Holdings, LLC as of December 31, 2016 and June 30, (19) 2016.

First Tower Holdings of Delaware LLC, a consolidated entity in which we own 100% of the membership interests, owns 80.1% of First Tower Finance Company LLC (“First Tower Finance”), which owns 100% of (20) First Tower, LLC, the operating company as of December 31, 2016 and June 30, 2016. We report First Tower Finance as a separate controlled company.

Energy Solutions Holdings Inc., a consolidated entity in which we own 100% of equity, owns 100% of Freedom Marine Solutions, LLC (“Freedom Marine”), which owns Vessel Company, LLC, Vessel Company II, LLC and (21) Vessel Company III, LLC. We report Freedom Marine as a separate controlled company. On October 30, 2015, we restructured our investment in Freedom Marine. Concurrent with the restructuring, we exchanged our \$32,500 senior secured loans for additional membership interest in Freedom Marine.

MITY Holdings of Delaware Inc. (“MITY Delaware”), a consolidated entity in which we own 100% of the common stock, owns 95.48% and 95.83% of the equity of MITY, Inc. (f/k/a MITY Enterprises, Inc.) (“MITY”), as of December 31, 2016 and June 30, 2016, respectively. MITY owns 100% of each of MITY-Lite, Inc. (“Mity Lite”); Broda Enterprises USA, Inc.; and Broda Enterprises ULC (“Broda Canada”). We report MITY as a separate controlled company. MITY Delaware has a subordinated unsecured note issued and outstanding to Broda Canada that is denominated in Canadian Dollars (CAD). As of December 31, 2016 and June 30, 2016, the principal balance of this note was CAD 7,371. In accordance with ASC 830, Foreign Currency Matters (“ASC 830”), this note was remeasured into our functional currency, US Dollars (USD), and is presented on our

Consolidated Schedule of Investments in USD. We formed a separate legal entity, MITY FSC, Inc., (“MITY FSC”) in which Prospect owns 96.88% of the equity, and MITY-Lite management owns the remaining portion. MITY FSC does not have material operations. This entity earns commission payments from MITY-Lite based on its sales to foreign customers, and distribute it to its shareholders based on pro-rata ownership. During the three months ended December 31, 2016, we received \$406 of such commission, which we recognized as other income. NPH Property Holdings, LLC, a consolidated entity in which we own 100% of the membership interests, owns 100% of the common equity of National Property REIT Corp. (“NPRC”) (f/k/a National Property Holdings Corp.), a property REIT which holds investments in several real estate properties. Additionally, NPRC invests in online consumer loans through ACL Loan Holdings, Inc.(“ACLLH”) and American Consumer Lending Limited (“ACLL”), its wholly-owned subsidiaries. We report NPRC as a separate controlled company. See Note 3 for further discussion of the properties held by NPRC. On August 1, 2016, we made an investment into ACLL, under the ACLL credit agreement, for senior secured term loans, Term Loan C, with the same terms as the existing ACLLH Term Loan C due to us.

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
 CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
 (in thousands, except share data)

Endnote Explanations as of December 31, 2016 (Unaudited) and June 30, 2016 (Continued)

- Nationwide Acceptance Holdings LLC, a consolidated entity in which we own 100% of the membership interests, owns 94.48% and 93.79% of Nationwide Loan Company LLC (f/k/a Nationwide Acceptance LLC), the operating company, as of December 31, 2016 and June 30, 2016, respectively. We report Nationwide Loan Company LLC as a separate controlled company. On June 1, 2015, Nationwide Acceptance LLC completed a reorganization and (24) was renamed Nationwide Loan Company LLC (“Nationwide”) and formed two new wholly-owned subsidiaries: Pelican Loan Company LLC (“Pelican”) and Nationwide Consumer Loans LLC. Nationwide assigned 100% of the equity interests in its other subsidiaries to Pelican which, in turn, assigned these interests to a new operating company wholly-owned by Pelican named Nationwide Acceptance LLC (“New Nationwide”). New Nationwide also assumed the existing senior subordinated term loan due to Prospect.
- NMMB Holdings, a consolidated entity in which we own 100% of the equity, owns 96.33% of the fully diluted equity of NMMB, Inc. (“NMMB”) as of December 31, 2016 and June 30, 2016. NMMB owns 100% of Refuel (25) Agency, Inc., which owns 100% of Armed Forces Communications, Inc. We report NMMB as a separate controlled company.
- (26) Prospect owns 99.96% of the equity of USES Corp. as of December 31, 2016 and June 30, 2016. Valley Electric Holdings I, Inc., a consolidated entity in which we own 100% of the common stock, owns 100% of Valley Electric Holdings II, Inc. (“Valley Holdings II”), another consolidated entity. Valley Holdings II owns (27) 94.99% of Valley Electric Company, Inc. (“Valley Electric”). Valley Electric owns 100% of the equity of VE Company, Inc., which owns 100% of the equity of Valley Electric Co. of Mt. Vernon, Inc.. We report Valley Electric as a separate controlled company.
- (28) Prospect owns 12.63% of the equity in Targus Cayman HoldCo Limited, the parent company of Targus International LLC as of December 31, 2016 and June 30, 2016. We own 99.9999% of AGC/PEP, LLC. AGC/PEP, LLC owns 2,038 out of a total of 93,485 shares (including (29) 7,456 vested and unvested management options) of American Gilsonite Holding Company which owns 100% of American Gilsonite Company.
- (30) As of December 31, 2016 and June 30, 2016, we own 1.43% (13,220 shares) of the common and preferred interest of Mineral Fusion Natural, LLC, a subsidiary of Caleel + Hayden, LLC.
- (31) NCP Finance Limited Partnership, NCP Finance Ohio, LLC, and certain affiliates thereof are joint borrowers on the subordinated secured term loan. Pegasus Business Intelligence, LP, Paycom Acquisition, LLC, and Paycom Acquisition Corp. are joint borrowers (32) on the senior secured loan facilities. Paycom Intermediate Holdings, Inc. is the parent guarantor of this debt investment. These entities transact business internationally under the trade name Onyx Payments.
- (33) As of December 31, 2016 and June 30, 2016, PGX Holdings, Inc. is the sole borrower on the second lien term loan.
- (34) Security Alarm Financing Enterprises, L.P. and California Security Alarms, Inc. are joint borrowers on the senior subordinated note.
- (35) SB Forging Company, Inc., a consolidated entity in which we own 100% of the equity, owned 100% of Ajax Rolled Ring & Machine, LLC, the operating company, which was sold on October 10, 2014. As part of the sale there was \$3,000 being held in escrow of which \$802 and \$1,750 was received on May 6, 2015 and May 31, 2016, respectively, for which Prospect realized a gain of the same amount. During the quarter ended September 30, 2016, we determined that the remaining balance of the escrow will not be collected.
- (36) Our wholly-owned subsidiary Prospect Small Business Lending, LLC purchases small business whole loans from small business loan originators, including On Deck Capital, Inc.
- (37) Trinity Services Group, Inc. and Trinity Services I, LLC are joint borrowers on the senior secured loan facility.
- (38)

Ellett Brothers, LLC, Evans Sports, Inc., Jerry's Sports, Inc., Simmons Gun Specialties, Inc., Bonitz Brothers, Inc., and Outdoor Sports Headquarters, Inc. are joint borrowers on the second lien term loan. United Sporting Companies, Inc. is a parent guarantor of this debt investment.

(39) Represents non-income producing security that has not paid a dividend in the year proceeding the reporting date.

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
 CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)

(in thousands, except share data)

Endnote Explanations as of December 31, 2016 (Unaudited) and June 30, 2016 (Continued)

(40) The interest rate on these investments, excluding those on non-accrual, contains a paid in kind (“PIK”) provision, whereby the issuer has either the option or the obligation to make interest payments with the issuance of additional securities. The interest rate in the schedule represents the current interest rate in effect for these investments.

The following table provides additional details on these PIK investments, including the maximum annual PIK interest rate allowed under the existing credit agreements, as of and for three months ended December 31, 2016:

Security Name	PIK Rate - Capitalized	PIK Rate - Maximum Paid as cash	Current PIK Rate	
CCPI Inc.	—%	7.00%	7.00%	
Cinedigm DC Holdings, LLC	—%	2.50%	2.50%	
Credit Central Loan Company	10.00%	—%	10.00%	
Crosman Corporation - Senior Secured Term Loan A	N/A	N/A	4.00%	(A)
Crosman Corporation - Senior Secured Term Loan B	N/A	N/A	4.00%	(A)
Echelon Aviation LLC	—%	2.25%	2.25%	
Echelon Aviation LLC	N/A	N/A	1.00%	(B)
Edmentum Ultimate Holdings, LLC - Unsecured Senior PIK Note	8.50%	—%	8.50%	
Edmentum Ultimate Holdings, LLC - Unsecured Junior PIK Note	10.00%	—%	10.00%	
First Tower Finance Company LLC	3.75%	8.25%	12.00%	
MITY, Inc.	—%	10.00%	10.00%	
National Property REIT Corp. - Senior Secured Term Loan A	—%	5.50%	5.50%	
National Property REIT Corp. - Senior Secured Term Loan E	—%	5.00%	5.00%	
National Property REIT Corp. - Senior Secured Term Loan C to ACL Loan Holdings, Inc.	—%	5.00%	5.00%	
National Property REIT Corp. - Senior Secured Term Loan C to American Consumer Lending Limited	—%	5.00%	5.00%	
Nationwide Loan Company LLC	—%	10.00%	10.00%	
Valley Electric Co. of Mt. Vernon, Inc.	—%	2.50%	2.50%	
Valley Electric Company, Inc.	6.11%	2.39%	8.50%	

(A) Next PIK payment/capitalization date is January 3, 2017. The company capitalized 4.00% PIK interest through January 3, 2017.

(B) New debt investment originated during three months ended December 31, 2016. PIK is capitalized semiannually; next PIK payment/capitalization date at December 31, 2016 is January 31, 2017. The company paid the full 1.00% PIK in cash on January 31, 2017.

See notes to consolidated financial statements.

PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Endnote Explanations as of December 31, 2016 (Unaudited) and June 30, 2016 (Continued)

The following table provides additional details on these PIK investments, including the maximum annual PIK interest rate allowed under the existing credit agreements, as of and for three months ended June 30, 2016:

Security Name	PIK Rate - Capitalized	PIK Rate - Paid as cash	Maximum Current PIK Rate	
CCPI Inc.	—%	7.00%	7.00%	
Cinedigm DC Holdings, LLC	—%	2.50%	2.50%	
Credit Central Loan Company	6.49%	3.51%	10.00%	
Crosman Corporation - Senior Secured Term Loan A	4.00%	—%	4.00%	
Crosman Corporation - Senior Secured Term Loan B	4.00%	—%	4.00%	
Echelon Aviation LLC	—%	2.25%	2.25%	
Edmentum Ultimate Holdings, LLC - Unsecured Senior PIK Note	8.50%	—%	8.50%	
Edmentum Ultimate Holdings, LLC - Unsecured Junior PIK Note	10.00%	—%	10.00%	
First Tower Finance Company LLC	0.80%	11.20%	12.00%	
Harbortouch Payments, LLC	N/A	N/A	3.00%	(C)
JHH Holdings, Inc.	0.50%	—%	0.50%	
LaserShip, Inc. - Term Loan A	2.00%	—%	2.00%	
LaserShip, Inc. - Term Loan B	2.00%	—%	2.00%	
MITY, Inc.	—%	10.00%	10.00%	
National Property REIT Corp. - Senior Secured Term Loan A	—%	5.50%	5.50%	
National Property REIT Corp. - Senior Secured Term Loan E	—%	5.00%	5.00%	
National Property REIT Corp. - Senior Secured Term Loan C to ACL Loan Holdings, Inc.	—%	5.00%	5.00%	
Nationwide Loan Company LLC	—%	10.00%	10.00%	
Nixon, Inc.	3.00%	—%	3.00%	
Valley Electric Co. of Mt. Vernon, Inc.	—%	2.50%	2.50%	
Valley Electric Company, Inc.	3.42%	5.08%	8.50%	

(C) PIK is capitalized quarterly; next PIK payment/capitalization date at June 30, 2016 was August 31, 2016. The company capitalized 3.00% PIK interest through August 31, 2016.

See notes to consolidated financial statements.

PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Endnote Explanations as of December 31, 2016 (Unaudited) and June 30, 2016 (Continued)

As defined in the 1940 Act, we are deemed to “Control” these portfolio companies because we own more than 25% (41) of the portfolio company’s outstanding voting securities. Transactions during the six months ended December 31, 2016 with these controlled investments were as follows:

Portfolio Company	Fair Value at June 30, 2016	Gross Additions (Cost)*	Gross Reductions (Cost)**	Net unrealized gains (losses)	Fair Value at December 31, 2016	Interest income	Dividend income	Other income	Net realized gains (losses)
Arctic Energy Services, LLC	38,340	—	—	Ø19,785	18,555	—	—	—	—
CCPI Inc.	41,356	—	Ø102	1,623	42,877	1,498	123	—	—
CP Energy Services Inc.	76,002	—	—	Ø2,954	73,048	—	—	—	—
Credit Central Loan Company, LLC	52,254	9,280	—	1,447	62,981	4,988	—	—	—
Echelon Aviation LLC	60,821	18,877	Ø6,801	3,962	76,859	2,580	200	1,121	—
Edmentum Ultimate Holdings, LLC	44,346	1,771	Ø6,424	Ø3,081	36,612	1,830	—	—	—
First Tower Finance Company LLC	352,666	1,389	Ø936	Ø7,511	355,608	28,900	—	—	—
Freedom Marine Solutions, LLC	26,618	601	—	Ø548	26,671	—	—	—	—
Gulf Coast Machine & Supply Company	7,312	4,000	Ø3,022	Ø802	7,488	—	—	—	—
MITY, Inc.	54,049	—	—	2,910	56,959	2,899	469	406	11
National Property REIT Corp.	843,933	174,231	Ø91,354	21,811	948,621	44,801	—	5,145	—
Nationwide Loan Company LLC	35,813	215	—	247	36,275	1,715	2,581	—	—
NMMB, Inc.	10,007	—	—	5,279	15,286	767	—	—	—
R-V Industries, Inc.	36,877	—	172	Ø1,518	35,531	1,431	149	124	172
USES Corp.	40,286	—	—	2,817	43,103	—	—	—	—