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

FORM 10-Q

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2019**
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

COMMISSION FILE NUMBER: 814-00757

FS KKR Capital Corp.

(Exact name of registrant as specified in its charter)

Maryland
(State of Incorporation)

26-1630040
(I.R.S. Employer Identification Number)

201 Rouse Boulevard
Philadelphia, Pennsylvania
(Address of principal executive offices)

19112
(Zip Code)

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

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

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

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

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company
Emerging growth company

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

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.001	FSK	New York Stock Exchange

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

There were 509,072,685 shares of the registrant's common stock outstanding as of November 6, 2019.

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

FS KKR Capital Corp.

Consolidated Balance Sheets
(in millions, except share and per share amounts)

	September 30, 2019 (Unaudited)	December 31, 2018
Assets		
Investments, at fair value		
Non-controlled/unaffiliated investments (amortized cost—\$6,009 and \$6,457, respectively)	\$ 5,715	\$ 6,217
Non-controlled/affiliated investments (amortized cost—\$598 and \$382, respectively)	636	358
Controlled/affiliated investments (amortized cost—\$979 and \$917, respectively)	867	812
Total investments, at fair value (amortized cost—\$7,586 and \$7,756, respectively)	\$ 7,218	\$ 7,387
Cash	115	101
Foreign currency, at fair value (cost—\$11 and \$3, respectively)	11	3
Receivable for investments sold and repaid	328	144
Income receivable	84	60
Unrealized appreciation on foreign currency forward contracts	9	3
Deferred financing costs	6	6
Prepaid expenses and other assets	3	1
Total assets	\$ 7,774	\$ 7,705
Liabilities		
Payable for investments purchased	\$ 71	\$ 6
Debt (net of deferred financing costs of \$9 and \$3, respectively) ⁽¹⁾	3,508	3,391
Unrealized depreciation on swap contracts	1	16
Unrealized depreciation on foreign currency forward contracts	0	0
Stockholder distributions payable	98	45
Management fees payable	28	20
Subordinated income incentive fees payable ⁽²⁾	8	14
Administrative services expense payable	4	1
Interest payable	29	28
Directors' fees payable	0	0
Other accrued expenses and liabilities	3	18
Total liabilities	3,750	3,539
Commitments and contingencies ⁽³⁾		
Stockholders' equity		
Preferred stock, \$0.001 par value, 50,000,000 shares authorized, none issued and outstanding	—	—
Common stock, \$0.001 par value, 750,000,000 shares authorized, 512,262,372 and 531,478,739 shares issued and outstanding, respectively	1	1
Capital in excess of par value	4,117	4,235
Retained earnings (accumulated deficit) ⁽⁴⁾	(94)	(70)
Total stockholders' equity	4,024	4,166
Total liabilities and stockholders' equity	\$ 7,774	\$ 7,705
Net asset value per share of common stock at period end	\$ 7.86	\$ 7.84

(1) See Note 9 for a discussion of the Company's financing arrangements.

(2) See Note 2 for a discussion of the methodology employed by the Company in calculating the subordinated income incentive fees.

(3) See Note 10 for a discussion of the Company's commitments and contingencies.

(4) See Note 5 for a discussion of the sources of distributions paid by the Company.

See notes to unaudited consolidated financial statements.

FS KKR Capital Corp.
Unaudited Consolidated Statements of Operations
(in millions, except share and per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Investment income				
Interest income	\$ 153	\$ 73	\$ 451	\$ 226
Paid-in-kind interest income	7	10	23	27
Fee income	7	4	26	10
Dividend income	5	1	9	8
From non-controlled/affiliated investments:				
Interest income	7	1	18	5
Paid-in-kind interest income	4	2	12	6
From controlled/affiliated investments:				
Interest income	3	1	8	3
Paid-in-kind interest income	—	3	4	7
Dividend income	13	—	42	—
Total investment income	199	95	593	292
Operating expenses				
Management fees ⁽¹⁾	28	14	85	47
Subordinated income incentive fees ⁽²⁾	8	—	57	23
Administrative services expenses	4	1	7	3
Accounting and administrative fees	0	1	1	1
Interest expense ⁽³⁾	42	21	126	62
Directors' fees	1	0	1	1
Other general and administrative expenses	1	2	5	5
Total operating expenses	84	39	282	142
Management fee waiver ⁽¹⁾	—	(0)	—	(3)
Net expenses	84	39	282	139
Net investment income	115	56	311	153
Realized and unrealized gain/loss				
Net realized gain (loss) on investments:				
Non-controlled/unaffiliated investments	(17)	23	(83)	60
Non-controlled/affiliated investments	29	—	21	(10)
Controlled/affiliated investments	5	0	2	0
Net realized gain (loss) on swap contracts	—	—	(10)	—
Net realized gain (loss) on foreign currency forward contracts	2	—	6	—
Net realized gain (loss) on foreign currency	2	6	3	6
Net change in unrealized appreciation (depreciation) on investments:				
Non-controlled/unaffiliated investments	(73)	(104)	(54)	(203)
Non-controlled/affiliated investments	(15)	8	62	(19)
Controlled/affiliated investments	12	6	(7)	(12)
Net change in unrealized appreciation (depreciation) on swap contracts	1	—	15	—
Net change in unrealized appreciation (depreciation) on foreign currency forward contracts	7	—	6	—
Net change in unrealized gain (loss) on foreign currency	3	(7)	1	(5)
Total net realized and unrealized gain (loss)	\$ (44)	\$ (68)	\$ (38)	\$ (183)
Net increase (decrease) in net assets resulting from operations	\$ 71	\$ (12)	\$ 273	\$ (30)
Per share information—basic and diluted				
Net increase (decrease) in net assets resulting from operations (Earnings per Share)	\$ 0.14	\$ (0.05)	\$ 0.52	\$ (0.12)
Weighted average shares outstanding	517,543,295	239,495,341	522,380,207	242,647,216

(1) See Note 4 for a discussion of the waiver by FB Income Advisor, LLC, the Company's former investment adviser, of certain management fees to which it was otherwise entitled during the applicable period.

(2) See Note 2 for a discussion of the methodology employed by the Company in calculating the subordinated income incentive fee.

(3) See Note 9 for a discussion of the Company's financing arrangements.

See notes to unaudited consolidated financial statements.

FS KKR Capital Corp.
Unaudited Consolidated Statements of Changes in Net Assets
(in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Operations				
Net investment income (loss)	\$ 115	\$ 56	\$ 311	\$ 153
Net realized gain (loss) on investments, swap contracts and foreign currency	21	29	(61)	56
Net change in unrealized appreciation (depreciation) on investments, swap contracts and foreign currency forward contracts ⁽¹⁾	(68)	(90)	22	(234)
Net change in unrealized gain (loss) on foreign currency	3	(7)	1	(5)
Net increase (decrease) in net assets resulting from operations	<u>71</u>	<u>(12)</u>	<u>273</u>	<u>(30)</u>
Stockholder distributions⁽²⁾				
Distributions to stockholders	(98)	(45)	(297)	(138)
Net decrease in net assets resulting from stockholder distributions	<u>(98)</u>	<u>(45)</u>	<u>(297)</u>	<u>(138)</u>
Capital share transactions⁽³⁾				
Repurchases of common stock	(47)	(11)	(118)	(50)
Net increase (decrease) in net assets resulting from capital share transactions	<u>(47)</u>	<u>(11)</u>	<u>(118)</u>	<u>(50)</u>
Total increase (decrease) in net assets	(74)	(68)	(142)	(218)
Net assets at beginning of period	4,098	2,135	4,166	2,285
Net assets at end of period	<u>\$ 4,024</u>	<u>\$ 2,067</u>	<u>\$ 4,024</u>	<u>\$ 2,067</u>

(1) See Note 7 for a discussion of these financial instruments.

(2) See Note 5 for a discussion of the sources of distributions paid by the Company.

(3) See Note 3 for a discussion of the Company's capital share transactions.

See notes to unaudited consolidated financial statements.

FS KKR Capital Corp.
Unaudited Consolidated Statements of Cash Flows
(in millions)

	Nine Months Ended September 30,	
	2019	2018
Cash flows from operating activities		
Net increase (decrease) in net assets resulting from operations	\$ 273	\$ (29)
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by (used in) operating activities:		
Purchases of investments	(1,760)	(541)
Paid-in-kind interest	(39)	(39)
Proceeds from sales and repayments of investments	1,925	789
Net realized (gain) loss on investments	60	(50)
Net change in unrealized (appreciation) depreciation on investments	(1)	234
Net change in unrealized (appreciation) depreciation on swap contracts	(15)	—
Net change in unrealized (appreciation) depreciation on foreign currency forward contracts	(6)	—
Accretion of discount	(16)	(5)
Amortization of deferred financing costs and discount	5	5
Unrealized (gain)/loss on borrowings in foreign currency	(4)	(2)
(Increase) decrease in receivable for investments sold and repaid	(184)	(24)
(Increase) decrease in income receivable	(24)	7
(Increase) decrease in deferred merger costs	—	(3)
(Increase) decrease in prepaid expenses and other assets	(2)	1
Increase (decrease) in payable for investments purchased	65	(1)
Increase (decrease) in management fees payable	8	(1)
Increase (decrease) in subordinated income incentive fees payable	(6)	(13)
Increase (decrease) in administrative services expense	3	1
Increase (decrease) in interest payable	1	(5)
Increase (decrease) in other accrued expenses and liabilities	(15)	(6)
Net cash provided by (used in) operating activities	<u>268</u>	<u>318</u>
Cash flows from financing activities		
Repurchases of common stock	(118)	(50)
Stockholder distributions	(244)	(139)
Borrowings under financing arrangements ⁽¹⁾	2,904	347
Repayments of financing arrangements ⁽¹⁾	(2,775)	(510)
Deferred financing costs paid	(13)	(5)
Net cash provided by (used in) financing activities	<u>(246)</u>	<u>(357)</u>
Total increase (decrease) in cash	22	(39)
Cash, and foreign currency at beginning of period	104	139
Cash, and foreign currency at end of period	<u>\$ 126</u>	<u>\$ 100</u>
Supplemental disclosure		
Non-cash purchases of investments	<u>\$ (112)</u>	<u>\$ —</u>
Non-cash sales of investments	<u>\$ 112</u>	<u>\$ —</u>
Local and excise taxes paid	<u>\$ 9</u>	<u>\$ 6</u>

(1) See Note 9 for a discussion of the Company's financing arrangements. During the nine months ended September 30, 2019 and 2018, the Company paid \$122 and \$62, respectively, in interest expense on the financing arrangements.

See notes to unaudited consolidated financial statements.

FS KKR Capital Corp.
Unaudited Consolidated Schedule of Investments
As of September 30, 2019
(in millions, except share amounts)

Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor ^(b)	Maturity	Principal Amount ^(c)	Amortized Cost	Fair Value ^(d)
Senior Secured Loans—First Lien—91.0%								
5 Arch Income Fund 2, LLC	(l)(q)	Diversified Financials	10.5%		11/18/23	\$ 42.3	\$ 42.3	\$ 42.2
5 Arch Income Fund 2, LLC	(l)(q)(v)	Diversified Financials	10.5%		11/18/23	35.3	35.3	35.3
A10 Capital LLC	(g)(h)	Diversified Financials	L+650	1.0%	5/1/23	30.3	30.0	29.9
A10 Capital LLC	(v)	Diversified Financials	L+650	1.0%	5/1/23	14.1	14.0	14.0
Abaco Systems, Inc	(e)(g)(h)(i)	Capital Goods	L+600	1.0%	12/7/21	61.4	60.1	61.3
ABB CONCISE Optical Group LLC	(g)(h)(x)	Retailing	L+500	1.0%	6/15/23	13.0	13.0	12.4
Accuride Corp	(g)(h)(i)(x)	Capital Goods	L+525	1.0%	11/17/23	18.0	17.7	15.2
Acosta Holdco Inc	(g)(n)(w)(x)	Commercial & Professional Services	L+325	1.0%	9/26/21	19.0	17.3	6.0
Advanced Lighting Technologies Inc	(g)(z)	Materials	L+750	1.0%	10/4/22	20.0	17.8	18.0
Advantage Sales & Marketing Inc	(g)(h)(x)	Commercial & Professional Services	L+325	1.0%	7/23/21	17.6	16.9	16.5
Alion Science & Technology Corp	(h)(x)	Capital Goods	L+450	1.0%	8/19/21	2.7	2.7	2.7
All Systems Holding LLC	(e)(f)(g)(h)	Commercial & Professional Services	L+625	1.0%	10/31/23	86.6	86.6	87.5
All Systems Holding LLC	(v)	Commercial & Professional Services	L+625	1.0%	10/31/23	35.4	35.4	35.7
AltEn, LLC	(g)(n)(w)(y)	Energy	L+400 PIK (L+400 Max PIK)		9/12/21	35.3	2.7	1.5
Altus Power America Inc	(g)	Energy	L+750	1.5%	9/30/21	3.7	3.7	3.6
AM General LLC	(e)(g)(h)(i)	Capital Goods	L+725	1.0%	12/28/21	151.8	151.3	153.1
American Tire Distributors Inc	(g)(k)(x)	Automobiles & Components	L+750	1.0%	9/2/24	23.3	22.0	20.6
Ammeraal Beltech Holding BV	(g)(l)(x)	Capital Goods	E+375		7/30/25	€ 2.0	2.3	2.1
Amtek Global Technology Pte Ltd	(j)(l)(z)	Automobiles & Components	E+500		4/4/24	49.2	60.5	53.7
Apex Group Limited	(l)(v)	Diversified Financials	L+650	1.3%	6/15/23	\$ 1.9	1.8	1.9
Apex Group Limited	(g)(l)	Diversified Financials	L+650	1.3%	6/15/25	6.1	6.0	6.1
Apex Group Limited	(g)(l)	Diversified Financials	L+700	1.0%	6/15/25	41.7	41.6	41.7
Apex Group Limited	(g)(h)(l)	Diversified Financials	L+700	1.3%	6/15/25	12.7	12.4	12.7
Apex Group Limited	(g)(l)	Diversified Financials	L+700	1.5%	6/15/25	£ 31.7	40.3	39.2
Aspect Software Inc	(v)	Software & Services	L+500	1.0%	7/15/23	\$ 0.7	0.7	0.7
Aspect Software Inc	(g)	Software & Services	L+500	1.0%	1/15/24	3.0	2.7	2.7
athenahealth Inc	(g)(x)	Health Care Equipment & Services	L+450		2/11/26	24.9	25.1	24.9
AVF Parent LLC	(g)(n)(w)	Retailing	L+725	1.3%	3/1/24	54.3	54.3	30.9
Berner Food & Beverage LLC	(g)(i)	Food & Staples Retailing	L+875	1.0%	2/2/23	62.0	61.5	62.2
Borden Dairy Co	(g)(h)	Food, Beverage & Tobacco	L+750	1.0%	7/6/23	70.0	70.0	61.0
Brand Energy & Infrastructure Services Inc	(h)(x)	Capital Goods	L+425	1.0%	6/21/24	3.0	3.0	2.9
Bugaboo International BV	(g)(l)	Consumer Durables & Apparel	E+700, 7.8% PIK (7.8% Max PIK)		3/20/25	€ 0.1	0.2	0.2
CEPSA Holdco (Matador Bidco)	(g)(k)(l)(x)	Energy	L+475		6/19/26	\$ 2.0	2.0	2.0
CHS/Community Health Systems, Inc.	(g)(l)(x)	Health Care Equipment & Services	8.0%		3/15/26	2.6	2.6	2.6
Commercial Barge Line Co	(g)(x)	Transportation	L+875	1.0%	11/12/20	4.4	4.1	2.4
CSafe Global	(g)(h)	Capital Goods	L+650	1.0%	10/31/23	55.7	55.7	55.5
CSafe Global	(v)	Capital Goods	L+650	1.0%	10/31/23	11.7	11.7	11.7
CSafe Global	(g)	Capital Goods	L+650	1.0%	11/1/21	2.3	2.3	2.3
CSafe Global	(v)	Capital Goods	L+650	1.0%	11/1/21	3.5	3.5	3.5
CSM Bakery Products	(h)(x)	Food, Beverage & Tobacco	L+400	1.0%	7/3/20	1.1	1.1	1.0
CTI Foods Holding Co LLC	(g)	Food, Beverage & Tobacco	L+700	1.0%	5/3/24	3.0	3.0	2.9
Diamond Resorts International Inc	(h)(x)	Consumer Services	L+375	1.0%	9/2/23	6.8	6.5	6.6
Distribution International Inc	(g)(h)(x)	Retailing	L+575	1.0%	12/15/23	27.9	24.8	26.3
Eagle Family Foods Inc	(g)	Food, Beverage & Tobacco	L+650	1.0%	6/14/23	3.0	3.0	2.9

See notes to unaudited consolidated financial statements.

FS KKR Capital Corp.
Unaudited Consolidated Schedule of Investments (continued)
As of September 30, 2019
(in millions, except share amounts)

Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor ^(b)	Maturity	Principal Amount ^(c)	Amortized Cost	Fair Value ^(d)
Eagle Family Foods Inc	(v)	Food, Beverage & Tobacco	L+650	1.0%	6/14/23	\$ 4.1	\$ 4.1	\$ 4.0
Eagle Family Foods Inc	(g)(h)(i)	Food, Beverage & Tobacco	L+675	1.0%	6/14/24	47.0	46.6	45.2
Electronics For Imaging Inc	(g)(x)	Technology Hardware & Equipment	L+500		7/23/26	24.7	23.5	23.1
Empire Today LLC	(e)(g)(h)	Retailing	L+650	1.0%	11/17/22	79.7	79.7	79.8
Entertainment Benefits Group LLC	(g)	Media & Entertainment	L+575	1.0%	9/30/24	1.0	1.0	1.0
Entertainment Benefits Group LLC	(v)	Media & Entertainment	L+575	1.0%	9/30/24	4.1	4.1	4.1
Entertainment Benefits Group LLC	(g)	Media & Entertainment	L+575	1.0%	9/30/25	30.4	30.0	30.0
Frontline Technologies Group LLC	(g)(h)(i)	Software & Services	L+650	1.0%	9/18/23	78.7	78.0	78.2
Frontline Technologies Group LLC	(g)	Software & Services	L+650	1.0%	9/18/23	12.1	12.0	12.0
Greystone & Co Inc	(e)(g)(h)	Diversified Financials	L+800	1.0%	4/17/24	37.3	37.0	37.9
Greystone Equity Member Corp	(g)(l)	Diversified Financials	L+725	3.8%	4/1/26	55.9	55.9	55.4
Greystone Equity Member Corp	(l)(v)	Diversified Financials	L+725	3.8%	4/1/26	4.9	4.9	4.8
HM Dunn Co Inc	(g)(n)(w)(y)	Capital Goods	L+875 PIK (L+875 Max PIK)	1.0%	6/30/21	0.8	0.6	0.3
HM Dunn Co Inc	(g)(y)	Capital Goods	15.0% PIK (15.0% Max PIK)		6/30/21	—	—	—
HM Dunn Co Inc	(v)(y)	Capital Goods	15.0% PIK (15.0% Max PIK)		6/30/21	—	—	—
Hudson Technologies Co	(g)(l)	Commercial & Professional Services	L+1,025	1.0%	10/10/23	38.8	38.5	21.7
Hunt Mortgage	(e)(g)(h)	Diversified Financials	L+600	1.0%	2/14/23	79.2	78.6	79.0
Icynene Group Ltd	(e)(g)(h)	Materials	L+700	1.0%	11/30/24	29.5	29.4	29.6
ID Verde	(l)(v)	Commercial & Professional Services	E+210		3/29/24	€ 4.8	5.5	5.3
Imagine Communications Corp	(g)(h)	Media & Entertainment	L+750	1.0%	4/29/20	\$ 14.0	14.0	14.0
Imagine Communications Corp	(g)(l)	Media & Entertainment	L+750	1.0%	4/29/20	2.1	2.1	2.1
Industria Chimica Emiliana Srl		Pharmaceuticals, Biotechnology & Life Sciences	L+650		6/30/26	€ 81.8	87.2	86.6
Industria Chimica Emiliana Srl	(g)(l)	Pharmaceuticals, Biotechnology & Life Sciences	L+650		6/30/26	11.6	12.7	12.3
Industry City TI Lessor LP	(g)	Consumer Services	10.8%, 1.0% PIK (1.0% Max PIK)		6/30/26	\$ 27.2	27.2	29.9
Integro Ltd/United States	(e)(h)(i)	Insurance	L+575	1.0%	10/31/22	25.4	25.3	25.4
J S Held LLC	(g)	Insurance	L+600	1.0%	7/1/25	0.4	0.4	0.4
J S Held LLC	(v)	Insurance	L+600	1.0%	7/1/25	5.8	5.7	5.7
J S Held LLC	(e)(g)	Insurance	L+600	1.0%	7/1/25	54.4	53.9	53.8
J S Held LLC	(v)	Insurance	L+600	1.0%	7/1/25	13.3	13.3	13.2
JHT Holdings Inc	(e)(g)(h)(i)	Capital Goods	L+850	1.0%	5/4/22	18.9	18.7	19.5
Jo-Ann Stores Inc	(h)(x)	Retailing	L+500	1.0%	10/20/23	8.8	8.7	6.1
JSS Holdings Ltd	(e)(g)(h)	Capital Goods	L+800, 0.0% PIK (2.5% Max PIK)	1.0%	3/31/23	110.9	110.2	114.3
Kodiak BP LLC	(g)(h)	Capital Goods	L+725	1.0%	12/1/24	57.2	57.0	56.6
Kodiak BP LLC	(v)	Capital Goods	L+725	1.0%	12/1/24	28.4	28.3	28.1
Lipari Foods LLC	(e)(g)(i)	Food & Staples Retailing	L+588	1.0%	1/6/25	105.2	104.4	105.1
Lipari Foods LLC	(v)	Food & Staples Retailing	L+588	1.0%	1/6/25	21.8	21.8	21.8
Matchesfashion Ltd	(e)(h)(l)	Consumer Durables & Apparel	L+463		10/16/24	12.7	11.9	11.6
MB Precision Holdings LLC	(g)(y)	Capital Goods	L+725, 2.3% PIK (2.3% Max PIK)	1.3%	1/23/21	4.6	4.5	4.6
Micronics Filtration Holdings Inc	(e)(g)	Capital Goods	L+800, 0.5% PIK (0.5% Max PIK)	1.3%	12/11/20	61.7	61.6	48.4
Multi-Color Corp	(g)(l)(x)	Commercial & Professional Services	6.8%		7/15/26	4.3	4.3	4.4
Murray Energy Corp	(g)	Energy	L+900	1.0%	2/12/21	18.9	18.8	18.9
NBG Home	(g)(h)(i)(x)	Consumer Durables & Apparel	L+550	1.0%	4/26/24	59.0	58.7	53.0
NCI Inc	(g)(h)(i)	Software & Services	L+750	1.0%	8/15/24	81.9	81.1	79.8
North Haven Cadence Buyer Inc	(v)	Consumer Services	L+500	1.0%	9/2/21	0.9	0.9	0.9
North Haven Cadence Buyer Inc	(g)	Consumer Services	L+650	1.0%	9/2/22	8.9	8.9	8.8

See notes to unaudited consolidated financial statements.

FS KKR Capital Corp.
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Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor ^(b)	Maturity	Principal Amount ^(c)	Amortized Cost	Fair Value ^(d)
North Haven Cadence Buyer Inc	(v)	Consumer Services	L+650	1.0%	9/2/22	\$ 6.4	\$ 6.4	\$ 6.3
North Haven Cadence Buyer Inc	(e)(g)(h)	Consumer Services	L+794	1.0%	9/2/22	18.3	18.3	18.2
One Call Care Management Inc	(g)(x)	Insurance	L+400	1.0%	11/27/20	0.6	0.5	0.5
One Call Care Management Inc	(g)(x)	Insurance	L+525	1.0%	11/27/22	13.9	11.9	11.0
Onvoy LLC	(g)(x)	Telecommunication Services	L+450	1.0%	2/10/24	1.1	1.1	0.9
PAE Holding Corp	(g)(x)	Capital Goods	L+550	1.0%	10/20/22	0.8	0.8	0.8
Peak 10 Holding Corp	(g)(x)	Telecommunication Services	L+350		8/1/24	4.6	4.3	4.0
Petroplex Acidizing Inc	(g)	Energy	L+725, 1.8% PIK (1.8% Max PIK)	1.0%	12/5/19	22.8	22.8	22.6
Petroplex Acidizing Inc	(g)(n)(w)	Energy	15.0% PIK (15.0% Max PIK)		12/5/19	26.8	13.8	6.2
PHRC License LLC	(f)(g)(h)	Consumer Services	L+850, 0.3% PIK (4.3% Max PIK)	1.5%	4/28/22	49.8	49.8	50.1
Power Distribution Inc	(g)(h)	Capital Goods	L+725	1.3%	1/25/23	28.0	28.0	25.1
Project Marron	(g)(l)	Consumer Services	L+625		7/3/25	A\$ 1.5	1.0	1.0
PSKW LLC	(e)(g)(h)	Health Care Equipment & Services	L+769	1.0%	11/25/21	\$ 43.2	43.2	43.2
PSKW LLC	(e)	Health Care Equipment & Services	L+769	1.0%	11/25/21	6.2	6.2	6.2
Qdoba Restaurant Corp	(g)(h)(x)	Consumer Services	L+700	1.0%	3/21/25	12.8	12.6	13.0
Reliant Rehab Hospital Cincinnati LLC	(e)(g)(h)(i)	Health Care Equipment & Services	L+675	1.0%	9/2/24	103.4	102.5	101.6
Revere Superior Holdings, Inc	(e)(g)(h)(i)	Software & Services	L+675	1.0%	11/21/22	92.5	91.8	93.5
Revere Superior Holdings, Inc	(v)	Software & Services	L+675	1.0%	11/21/22	5.0	5.0	5.1
Roadrunner Intermediate Acquisition Co LLC	(e)(g)(h)	Health Care Equipment & Services	L+675	1.0%	3/15/23	31.8	31.8	30.9
Safariland LLC	(g)(y)	Capital Goods	L+725	1.1%	11/18/23	11.5	11.5	11.0
Safariland LLC	(g)(h)(y)	Capital Goods	L+775	1.1%	11/18/23	114.6	114.6	110.1
Savers Inc	(g)(h)	Retailing	L+650, 0.8% PIK (0.8% Max PIK)	1.5%	3/28/24	43.7	43.2	43.3
Savers Inc	(g)	Retailing	L+700, 0.8% PIK (0.8% Max PIK)	1.0%	3/28/24	C\$ 60.7	44.7	46.2
Sequa Corp	(g)(h)(x)	Materials	L+500	1.0%	11/28/21	\$ 22.4	22.4	22.2
Sequel Youth & Family Services LLC	(g)	Health Care Equipment & Services	L+700	1.0%	9/1/23	13.9	13.9	14.0
Sequel Youth & Family Services LLC	(e)(g)(h)	Health Care Equipment & Services	L+800		9/1/23	80.0	80.0	80.8
Sequential Brands Group Inc.	(g)(h)	Consumer Durables & Apparel	L+875		2/7/24	59.4	58.5	58.9
Smart Foodservice	(g)(l)(x)	Food & Staples Retailing	L+475		6/20/26	2.7	2.7	2.7
SMART Global Holdings Inc		Semiconductors & Semiconductor						
	(g)(h)(l)	Equipment	L+625	1.0%	8/9/22	19.7	19.7	19.8
Sorenson Communications LLC	(g)(h)(x)	Telecommunication Services	L+650		4/29/24	14.9	14.4	14.9
Staples Canada	(g)(l)	Retailing	L+700	1.0%	9/12/24	C\$ 10.0	7.7	7.6
Sungard Availability Services Capital Inc	(g)	Software & Services	L+750	1.0%	2/3/22	\$ 0.5	0.5	0.5
Sungard Availability Services Capital Inc	(v)	Software & Services	L+750	1.0%	2/3/22	0.5	0.5	0.5
Sutherland Global Services Inc	(h)(l)(x)	Software & Services	L+538	1.0%	4/23/21	4.6	4.5	4.5
Sweet Harvest Foods Management Co	(g)(i)	Food & Staples Retailing	L+775, 1.0% PIK (1.0% Max PIK)	1.0%	5/30/23	26.6	26.5	23.3
Tangoe LLC	(e)(g)(h)	Software & Services	L+650	1.0%	11/28/25	89.0	88.2	89.1
Team Health Inc	(g)(h)(x)	Health Care Equipment & Services	L+275	1.0%	2/6/24	12.5	12.2	10.4
ThermaSys Corp	(g)(y)	Capital Goods	L+600	1.0%	12/28/23	6.7	7.2	6.5
ThreeSixty Group	(e)(g)(h)(i)	Retailing	L+700	1.0%	3/1/23	100.4	99.4	86.4
Torrid Inc	(g)	Retailing	L+675	1.0%	12/14/24	32.0	31.6	31.6
Total Safety US Inc	(g)(x)	Capital Goods	L+600	1.0%	8/16/25	4.1	3.7	3.9
Trace3 Inc	(e)(g)(h)	Software & Services	L+675	1.0%	8/3/24	93.1	93.1	91.4
Utility One Source LP	(h)(x)	Capital Goods	L+550	1.0%	4/18/23	—	—	—
Versatile Processing Group Inc	(e)(g)	Materials	L+1,050	1.0%	12/30/20	41.0	41.0	41.1
Vertiv Group Corp	(g)(h)(x)	Technology Hardware & Equipment	L+400	1.0%	11/30/23	11.7	11.2	11.1

See notes to unaudited consolidated financial statements.

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Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor ^(b)	Maturity	Principal Amount ^(c)	Amortized Cost	Fair Value ^(d)
Virgin Pulse Inc	(e)(g)(h)(i)	Software & Services	L+650	1.0%	5/22/25	\$ 137.2	\$ 136.3	\$ 136.3
Vivint Inc	(g)(h)(x)	Commercial & Professional Services	L+500		4/1/24	23.6	23.4	23.2
Warren Resources Inc	(h)	Energy	L+1,000, 1.0% PIK (1.0% Max PIK)	1.0%	5/22/20	0.7	0.7	0.7
Wheels Up Partners LLC	(g)	Transportation	L+855	1.0%	1/26/21	11.2	11.2	11.2
Wheels Up Partners LLC	(g)	Transportation	L+855	1.0%	8/26/21	6.0	6.0	6.0
Wheels Up Partners LLC	(g)	Transportation	L+710	1.0%	6/30/24	20.1	20.1	20.2
Wheels Up Partners LLC	(g)	Transportation	L+710	1.0%	11/1/24	8.3	8.3	8.3
Wheels Up Partners LLC	(g)	Transportation	L+710	1.0%	12/21/24	13.6	13.5	13.6
Wheels Up Partners LLC	(g)	Transportation	L+710	1.0%	12/21/24	4.3	4.2	4.3
Wheels Up Partners LLC	(g)	Transportation	L+710	1.0%	12/21/24	13.2	13.2	13.3
Zeta Interactive Holdings Corp	(e)(g)(h)	Software & Services	L+750	1.0%	7/29/22	14.6	14.6	14.8
Zeta Interactive Holdings Corp	(v)	Software & Services	L+750	1.0%	7/29/22	1.7	1.7	1.7
Total Senior Secured Loans—First Lien							4,000.4	3,880.4
Unfunded Loan Commitments							(217.3)	(217.3)
Net Senior Secured Loans—First Lien							<u>3,783.1</u>	<u>3,663.1</u>
Senior Secured Loans—Second Lien—30.5%								
Abaco Systems, Inc	(e)(g)	Capital Goods	L+1,050	1.0%	6/7/22	63.4	62.7	63.4
Access CIG LLC	(g)(x)	Software & Services	L+775		2/27/26	0.6	0.6	0.6
Advantage Sales & Marketing Inc	(g)(x)	Commercial & Professional Services	L+650	1.0%	7/25/22	3.9	3.5	3.4
Agro Merchants Global LP	(g)	Transportation	L+800	1.0%	11/30/25	13.4	13.1	13.3
Albany Molecular Research Inc	(g)(x)	Pharmaceuticals, Biotechnology & Life Sciences	L+700	1.0%	8/30/25	8.3	8.3	8.2
Amtek Global Technology Pte Ltd	(j)(l)(z)	Automobiles & Components	E+500		4/4/24	€ 32.8	40.3	35.8
Arena Energy LP	(g)	Energy	L+900, 4.0% PIK (4.0% Max PIK)	1.0%	1/24/21	\$ 8.9	8.9	8.8
athenahealth Inc	(g)	Health Care Equipment & Services	L+850		2/11/27	112.9	111.8	113.9
BCA Marketplace PLC	(g)(k)(l)	Retailing	L+825		9/4/27	£ 48.0	58.4	58.4
Belk Inc	(g)	Retailing	10.5%		6/12/23	\$ 19.5	15.3	15.4
Belk Inc	(g)	Retailing	10.5%		6/12/25	99.6	98.4	72.2
Bellatrix Exploration Ltd	(g)(l)	Energy	8.5%		9/11/23	1.9	1.9	1.9
Bellatrix Exploration Ltd	(g)(l)(n)(w)	Energy	8.5%		9/11/23	4.5	4.1	1.5
Byrider Finance LLC	(f)(g)	Automobiles & Components	L+1,000, 0.5% PIK (4.0% Max PIK)	1.3%	6/7/22	17.9	17.9	17.8
Chisholm Oil & Gas Operating LLC	(g)	Energy	L+800	1.0%	3/21/24	16.1	16.1	16.2
CommerceHub Inc	(g)(h)	Software & Services	L+775		5/21/26	69.3	67.4	68.1
Culligan International Co	(g)(h)	Household & Personal Products	L+850	1.0%	12/13/24	85.0	84.3	84.7
EaglePicher Technologies LLC	(g)(x)	Capital Goods	L+725		3/8/26	3.0	3.0	2.9
Electronics For Imaging Inc	(g)(x)	Technology Hardware & Equipment	L+900		7/23/27	6.2	5.9	5.7
Emerald Performance Materials LLC	(g)(x)	Materials	L+775	1.0%	8/1/22	2.3	2.3	2.2
Excelitas Technologies Corp	(g)(x)	Technology Hardware & Equipment	L+750	1.0%	12/1/25	8.4	8.6	8.5
Gruden Acquisition Inc	(g)(x)	Transportation	L+850	1.0%	8/18/23	10.0	9.7	9.9
Integro Ltd/United States	(g)	Insurance	L+925	1.0%	10/30/23	4.8	4.7	4.8
Invictus	(g)(x)	Materials	L+675		3/30/26	1.1	1.1	1.0
LBM Borrower LLC	(g)(x)	Capital Goods	L+925	1.0%	8/20/23	21.3	21.2	20.9
MedAssets Inc	(e)(g)	Health Care Equipment & Services	L+975	1.0%	4/20/23	63.0	61.9	62.5

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Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor ^(b)	Maturity	Principal Amount ^(c)	Amortized Cost	Fair Value ^(d)
Misys Ltd	(g)(k)(l)(x)	Software & Services	L+725	1.0%	6/13/25	\$ 6.2	\$ 6.2	\$ 6.0
NBG Home	(g)	Consumer Durables & Apparel	L+975	1.0%	9/30/24	34.2	33.8	31.4
NEP Broadcasting LLC	(g)(x)	Media & Entertainment	L+700		10/19/26	0.3	0.3	0.3
OEConnection LLC	(g)	Software & Services	L+825		9/25/27	34.1	33.7	33.7
One Call Care Management Inc	(e)(g)	Insurance	L+375, 6.0% PIK (6.0% Max PIK)	1.0%	4/11/24	31.2	31.0	25.5
P2 Energy Solutions, Inc.	(g)(x)	Software & Services	L+800	1.0%	4/30/21	71.3	70.7	69.4
Paradigm Acquisition Corp	(g)(x)	Health Care Equipment & Services	L+750		10/26/26	2.4	2.4	2.4
Peak 10 Holding Corp	(g)(x)	Telecommunication Services	L+725	1.0%	8/1/25	0.2	0.2	0.1
Petrochoice Holdings Inc	(e)(g)	Capital Goods	L+875	1.0%	8/21/23	65.0	63.8	64.1
Polyconcept North America Inc	(g)	Consumer Durables & Apparel	L+1,000	1.0%	2/16/24	29.4	28.9	29.7
Pure Fishing Inc	(g)	Consumer Durables & Apparel	L+838	1.0%	12/31/26	81.1	80.3	70.7
Rise Baking Company	(g)(h)	Food, Beverage & Tobacco	L+800	1.0%	8/9/26	31.1	30.9	30.6
Sequa Corp	(g)(h)(x)	Materials	L+900	1.0%	4/28/22	22.0	21.9	21.7
SIRVA Worldwide Inc	(g)(x)	Commercial & Professional Services	L+950		8/3/26	3.8	3.5	3.3
SMG/PA	(g)(x)	Consumer Services	L+700		1/23/26	1.3	1.3	1.3
Sorenson Communications LLC	(f)	Telecommunication Services	11.5% PIK (11.5% Max PIK)		4/30/25	15.1	14.7	15.1
Sparta Systems Inc	(g)	Software & Services	L+825	1.0%	7/27/25	35.1	34.6	31.4
Vestcom International Inc	(g)(h)	Consumer Services	L+825	1.0%	12/19/24	70.5	70.0	70.3
WireCo WorldGroup Inc	(g)(h)(x)	Capital Goods	L+900	1.0%	9/30/24	13.7	13.7	13.6
Z Gallerie LLC	(g)(y)	Retailing	12.0%		6/20/21	2.9	2.9	2.8
Total Senior Secured Loans—Second Lien							1,276.2	1,225.4
Other Senior Secured Debt—6.8%								
Advanced Lighting Technologies Inc	(g)(n)(w)(z)	Materials	L+1,700 PIK (L+1,700 Max PIK)	1.0%	10/4/23	30.5	23.6	—
Angelica Corp	(t)	Health Care Equipment & Services	10.0% PIK (10.0% Max PIK)		12/30/22	41.7	41.2	30.1
Artesyn Embedded Technologies Inc	(g)(x)	Technology Hardware & Equipment	9.8%		10/15/20	21.0	20.8	21.1
Black Swan Energy Ltd	(e)(l)	Energy	9.0%		1/20/24	6.0	6.0	6.0
Cleaver-Brooks Inc	(g)(x)	Capital Goods	7.9%		3/1/23	9.4	9.5	8.9
Enterprise Development Authority	(g)(x)	Consumer Services	12.0%		7/15/24	3.6	3.7	3.9
FourPoint Energy LLC	(e)(f)(g)	Energy	9.0%		12/31/21	74.8	73.6	73.7
Frontier Communications Corp	(g)(l)(x)	Telecommunication Services	8.5%		4/1/26	6.3	6.1	6.3
JW Aluminum Co	(e)(g)(x)(y)	Materials	10.3%		6/1/26	36.5	36.5	38.6
Lycra	(g)(l)(x)	Consumer Durables & Apparel	7.5%		5/1/25	5.4	5.4	4.9
Mood Media Corp	(f)(g)(y)	Media & Entertainment	L+1,400 PIK (L+1,400 Max PIK)		12/31/23	37.9	36.8	37.2
MultiPlan Inc	(g)(x)	Health Care Equipment & Services	7.1%		6/1/24	1.7	1.8	1.6
PAREXEL International Corp	(g)(x)	Pharmaceuticals, Biotechnology & Life Sciences	6.4%		9/1/25	0.1	0.1	0.1
Pattonair Holdings Ltd	(g)(l)(x)	Capital Goods	9.0%		11/1/22	8.3	8.4	8.7
Ply Gem Holdings Inc	(g)(x)	Capital Goods	8.0%		4/15/26	7.7	7.6	7.6
Rockport (Relay)	(g)(n)(w)	Consumer Durables & Apparel	15.0% PIK (15.0% Max PIK)		7/31/22	25.8	22.0	0.1
Sungard Availability Services Capital Inc	(g)	Software & Services	L+400, 2.5% PIK (2.5% Max PIK)	1.0%	11/3/22	2.0	2.0	2.0
Velvet Energy Ltd	(g)(l)	Energy	9.0%		10/5/23	7.5	7.5	7.7
Vivint Inc	(g)(x)	Commercial & Professional Services	7.9%		12/1/22	4.2	4.0	4.2
Vivint Inc	(g)(x)	Commercial & Professional Services	7.6%		9/1/23	12.6	12.9	11.3
Total Other Senior Secured Debt							329.5	274.0

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Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor ^(b)	Maturity	Principal Amount ^(c)	Amortized Cost	Fair Value ^(d)
Subordinated Debt—9.7%								
Alion Science & Technology Corp	(e)(g)	Capital Goods	11.0%		8/1/22	\$ 68.6	\$ 68.1	\$ 68.5
Alion Science & Technology Corp	(g)	Capital Goods	11.0%		8/31/22	22.2	21.9	22.1
All Systems Holding LLC	(g)	Commercial & Professional Services	10.0% PIK (10.0% Max PIK)		10/31/22	0.1	0.1	0.1
athenahealth Inc	(g)	Health Care Equipment & Services	L+1,125 PIK (L+1,125 Max PIK)		2/11/27	56.5	56.4	56.8
Byrider Finance LLC	(g)	Automobiles & Components	20.0% PIK (20.0% Max PIK)		3/31/22	1.1	1.1	1.1
ClubCorp Club Operations Inc	(g)(x)	Consumer Services	8.5%		9/15/25	23.4	23.1	19.7
Craftworks Rest & Breweries Group Inc	(g)	Consumer Services			11/1/24	7.3	7.2	6.5
DEI Sales Inc	(e)(g)	Consumer Durables & Apparel	13.0% PIK (13.0% Max PIK)		2/28/23	74.1	73.6	67.3
Diamond Resorts International Inc	(g)(x)	Consumer Services	10.8%		9/1/24	1.2	1.1	1.2
GFL Environmental Inc	(g)(l)(x)	Commercial & Professional Services	8.5%		5/1/27	6.1	6.2	6.8
Hilding Anders	(g)(l)(n)(w)(z)	Consumer Durables & Apparel	13.0% PIK (13.0% Max PIK)		6/30/21	€ 120.7	129.3	72.8
Hilding Anders	(g)(l)(n)(w)(z)	Consumer Durables & Apparel	12.0% PIK (12.0% Max PIK)		12/31/22	3.4	0.5	0.3
Hilding Anders	(g)(l)(n)(w)(z)	Consumer Durables & Apparel	12.0% PIK (12.0% Max PIK)		12/31/23	28.0	0.9	—
Hilding Anders	(g)(l)(n)(w)(z)	Consumer Durables & Apparel	18.0% PIK (18.0% Max PIK)		12/31/24	48.6	12.9	4.3
Hub International Ltd	(g)(x)	Insurance	7.0%		5/1/26	\$ 3.7	3.7	3.8
Imagine Communications Corp	(g)	Media & Entertainment	12.5% PIK (12.5% Max PIK)		10/29/20	0.8	0.8	0.8
Kenan Advantage Group Inc	(g)(x)	Transportation	7.9%		7/31/23	5.1	5.1	4.6
LifePoint Hospitals Inc	(g)(x)	Health Care Equipment & Services	9.8%		12/1/26	8.4	8.4	9.0
Nouryon (fka Akzo Nobel Specialty Chemicals)	(g)(l)(x)	Materials	8.0%		10/1/26	1.5	1.5	1.5
Plastipak Holdings Inc	(g)(x)	Materials	6.3%		10/15/25	1.0	1.0	0.9
Quorum Health Corp	(g)(x)	Health Care Equipment & Services	11.6%		4/15/23	4.0	4.0	3.6
SRS Distribution Inc	(g)(x)	Capital Goods	8.3%		7/1/26	7.0	6.9	7.2
Team Health Inc	(g)(x)	Health Care Equipment & Services	6.4%		2/1/25	2.8	2.6	2.0
Versatile Processing Group Inc	(g)	Materials	13.0% PIK (13.0% Max PIK)		12/30/20	2.8	2.8	2.5
Vertiv Group Corp	(g)(x)	Technology Hardware & Equipment	9.3%		10/15/24	22.8	22.9	22.0
Vivint Inc	(g)(x)	Commercial & Professional Services	8.8%		12/1/20	4.9	4.9	4.9
Z Gallerie LLC	(g)(y)	Retailing	L+650	1.0%	6/20/22	1.8	1.5	1.4
Total Subordinated Debt							468.5	391.7

Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor ^(b)	Maturity	Principal Amount ^(c) / Shares	Amortized Cost	Fair Value ^(d)
Asset Based Finance—17.5%								
Abacus JV, Private Equity	(g)(l)	Insurance				20,312,960	\$ 20.3	\$ 20.3
Accelerator Investments Aggregator LP, Private Equity	(g)(l)(n)	Diversified Financials				3,303,010	3.8	3.6
Altavair NewCo, Private Equity	(g)(l)	Capital Goods				9,162,480	9.2	10.2
Altus Power America Inc, Preferred Stock	(r)	Energy	9.0%, 5.0% PIK (5.0% Max PIK)		10/3/23	1,107,723	1.1	1.1
AMPLIT JV LP, Limited Partnership Interest	(g)(l)(n)	Diversified Financials				N/A	4.8	0.8
Australis Maritime, Common Stock	(g)(l)(n)	Transportation				9,430,576	9.4	9.4
Bank of Ireland, Class B Credit Linked Floating Rate Note	(j)(l)	Banks	L+1,185		12/4/27	\$ 15.1	15.1	15.4
Global Jet Capital LLC, Structured Mezzanine	(g)	Commercial & Professional Services	15.0% PIK (15.0% Max PIK)		1/30/25	\$ 1.1	1.0	1.1
Global Jet Capital LLC, Structured Mezzanine	(g)	Commercial & Professional Services	15.0% PIK (15.0% Max PIK)		4/30/25	\$ 7.0	6.6	6.9
Global Jet Capital LLC, Structured Mezzanine	(g)	Commercial & Professional Services	15.0% PIK (15.0% Max PIK)		9/3/25	\$ 1.4	1.4	1.4

See notes to unaudited consolidated financial statements.

FS KKR Capital Corp.
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Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor ^(b)	Maturity	Principal Amount ^(c) / Shares	Amortized Cost	Fair Value ^(d)
Global Jet Capital LLC, Structured Mezzanine	(g)	Commercial & Professional Services	15.0% PIK (15.0% Max PIK)		9/29/25	\$ 1.4	\$ 1.3	\$ 1.3
Global Jet Capital LLC, Structured Mezzanine	(f)(g)	Commercial & Professional Services	15.0% PIK (15.0% Max PIK)		12/4/25	\$ 82.3	77.7	81.1
Global Jet Capital LLC, Structured Mezzanine	(f)(g)(l)	Commercial & Professional Services	15.0% PIK (15.0% Max PIK)		12/4/25	\$ 18.3	17.3	18.0
Global Jet Capital LLC, Structured Mezzanine	(f)(g)	Commercial & Professional Services	15.0% PIK (15.0% Max PIK)		12/9/25	\$ 1.9	1.8	1.9
Global Jet Capital LLC, Structured Mezzanine	(f)(g)(l)	Commercial & Professional Services	15.0% PIK (15.0% Max PIK)		12/9/25	\$ 14.6	13.8	14.3
Global Jet Capital LLC, Structured Mezzanine	(f)	Commercial & Professional Services	15.0% PIK (15.0% Max PIK)		1/29/26	\$ 7.0	6.7	6.9
Global Jet Capital LLC, Structured Mezzanine	(f)(l)	Commercial & Professional Services	15.0% PIK (15.0% Max PIK)		1/29/26	\$ 1.6	1.5	1.5
Global Jet Capital LLC, Structured Mezzanine	(g)	Commercial & Professional Services	15.0% PIK (15.0% Max PIK)		4/14/26	\$ 17.6	16.6	17.4
Global Jet Capital LLC, Structured Mezzanine	(g)	Commercial & Professional Services	15.0% PIK (15.0% Max PIK)		12/2/26	\$ 17.3	16.3	17.0
Global Jet Capital LLC, Preferred Stock	(f)(g)(n)	Commercial & Professional Services				52,722,941	52.7	4.0
Home Partners JV, Structured Mezzanine	(g)(l)(y)	Real Estate	11.0% PIK (11.0% Max PIK)		3/25/29	\$ 21.7	21.7	21.7
Home Partners JV, Structured Mezzanine	(l)(v)(y)	Real Estate	11.0% PIK (11.0% Max PIK)		3/25/29	\$ 21.7	21.7	21.7
Home Partners JV, Common Stock	(g)(l)(n)(y)	Real Estate				10,859,445	10.9	11.2
Home Partners JV, Private Equity	(g)(l)(n)(x)(y)	Real Estate				585,960	0.6	—
KKR Central Park Leasing Aggregator L.P., Partnership Interest	(g)(l)	Capital Goods	29.9%		5/31/23	N/A	42.9	56.6
KKR Zeno Aggregator LP (K2 Aviation), Partnership Interest	(g)(l)	Capital Goods				18,328,729	18.3	22.8
Lenovo Group Ltd, Structured Mezzanine	(g)(l)	Technology Hardware & Equipment	8.0%		6/22/22	€ 7.4	8.4	8.0
Lenovo Group Ltd, Structured Mezzanine	(g)(l)	Technology Hardware & Equipment	8.0%		6/22/22	\$ 15.5	15.5	15.5
Lenovo Group Ltd, Structured Mezzanine	(g)(l)	Technology Hardware & Equipment	12.0%		6/22/22	€ 4.7	5.3	5.1
Lenovo Group Ltd, Structured Mezzanine	(g)(l)	Technology Hardware & Equipment	12.0%		6/22/22	\$ 9.8	9.8	9.8
Orchard Marine Limited, Class B Common Stock	(g)(l)(n)(y)	Transportation				1,964	3.1	—
Orchard Marine Limited, Series A Preferred Stock	(g)(l)(n)(y)	Transportation				58,920	58.0	22.5
Pretium Partners LLC P2, Structured Mezzanine	(g)(l)	Real Estate	9.5%		5/29/25	\$ 23.5	23.5	23.8
Rampart CLO 2007 1A Class Subord.	(g)(l)	Diversified Financials			10/25/21	\$ 10.0	0.1	0.5
Sofi Lending Corp, 2019-C R1	(g)(l)	Diversified Financials			11/16/48	\$ 21.2	12.0	12.0
Star Mountain Diversified Credit Income Fund III, LP, Private Equity	(l)(p)	Diversified Financials				5,000,000	5.0	8.2
Toorak Capital Funding LLC, Membership Interest	(g)(l)(z)	Diversified Financials				288,831	0.3	0.3
Toorak Capital LLC, Membership Interest	(g)(z)	Diversified Financials				N/A	184.5	237.6
Wind River CLO Ltd, 2012 1A Class Subord. B	(g)(l)	Diversified Financials			1/15/26	\$ 42.5	18.6	13.9
Total Asset Based Finance							738.6	724.8
Unfunded commitments							(21.7)	(21.7)
Net Asset Based Finance							716.9	703.1
Portfolio Company^(a)	Footnotes	Industry	Rate^(b)	Floor^(b)	Maturity	Principal Amount^(c)	Amortized Cost	Fair Value^(d)
Strategic Credit Opportunities, LLC—10.6%								
Strategic Credit Opportunities Partners, LLC	(g)(l)(z)	Diversified Financials				\$ 425.3	\$ 425.3	\$ 425.7
Total Strategic Credit Opportunities Partners							425.3	425.7

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Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor ^(b)	Maturity	Number of Shares	Amortized Cost	Fair Value ^(d)
Equity/Other—13.3%^(m)								
Advanced Lighting Technologies Inc, Common Stock	(g)(n)(z)	Materials				587,637	\$ 16.5	\$ —
Advanced Lighting Technologies Inc, Warrant	(g)(n)(z)	Materials			10/4/27	9,262	0.1	—
Alion Science & Technology Corp, Class A Membership Interest	(g)(n)	Capital Goods				N/A	7.4	11.2
All Systems Holding LLC, Common Stock	(g)(n)	Commercial & Professional Services				586,763	0.6	0.7
AltEn, LLC, Membership Units	(n)(s)(y)	Energy				2,384	3.0	—
Amtek Global Technology Pte Ltd, Ordinary Shares	(j)(l)(n)(z)	Automobiles & Components				5,735,799,959	30.7	15.3
Amtek Global Technology Pte Ltd, Trade Claim	(j)(l)(n)(z)	Automobiles & Components				3,590,032	3.0	2.0
Angelica Corp, Limited Partnership Interest	(n)(t)	Health Care Equipment & Services				877,044	47.6	—
Ap Plasman Inc, Warrant	(g)(l)(n)	Capital Goods			5/25/26	6,985	2.5	1.1
Ascent Resources Utica Holdings LLC / ARU Finance Corp, Common Stock	(n)(o)	Energy				10,193	9.7	2.3
Ascent Resources Utica Holdings LLC / ARU Finance Corp, Trade Claim	(o)	Energy				86,607,143	19.4	19.8
ASG Technologies, Common Stock	(g)(n)(y)	Software & Services				1,149,421	23.4	63.8
ASG Technologies, Warrant	(g)(n)(y)	Software & Services			6/27/22	229,541	6.5	7.8
Aspect Software Inc, Common Stock	(g)(n)	Software & Services				161,261	0.3	0.2
Aspect Software Inc, Warrant	(g)(n)	Software & Services			1/15/24	161,008	—	—
Belk Inc, Units	(g)(n)	Retailing				1,642	7.8	2.8
Bellatrix Exploration Ltd, Warrant	(g)(l)(n)	Energy			9/11/23	127,489	—	—
Byrider Finance LLC, Common Stock	(g)(n)	Automobiles & Components				833	—	—
Cengage Learning, Inc, Common Stock	(g)(n)	Media & Entertainment				227,802	7.5	4.0
Charlotte Russe Inc, Common Stock	(g)(n)(y)	Retailing				22,575	12.5	—
Chisholm Oil & Gas Operating LLC, Series A Units	(n)(p)	Energy				75,000	0.1	0.1
CSafe Global, Common Stock	(g)(n)	Capital Goods				391,300	0.4	0.7
CTI Foods Holding Co LLC, Common Stock	(g)(n)	Food, Beverage & Tobacco				5,836	0.7	0.7
DEI Sales Inc, Class A Units	(g)(n)	Consumer Durables & Apparel				649,538	1.1	0.2
DEI Sales Inc, Series I Units	(g)(n)	Consumer Durables & Apparel				308,948	0.5	0.1
DEI Sales Inc, Series II Units	(n)(p)	Consumer Durables & Apparel				316,770	0.5	0.1
Directed LLC, Warrant	(g)(n)	Consumer Durables & Apparel			12/31/25	649,538	—	—
Empire Today LLC, Common Stock	(g)(n)	Retailing				375	1.1	2.0
FourPoint Energy LLC, Common Stock, Class C—II—A Units	(n)(p)	Energy				21,000	21.0	3.1
FourPoint Energy LLC, Common Stock, Class D Units	(n)(p)	Energy				3,937	2.6	0.6
FourPoint Energy LLC, Common Stock, Class E—II Units	(n)(p)	Energy				48,025	12.0	7.0
FourPoint Energy LLC, Common Stock, Class E—III Units	(n)(p)	Energy				70,875	17.7	10.4
Fronton BV, Common Stock	(n)(p)(y)	Consumer Services				14,943	—	1.4
Genesys Telecommunications Laboratories Inc, Class A Shares	(g)(n)	Technology Hardware & Equipment				40,529	—	—
Genesys Telecommunications Laboratories Inc, Class A1—A5 Shares	(g)(n)	Technology Hardware & Equipment				3,463,150	0.1	0.9
Genesys Telecommunications Laboratories Inc, Ordinary Shares	(g)(n)	Technology Hardware & Equipment				2,810,145	—	—
Genesys Telecommunications Laboratories Inc, Preferred Stock	(g)(n)	Technology Hardware & Equipment				1,050,465	—	—
Harvey Industries Inc, Common Stock	(g)(n)	Capital Goods				2,333,333	2.3	8.1
Hilding Anders, ARLE PIK Interest	(g)(l)(n)(w)(z)	Consumer Durables & Apparel	12.0% PIK (12.0% Max PIK)		12/31/22	4,300,103	—	—
Hilding Anders, Class A Common Stock	(g)(l)(n)(z)	Consumer Durables & Apparel				4,503,411	0.1	—
Hilding Anders, Class B Common Stock	(g)(l)(n)(z)	Consumer Durables & Apparel				574,791	—	—
Hilding Anders, Class C Common Stock	(g)(l)(n)(z)	Consumer Durables & Apparel				213,201	—	—

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Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor ^(b)	Maturity	Number of Shares	Amortized Cost	Fair Value ^(d)
Hilding Anders, Equity Options	(g)(l)(n)(z)	Consumer Durables & Apparel			12/31/20	236,160,807	\$ 15.0	\$ 1.6
HM Dunn Co Inc, Preferred Stock, Series A	(g)(n)(y)	Capital Goods				214	—	—
HM Dunn Co Inc, Preferred Stock, Series B	(g)(n)(y)	Capital Goods				214	—	—
Home Partners of America Inc, Common Stock	(g)(n)(y)	Real Estate				81,625	83.6	133.0
Home Partners of America Inc, Warrant	(g)(n)(y)	Real Estate			8/7/24	2,675	0.3	2.0
Imagine Communications Corp, Common Stock	(g)(n)	Media & Entertainment				33,034	3.8	4.1
JHC Acquisition LLC, Common Stock	(g)(n)	Capital Goods				483	0.5	0.6
Jones Apparel Holdings, Inc., Common Stock	(g)(n)	Consumer Durables & Apparel				5,451	0.9	—
JSS Holdings Ltd, Net Profits Interest	(g)(n)	Capital Goods				40	—	1.2
JW Aluminum Co, Common Stock	(f)(g)(n)(y)	Materials				1,474	—	—
JW Aluminum Co, Preferred Stock			12.5%					
	(f)(g)(y)	Materials	PIK		2/15/28	8,404	86.6	116.9
Keystone Australia Holdings Pty Limited, Residual Claim	(g)(l)(n)	Consumer Services				N/A	6.5	0.1
KKR BPT Holdings Aggregator LLC, Membership Interest	(g)(l)(n)(z)	Diversified Financials				N/A	17.6	—
MB Precision Holdings LLC, Class A—2 Units	(g)(n)(p)(y)	Capital Goods				1,426,110	0.5	—
MB Precision Holdings LLC, Preferred Stock	(g)(n)(y)	Capital Goods				8,952,623	1.9	1.1
Micronics Filtration Holdings Inc, Common Stock	(g)(n)	Capital Goods				53,073	0.6	—
Micronics Filtration Holdings Inc, Preferred Stock, Series A	(g)(n)	Capital Goods				55	0.6	—
Micronics Filtration Holdings Inc, Preferred Stock, Series B	(g)(n)	Capital Goods				23	0.2	—
Mood Media Corp, Common Stock	(g)(n)(y)	Media & Entertainment				16,243,967	11.8	1.7
NBG Home, Common Stock	(g)(n)	Consumer Durables & Apparel				1,903	2.6	0.2
Nine West Holdings Inc, Common Stock	(g)(n)	Consumer Durables & Apparel				5,451	6.5	—
North Haven Cadence Buyer Inc, Common Stock	(g)(n)	Consumer Services				1,041,667	1.0	2.4
Petroplex Acidizing Inc, Warrant	(g)(n)	Energy			12/15/26	8	—	—
Polyconcept North America Inc, Class A—1 Units	(g)(n)	Consumer Durables & Apparel				29,376	2.9	5.1
Power Distribution Inc, Common Stock	(g)(n)	Capital Goods				1,941,431	1.7	0.2
Proserv Acquisition LLC, Class A Common Units	(g)(l)(n)(y)	Energy				2,635,005	33.5	14.1
Proserv Acquisition LLC, Class A Preferred Units	(g)(l)(n)(y)	Energy				837,780	5.4	9.5
Ridgeback Resources Inc, Common Stock	(f)(l)(n)	Energy				324,954	2.0	1.6
Rockport (Relay), Warrant	(g)(n)	Consumer Durables & Apparel			8/2/28	1,215,682	—	—
Safariland LLC, Common Equity	(f)(n)(y)	Capital Goods				29,536	3.0	6.3
Sequential Brands Group Inc., Common Stock	(g)(n)(x)	Consumer Durables & Apparel				206,664	2.8	—
Sorenson Communications LLC, Common Stock	(f)(n)	Telecommunication Services				46,163	—	35.0
SSC (Lux) Limited S.a r.l., Common Stock	(g)(l)(n)	Health Care Equipment & Services				113,636	2.3	3.2
Stuart Weitzman Inc, Common Stock	(g)(n)	Consumer Durables & Apparel				5,451	—	—
Sungard Availability Services Capital Inc, Common Stock	(f)(g)(n)	Software & Services				44,857	3.1	2.9
Sunnova Energy International Inc, Common Stock	(g)(n)(x)	Energy				97,515	1.1	1.0
ThermaSys Corp, Common Stock	(e)(f)(g)(n)(y)	Capital Goods				17,383,026	10.2	7.2
ThermaSys Corp, Preferred Stock	(g)(n)(y)	Capital Goods				1,529	1.7	1.5
Towergate, Ordinary Shares	(g)(l)(n)	Insurance				133,264	0.2	0.2
Towergate, Preferred Stock	(g)(l)(n)	Insurance				6,113,719	9.1	9.7
Trace3 Inc, Common Stock	(g)(n)	Software & Services				19,312	0.2	0.5
Versatile Processing Group Inc, Class A—2 Units	(f)(n)	Materials				3,637,500	3.6	0.4
Warren Resources Inc, Common Stock	(g)(n)	Energy				113,515	0.5	0.3

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Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor ^(b)	Maturity	Number of Shares	Amortized Cost	Fair Value ^(d)
Z Gallerie LLC, Common Stock	(g)(n)(y)	Retailing				1,862,460	\$ 0.7	\$ 0.7
Zeta Interactive Holdings Corp, Preferred Stock, Series E—1	(g)(n)	Software & Services				215,662	1.7	2.4
Zeta Interactive Holdings Corp, Preferred Stock, Series F	(g)(n)	Software & Services				196,151	1.7	2.2
Zeta Interactive Holdings Corp, Warrant	(g)(n)	Software & Services			4/20/27	29,422	—	0.1
Total Equity/Other							586.6	535.4
TOTAL INVESTMENTS—179.4%							<u>\$ 7,586.1</u>	<u>7,218.4</u>
LIABILITIES IN EXCESS OF OTHER ASSETS—(79.4%)								<u>(3,194.4)</u>
NET ASSETS—100%								<u>\$ 4,024.0</u>

Foreign currency forward contracts

Foreign Currency	Settlement Date	Counterparty	Amount and Transaction	US\$ Value at Settlement Date	US\$ Value at September 30, 2019	Unrealized Appreciation (Depreciation)
AUD	10/10/2019	JP Morgan Chase Bank	A\$ 0.5 Bought	\$ (0.3)	\$ (0.3)	\$ —
AUD	10/10/2019	JP Morgan Chase Bank	A\$ 0.5 Sold	0.3	0.3	—
CAD	10/10/2019	JP Morgan Chase Bank	C\$ 4.4 Bought	(3.3)	(3.3)	—
CAD	10/10/2019	JP Morgan Chase Bank	C\$ 4.4 Sold	3.3	3.3	—
EUR	10/2/2019	JP Morgan Chase Bank	€ 11.6 Bought	(12.8)	(12.7)	(0.1)
EUR	10/2/2019	JP Morgan Chase Bank	€ 92.5 Sold	106.1	100.9	5.2
EUR	10/10/2019	JP Morgan Chase Bank	€ 37.0 Bought	(40.4)	(40.4)	—
EUR	10/10/2019	JP Morgan Chase Bank	€ 37.0 Sold	42.1	40.4	1.7
EUR	7/17/2023	JP Morgan Chase Bank	€ 1.3 Sold	1.7	1.5	0.2
GBP	10/13/2021	JP Morgan Chase Bank	£ 3.4 Sold	4.6	4.3	0.3
GBP	1/11/2023	JP Morgan Chase Bank	£ 7.0 Sold	9.4	8.8	0.6
GBP	1/11/2023	JP Morgan Chase Bank	£ 1.9 Sold	2.9	2.5	0.4
GBP	1/11/2023	JP Morgan Chase Bank	£ 1.7 Sold	2.6	2.2	0.4
GBP	1/11/2023	JP Morgan Chase Bank	£ 3.4 Sold	4.8	4.3	0.5
GBP	1/11/2023	JP Morgan Chase Bank	£ 1.4 Sold	1.9	1.8	0.1
Total				<u>\$ 122.9</u>	<u>\$ 113.6</u>	<u>\$ 9.3</u>

Cross currency swaps

Counterparty	Company Receives Fixed Rate	Company Pays Fixed Rate	Termination Date	Unrealized Appreciation (Depreciation)
JP Morgan Chase Bank	2.20% on USD notional amount of \$22.2	0.00% on EUR notional amount of €21.0	12/31/2019	\$ (1)
Total				<u>\$ (1)</u>

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

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- (b) Certain variable rate securities in the Company's portfolio bear interest at a rate determined by a publicly disclosed base rate plus a basis point spread. As of September 30, 2019, the three-month London Interbank Offered Rate, or LIBOR or "L", was 2.09%, the Euro Interbank Offered Rate, or EURIBOR, was (0.42)%, Canadian Dollar Offer Rate, or CDOR, was 1.97% and the U.S. Prime Lending Rate, or Prime, was 5.00%. PIK means paid-in-kind. PIK income accruals may be adjusted based on the fair value of the underlying investment. Variable rate securities with no floor rate use the respective benchmark rate in all cases.
- (c) Denominated in U.S. dollars unless otherwise noted.
- (d) Fair value determined by the Company's board of directors (see Note 8).
- (e) Security or portion thereof held within Locust Street Funding LLC and is pledged as collateral supporting the amounts outstanding under the term loan facility with JPMorgan Chase Bank, N.A. (see Note 9).
- (f) Security or portion thereof held within Race Street Funding LLC. Security is available as collateral to support the amounts outstanding under the Senior Secured Revolving Credit Facility (see Note 9).
- (g) Security or portion thereof is pledged as collateral supporting the amounts outstanding under the Senior Secured Revolving Credit Facility (see Note 9).
- (h) Security or portion thereof held within FS KKR MM CLO 1 LLC (see Note 9).
- (i) Security or portion thereof held within CCT Tokyo Funding LLC and pledged as collateral supporting the amounts outstanding under the revolving credit facility with Sumitomo Mitsui Banking Corporation (see Note 9).
- (j) Security or portion thereof held within CCT Dublin Funding Limited.
- (k) Position or portion thereof unsettled as of September 30, 2019.
- (l) The investment is not a qualifying asset under the Investment Company Act of 1940, as amended. A business development company may not acquire any asset other than qualifying assets, unless, at the time the acquisition is made, qualifying assets represent at least 70% of the company's total assets. As of September 30, 2019, 81.3% of the Company's total assets represented qualifying assets.
- (m) Listed investments may be treated as debt for GAAP or tax purposes.
- (n) Security is non-income producing.
- (o) Security held within IC American Energy Investments, Inc., a wholly-owned subsidiary of the Company.
- (p) Security held within FSIC Investments, Inc., a wholly-owned subsidiary of the Company.
- (q) Security held within IC Arches Investments, LLC, a wholly-owned subsidiary of the Company.
- (r) Security held within IC Altus Investments, LLC, a wholly-owned subsidiary of the Company.
- (s) Security held within CCT Holdings, LLC, a wholly-owned subsidiary of the Company.
- (t) Security held within CCT Holdings II, LLC, a wholly-owned subsidiary of the Company.
- (u) Not used.
- (v) Security is an unfunded commitment. The stated rate reflects the spread disclosed at the time of commitment and may not indicate the actual rate received upon funding.

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(w) Asset is on non-accrual status.

(x) Security is classified as Level 1 or Level 2 in the Company's fair value hierarchy (see Note 8).

(y) Under the Investment Company Act of 1940, as amended, the Company generally is deemed to be an "affiliated person" of a portfolio company if it owns 5% or more of the portfolio company's voting securities and generally is deemed to "control" a portfolio company if it owns more than 25% of the portfolio company's voting securities or it has the power to exercise control over the management or policies of such portfolio company. As of September 30, 2019, the Company held investments in portfolio companies of which it is deemed to be an "affiliated person" but is not deemed to "control". The following table presents certain information with respect to investments in portfolio companies of which the Company was deemed to be an affiliated person for the nine months ended September 30, 2019:

Portfolio Company	Fair Value at December 31, 2018	Gross Additions ⁽¹⁾	Gross Reductions ⁽²⁾	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Fair Value at September 30, 2019	Interest Income ⁽³⁾	PIK Income ⁽³⁾
Senior Secured Loans—First Lien								
AltEn, LLC	\$ 2.9	\$ —	\$ —	\$ —	\$ (1.4)	\$ 1.5	\$ —	\$ —
Aspect Software Inc ⁽⁴⁾	2.7	—	(3.7)	—	1.0	—	—	—
Aspect Software Inc ⁽⁴⁾	0.5	—	(0.7)	—	0.2	—	—	—
Charlotte Russe Inc	3.5	—	(1.2)	(8.2)	5.9	—	—	—
HM Dunn Co Inc	0.1	—	—	—	0.2	0.3	—	—
HM Dunn Co Inc	—	—	—	—	—	—	—	—
MB Precision Holdings LLC	4.6	0.3	(0.1)	—	(0.2)	4.6	0.5	0.1
Safariland LLC ⁽⁶⁾	—	11.5	—	—	(0.5)	11.0	0.2	—
Safariland LLC ⁽⁶⁾	—	123.3	(8.7)	—	(4.5)	110.1	9.6	—
ThermaSys Corp	6.7	0.5	—	—	(0.7)	6.5	0.4	—
Senior Secured Loans—Second Lien								
Z Gallerie LLC	—	2.9	—	—	(0.1)	2.8	0.1	—
Other Senior Secured Debt								
JW Aluminum Co ⁽⁵⁾	—	36.5	—	—	2.1	38.6	2.8	—
Mood Media Corp	26.6	44.2	(33.9)	—	0.3	37.2	2.7	1.1
Rockport (Relay) ⁽⁴⁾	9.9	—	(30.9)	—	21.0	—	—	—
Subordinated Debt								
Z Gallerie LLC	—	1.5	—	—	(0.1)	1.4	0.1	—
Asset Based Finance								
Home Partners JV, Structured Mezzanine	—	21.7	—	—	—	21.7	1.1	—
Home Partners JV, Private Equity	—	10.9	—	—	0.3	11.2	—	—
Home Partners JV, Swaption	—	0.6	—	—	(0.6)	—	—	—
Orchard Marine Limited, Class B Common Stock	—	—	—	—	—	—	—	—
Orchard Marine Limited, Series A Preferred Stock	32.1	—	—	—	(9.6)	22.5	—	—
Equity/Other								
AltEn, LLC, Membership Units	—	—	—	—	—	—	—	—
ASG Technologies, Common Stock	85.8	—	(30.0)	17.0	(9.0)	63.8	—	—
ASG Technologies, Warrant	6.7	—	—	—	1.1	7.8	—	—
Aspect Software Inc, Common Stock ⁽⁴⁾	—	—	(10.5)	—	10.5	—	—	—
Charlotte Russe Inc, Common Stock	—	—	—	—	—	—	—	—
Fronton BV, Common Stock	—	—	—	—	1.4	1.4	—	—
HM Dunn Co Inc, Preferred Stock, Series A	—	—	—	—	—	—	—	—

See notes to unaudited consolidated financial statements.

FS KKR Capital Corp.
Unaudited Consolidated Schedule of Investments (continued)
As of September 30, 2019
(in millions, except share amounts)

Portfolio Company	Fair Value at December 31, 2018	Gross Additions ⁽¹⁾	Gross Reductions ⁽²⁾	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Fair Value at September 30, 2019	Interest Income ⁽³⁾	PIK Income ⁽³⁾
HM Dunn Co Inc, Preferred Stock, Series B	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Home Partners of America Inc, Common Stock	129.8	—	(30.0)	11.7	21.5	133.0	—	—
Home Partners of America Inc, Warrant	1.1	—	—	—	0.9	2.0	—	—
JW Aluminum Co, Common Stock ⁽⁵⁾	—	—	—	—	—	—	—	—
JW Aluminum Co, Preferred Stock ⁽⁵⁾	—	86.6	—	—	30.3	116.9	0.8	10.3
MB Precision Holdings LLC, Class A—2 Units	—	—	—	—	—	—	—	—
MB Precision Holdings LLC, Preferred Stock	1.2	0.1	—	—	(0.2)	1.1	—	—
Mood Media Corp, Common Stock	14.8	—	—	—	(13.1)	1.7	—	—
Proserv Acquisition LLC, Class A Common Units	8.8	—	—	—	5.3	14.1	—	—
Proserv Acquisition LLC, Class A Preferred Units	9.5	—	—	—	—	9.5	—	—
Rockport (Relay), Class A Units ⁽⁴⁾	—	—	—	—	—	—	—	—
Safariland LLC, Common Equity ⁽⁶⁾	—	3.0	—	—	3.3	6.3	—	—
ThermaSys Corp, Common Stock	9.4	0.8	—	—	(3.0)	7.2	—	—
ThermaSys Corp, Preferred Stock	1.5	0.2	—	—	(0.2)	1.5	—	—
Z Gallerie LLC, Common Stock	—	0.7	—	—	—	0.7	—	—
Total	\$ 358.2	\$ 345.3	\$ (149.7)	\$ 20.5	\$ 62.1	\$ 636.4	\$ 18.3	\$ 11.5

- (1) Gross additions include increases in the cost basis of investments resulting from new portfolio investments, PIK interest, the amortization of unearned income, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company into this category from a different category.
- (2) Gross reductions include decreases in the cost basis of investments resulting from principal collections related to investment repayments or sales, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company out of this category into a different category.
- (3) Interest and PIK income presented for the full nine months ended September 30, 2019.
- (4) The Company held this investment as of September 30, 2019 but it was not deemed to be an “affiliated person” of the portfolio company as of September 30, 2019. Transfers in or out have been presented at amortized cost.
- (5) The Company held this investment as of December 31, 2018 but it was deemed to “control” the portfolio company as of December 31, 2018. Transfers in or out have been presented at amortized cost.
- (6) The Company held this investment as of December 31, 2018 but it was not deemed to be an “affiliated person” of the portfolio company as of December 31, 2018. Transfers in or out have been presented at amortized cost.
- (z) Under the Investment Company Act of 1940, as amended, the Company generally is deemed to “control” a portfolio company if it owns more than 25% of the portfolio company’s voting securities or it has the power to exercise control over the management or policies of such portfolio company. As of September 30, 2019, the Company held investments in portfolio companies of which it is deemed to be an “affiliated person” and deemed to “control”. During the nine months ended September 30, 2019, the Company disposed of investments in portfolio companies of which it was deemed to be an “affiliated person” and deemed to “control”. The following table presents certain information with respect to investments in portfolio companies of which the Company was deemed to be an affiliated person and deemed to control for the nine months ended September 30, 2019:

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Portfolio Company	Fair Value at December 31, 2018	Gross Additions ⁽¹⁾	Gross Reductions ⁽²⁾	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Fair Value at September 30, 2019	Interest Income ⁽³⁾	PIK Income ⁽³⁾	Dividend Income ⁽³⁾
Senior Secured Loans—First Lien									
Advanced Lighting Technologies Inc	\$ 20.2	\$ 0.5	\$ (0.2)	\$ —	\$ (2.5)	\$ 18.0	\$ 1.9	\$ —	\$ —
Amtek Global Technology Pte Ltd	56.4	—	—	—	(2.7)	53.7	2.1	—	—
Senior Secured Loans—Second Lien									
Amtek Global Technology Pte Ltd	37.6	—	—	—	(1.8)	35.8	1.4	—	—
Other Senior Secured Debt									
Advanced Lighting Technologies Inc	8.0	—	—	—	(8.0)	—	—	—	—
JW Aluminum Co ⁽⁴⁾	36.4	—	(36.5)	—	0.1	—	—	—	—
Subordinated Debt									
Hilding Anders	81.0	4.3	—	—	(12.5)	72.8	—	4.2	—
Hilding Anders	0.5	—	—	—	(0.2)	0.3	—	—	—
Hilding Anders	—	—	—	—	—	—	—	—	—
Hilding Anders	7.2	—	—	—	(2.9)	4.3	—	—	—
Asset Based Finance									
Comet Aircraft S.a.r.l., Common Stock	32.4	—	(36.0)	1.5	2.1	—	2.7	—	—
Toorak Capital Funding LLC, Membership Interest	—	0.3	—	—	—	0.3	—	—	—
Toorak Capital LLC, Membership Interest	127.4	70.7	—	—	39.5	237.6	—	—	9.1
Strategic Credit Opportunities Partners, LLC									
Strategic Credit Opportunities Partners, LLC	299.3	131.3	—	—	(4.9)	425.7	—	—	33.1
Equity/Other									
Advanced Lighting Technologies Inc, Common Stock	—	—	—	—	—	—	—	—	—
Advanced Lighting Technologies Inc, Warrant	—	—	—	—	—	—	—	—	—
Amtek Global Technology Pte Ltd, Ordinary Shares	26.4	—	—	—	(11.1)	15.3	—	—	—
Amtek Global Technology Pte Ltd, Trade Claim	2.6	—	—	—	(0.6)	2.0	—	—	—
Hilding Anders, ARLE PIK Interest	—	—	—	—	—	—	—	—	—
Hilding Anders, Class A Common Stock	—	—	—	—	—	—	—	—	—
Hilding Anders, Class B Common Stock	—	—	—	—	—	—	—	—	—
Hilding Anders, Class C Common Stock	—	—	—	—	—	—	—	—	—
Hilding Anders, Equity Options	2.6	—	—	—	(1.0)	1.6	—	—	—
JW Aluminum Co, Common Stock ⁽⁴⁾	—	—	—	—	—	—	—	—	—
JW Aluminum Co, Preferred Stock ⁽⁴⁾	75.8	—	(75.7)	—	(0.1)	—	—	—	—
KKR BPT Holdings Aggregator LLC, Membership Interest	(1.4)	1.4	—	—	—	—	—	—	—
Total	\$ 812.4	\$ 208.5	\$ (148.4)	\$ 1.5	\$ (6.6)	\$ 867.4	\$ 8.1	\$ 4.2	\$ 42.2

(1) Gross additions include increases in the cost basis of investments resulting from new portfolio investments, PIK interest, the amortization of unearned income, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company into this category from a different category.

(2) Gross reductions include decreases in the cost basis of investments resulting from principal collections related to investment repayments or sales, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company out of this category into a different category.

See notes to unaudited consolidated financial statements.

FS KKR Capital Corp.
Unaudited Consolidated Schedule of Investments (continued)
As of September 30, 2019
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- (3) Interest, PIK and dividend income presented for the full nine months ended September 30, 2019.
- (4) The Company held this investment as of September 30, 2019 but it was not deemed to “control” the portfolio company as of September 30, 2019. Transfers in or out have been presented at amortized cost.

See notes to unaudited consolidated financial statements.

FS KKR Capital Corp.
Consolidated Schedule of Investments
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Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor	Maturity	Principal Amount ^(c)	Amortized Cost	Fair Value ^(d)
Senior Secured Loans—First Lien—96.0%								
5 Arch Income Fund 2, LLC	(l)(q)	Diversified Financials	9.0%		11/18/23	\$ 53.9	\$ 53.9	\$ 53.9
5 Arch Income Fund 2, LLC	(l)(q)(v)	Diversified Financials	9.0%		11/18/23	23.7	23.7	23.7
A10 Capital LLC	(g)	Diversified Financials	L+650	1.0%	5/1/23	30.3	30.0	29.9
A10 Capital LLC	(g)(v)	Diversified Financials	L+650	1.0%	5/1/23	14.1	14.0	14.0
Abaco Systems, Inc	(g)(h)(i)	Capital Goods	L+600	1.0%	12/7/21	61.8	60.3	60.7
ABB CONCISE Optical Group LLC	(g)(x)	Retailing	L+500	1.0%	6/15/23	13.1	13.1	12.5
Accuride Corp	(g)(i)(x)	Capital Goods	L+525	1.0%	11/17/23	18.1	17.8	17.4
Acosta Holdco Inc	(g)(x)	Commercial & Professional Services	L+325	1.0%	9/26/21	19.2	17.6	11.8
Addison Holdings	(e)(g)	Commercial & Professional Services	L+675	1.0%	12/29/23	119.7	119.8	120.0
Advanced Lighting Technologies Inc	(g)(z)	Materials	L+750	1.0%	10/4/22	20.2	17.5	20.2
Advantage Sales & Marketing Inc	(g)(x)	Commercial & Professional Services	L+325	1.0%	7/23/21	17.7	16.8	15.7
Aleris International Inc	(g)(x)	Materials	L+475		2/27/23	3.4	3.4	3.4
Alion Science & Technology Corp	(g)(x)	Capital Goods	L+450	1.0%	8/19/21	2.7	2.7	2.7
All Systems Holding LLC	(e)(f)(g)	Commercial & Professional Services	L+767	1.0%	10/31/23	52.8	52.8	53.3
AltEn, LLC	(g)(n)(w)(y)	Energy	L+400 (L+400 Max PIK)		9/12/21	33.6	2.7	2.9
Altus Power America Inc	(g)	Energy	L+750	1.5%	9/30/21	3.2	3.2	3.1
Altus Power America Inc	(g)(v)	Energy	L+750	1.5%	9/30/21	0.1	0.1	0.1
AM General LLC	(g)(h)(i)	Capital Goods	L+725	1.0%	12/28/21	165.3	164.6	166.7
Ammeraal Beltech Holding BV	(g)(l)(x)	Capital Goods	E+375		7/30/25	€ 2.0	2.3	2.3
Amtek Global Technology Pte Ltd	(j)(l)(z)	Automobiles & Components	E+500		4/4/24	49.2	60.5	56.4
AP Plasman Inc	(e)(f)(g)(l)	Capital Goods	L+950	1.0%	12/29/19	\$ 190.7	190.0	176.4
Apex Group Limited	(g)(l)(v)	Diversified Financials	L+650		6/15/23	1.9	1.8	1.6
Apex Group Limited	(g)(l)	Diversified Financials	L+650	1.0%	6/15/25	12.7	12.5	12.3
Apex Group Limited	(g)(l)(v)	Diversified Financials	L+650	1.0%	6/15/25	6.1	6.0	5.9
Apex Group Limited	(g)(l)	Diversified Financials	L+650	1.0%	6/15/25	2.0	2.0	2.0
Apex Group Limited	(g)(l)(v)	Diversified Financials	L+650	1.0%	6/15/25	3.1	3.0	3.0
Aspect Software Inc	(g)(n)(w)(y)	Software & Services	L+400, 6.5% PIK (6.5% Max PIK)		5/25/20	3.7	3.7	2.7
Aspect Software Inc	(g)(n)(w)(y)	Software & Services	L+1100	1.0%	5/25/20	0.7	0.7	0.5
AVF Parent LLC	(e)(g)	Retailing	L+725	1.3%	3/1/24	55.4	55.4	51.8
Berner Food & Beverage LLC	(g)(h)(i)	Food & Staples Retailing	L+675	1.0%	2/2/23	62.6	62.2	60.6
Blackhawk Mining LLC	(g)(k)	Energy	L+1050		3/1/22	3.1	3.0	3.0
Blackhawk Mining LLC	(g)(k)	Energy	L+1050		10/5/22	3.0	3.0	3.0
Borden Dairy Co	(e)(g)	Food, Beverage & Tobacco	L+808	1.0%	7/6/23	70.0	70.0	63.7
Caprock Midstream LLC	(g)(x)	Energy	L+475		11/3/25	5.6	5.5	5.2
Charlotte Russe Inc	(g)(n)(w)(y)	Retailing	8.5%		2/2/23	9.4	9.4	3.5
Commercial Barge Line Co	(g)(x)	Transportation	L+875	1.0%	11/12/20	4.6	4.1	3.3
CSafe Global	(g)	Capital Goods	L+725	1.0%	11/1/21	0.6	0.6	0.6
CSafe Global	(g)(v)	Capital Goods	L+725	1.0%	11/1/21	5.3	5.3	5.3
CSafe Global	(g)	Capital Goods	L+725	1.0%	10/31/23	50.2	50.2	50.8
CSM Bakery Products	(g)(x)	Food, Beverage & Tobacco	L+400	1.0%	7/3/20	1.1	1.1	1.0
CTI Foods Holding Co LLC	(g)(x)	Food, Beverage & Tobacco	L+350	1.0%	6/29/20	3.8	3.6	2.9
Dade Paper and Bag Co Inc	(e)	Capital Goods	L+700	1.0%	6/10/24	10.5	10.5	10.1

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Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor	Maturity	Principal Amount ^(c)	Amortized Cost	Fair Value ^(d)
Dade Paper and Bag Co Inc	(e)(g)	Capital Goods	L+750	1.0%	6/10/24	\$ 82.8	\$ 82.8	\$ 81.1
Distribution International Inc	(g)(x)	Retailing	L+500	1.0%	12/15/21	28.1	24.2	25.0
Eagle Family Foods Inc	(g)(h)(v)	Food, Beverage & Tobacco	L+650	1.0%	6/14/23	7.1	7.1	6.1
Eagle Family Foods Inc	(g)(h)(i)	Food, Beverage & Tobacco	L+650	1.0%	6/14/24	47.4	46.9	46.6
Eagleclaw Midstream Ventures LLC	(g)(x)	Energy	L+425	1.0%	6/24/24	1.0	1.0	1.0
Empire Today LLC	(e)(g)	Retailing	L+700	1.0%	11/17/22	80.4	80.4	80.5
Frontline Technologies Group LLC	(g)(h)(v)	Software & Services	L+650	1.0%	9/18/23	12.1	12.0	12.2
Frontline Technologies Group LLC	(g)(h)(i)	Software & Services	L+650	1.0%	9/18/23	61.1	60.4	61.2
Greystone & Co Inc	(g)(h)	Diversified Financials	L+800	1.0%	4/17/24	37.6	37.3	38.2
HM Dunn Co Inc	(g)(n)(w)							
	(y)	Capital Goods	L+875 PIK (L+875 Max PIK)		6/30/21	0.7	0.6	0.1
Hudson Technologies Co	(g)(k)(l)	Commercial & Professional Services	L+1025	1.0%	10/10/23	39.4	39.1	28.2
Hunt Mortgage	(g)(h)	Diversified Financials	L+750	1.0%	2/14/23	60.6	59.9	59.4
Icynene Group Ltd	(e)(g)	Materials	L+700	1.0%	11/30/24	29.7	29.7	28.9
Imagine Communications Corp	(e)(g)	Media	L+825	1.0%	4/29/20	33.5	33.5	33.5
Imagine Communications Corp	(e)(g)(l)	Media	L+825	1.0%	4/29/20	13.7	13.7	13.7
Industrial Group Intermediate Holdings LLC	(g)	Materials	L+800	1.3%	5/31/20	19.6	19.6	19.5
Industry City TI Lessor LP	(g)	Consumer Services	10.8%, 1.0% PIK (1.0% Max PIK)		6/30/26	28.8	28.8	28.8
Integro Ltd/United States	(h)(i)	Insurance	L+575		10/30/22	25.6	25.5	25.6
JAKKS Pacific Inc	(g)	Consumer Durables & Apparel	L+900	1.5%	6/14/21	4.8	4.8	4.9
JHC Acquisition LLC	(e)(g)	Capital Goods	L+750	1.0%	1/29/24	54.9	54.9	54.9
JHC Acquisition LLC	(e)(g)(v)	Capital Goods	L+750	1.0%	1/29/24	2.9	2.9	2.9
JHT Holdings Inc	(g)(h)(i)	Capital Goods	L+850	1.0%	5/4/22	24.7	24.3	25.9
Jo-Ann Stores Inc	(g)(x)	Retailing	L+500	1.0%	10/20/23	16.1	15.9	15.4
Jostens Inc	(k)(x)	Consumer Services	L+550		12/19/25	5.6	5.4	5.4
JSS Holdings Ltd	(e)(g)	Capital Goods	L+800, 0.0% PIK (2.5% Max PIK)	1.0%	3/31/23	110.5	109.7	113.9
Kodiak BP LLC	(g)	Capital Goods	L+725	1.0%	12/1/24	31.4	31.4	30.8
Kodiak BP LLC	(g)(v)	Capital Goods	L+725	1.0%	12/1/24	54.4	54.2	53.2
Lazard Global Compounders Fund	(g)(l)	Diversified Financials	L+725	3.8%	4/1/26	51.8	51.8	52.2
Lazard Global Compounders Fund	(g)(l)(v)	Diversified Financials	L+725	3.8%	4/1/26	9.0	9.0	9.0
Leading Edge Aviation Services Inc	(e)(f)(g)							
	(k)	Capital Goods	L+750	1.0%	6/28/19	43.5	43.5	43.4
Leading Edge Aviation Services Inc	(f)(l)	Capital Goods	L+750	1.0%	6/30/20	9.0	9.0	9.0
Leading Edge Aviation Services Inc	(g)(k)(l)	Capital Goods	L+750	1.0%	6/30/20	€ 25.6	34.8	29.2
Matchesfashion Ltd	(h)(l)	Consumer Durables & Apparel	L+463		10/16/24	\$ 12.7	11.9	12.1
MB Precision Holdings LLC	(g)(n)(w)							
	(y)	Capital Goods	L+725, 2.3% PIK (2.3% Max PIK)	1.3%	1/23/21	4.6	4.3	4.6
Micronics Filtration Holdings Inc	(e)(g)	Capital Goods	L+800, 0.5% PIK (0.5% Max PIK)	1.3%	12/11/20	62.2	62.1	60.1
Misys Ltd	(g)(k)(l)							
	(x)	Software & Services	L+350	1.0%	6/13/24	0.6	0.6	0.6
Mittel US Holdings Inc	(g)(k)(x)	Technology Hardware & Equipment	L+450		11/30/25	3.0	3.0	3.0
Murray Energy Corp	(g)	Energy	L+900	1.0%	2/12/21	18.9	18.7	18.8
National Debt Relief LLC	(h)(i)	Diversified Financials	L+675	1.0%	5/31/23	18.8	18.7	19.0
NaviHealth Inc.	(g)(x)	Health Care Equipment & Services	L+500		8/1/25	12.2	11.5	11.5
NBG Home	(g)(i)(x)	Consumer Durables & Apparel	L+550	1.0%	4/26/24	25.2	24.8	24.6
NCI Inc	(g)(h)(i)	Software & Services	L+750	1.0%	8/15/24	83.5	82.6	82.8
Nine West Holdings	(g)	Consumer Durables & Apparel	10.0%		3/31/19	2.6	2.5	2.6
Nine West Holdings	(g)(x)	Consumer Durables & Apparel	L+375	1.0%	10/8/19	6.2	5.7	6.0

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Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor	Maturity	Principal Amount ^(c)	Amortized Cost	Fair Value ^(d)
North Haven Cadence Buyer Inc	(g)	Consumer Services	L+650	1.0%	9/2/24	\$ 1.5	\$ 1.5	\$ 1.4
North Haven Cadence Buyer Inc	(g)(v)	Consumer Services	L+650	1.0%	9/2/24	3.8	3.8	3.7
North Haven Cadence Buyer Inc	(g)(v)	Consumer Services	L+500	1.0%	9/2/21	0.9	0.9	0.9
North Haven Cadence Buyer Inc	(g)	Consumer Services	L+777	1.0%	9/2/24	3.8	3.8	3.8
North Haven Cadence Buyer Inc	(e)(g)	Consumer Services	L+798	1.0%	9/2/24	18.3	18.3	18.1
Onvoy LLC	(g)(x)	Telecommunication Services	L+450	1.0%	2/10/24	1.1	1.1	1.0
Pacific Union Financial LLC	(g)	Diversified Financials	L+750	1.0%	4/21/22	71.2	70.7	71.3
PAE Holding Corp	(g)(x)	Capital Goods	L+550	1.0%	10/20/22	2.5	2.5	2.4
Patriot Well Solutions LLC	(g)	Energy	L+875	1.0%	5/1/21	4.3	4.3	4.3
Patriot Well Solutions LLC	(g)	Energy	L+875	1.0%	5/1/21	2.1	2.1	2.1
Payless Inc	(g)	Retailing	L+870	1.0%	8/10/22	7.0	6.9	7.0
Petroplex Acidizing Inc	(g)	Energy	L+725, 1.8% PIK (1.8% Max PIK)	1.0%	12/5/19	22.7	22.7	22.7
Petroplex Acidizing Inc	(g)(n)(w)	Energy	15.0% PIK (15.0% Max PIK)	1.0%	12/5/19	23.0	13.8	13.9
PHRC License LLC	(f)(g)	Consumer Services	L+850, 0.3% PIK (0.3% Max PIK)	1.5%	4/28/22	50.1	50.1	51.2
Power Distribution Inc	(e)(g)	Capital Goods	L+725	1.3%	1/25/23	29.3	29.3	29.3
PSKW LLC	(e)(g)	Health Care Equipment & Services	L+850	1.0%	11/25/21	49.4	49.4	49.5
Qdoba Restaurant Corp	(g)(x)	Consumer Services	L+700	1.0%	3/21/25	12.9	12.7	12.8
Reliant Rehab Hospital Cincinnati LLC	(e)(h)(i)	Health Care Equipment & Services	L+675	1.0%	8/30/24	95.2	94.3	94.9
Revere Superior Holdings, Inc	(g)(h)(i)	Software & Services	L+675	1.0%	11/21/22	67.3	66.8	67.5
Revere Superior Holdings, Inc	(g)	Software & Services	L+675	1.0%	11/21/22	5.0	5.0	4.4
Revere Superior Holdings, Inc	(g)	Software & Services	L+675	1.0%	11/21/22	17.8	17.7	17.8
Revere Superior Holdings, Inc	(g)(v)	Software & Services	L+675	1.0%	11/21/22	5.5	5.5	5.5
Roadrunner Intermediate Acquisition Co LLC	(e)(g)	Health Care Equipment & Services	L+675	1.0%	3/15/23	33.1	33.1	30.9
Rogue Wave Software Inc	(e)(g)	Software & Services	L+843	1.0%	9/25/21	73.3	73.3	73.2
Safariland LLC	(e)(g)	Capital Goods	L+765	1.1%	11/18/23	126.1	126.1	113.0
Savers Inc	(g)(x)	Retailing	L+375	1.3%	7/9/19	11.5	11.3	11.1
Sequa Corp	(g)(x)	Materials	L+500	1.0%	11/28/21	27.5	27.5	26.3
Sequel Youth & Family Services LLC	(e)(g)	Health Care Equipment & Services	L+700	1.0%	9/1/23	14.0	14.0	14.2
Sequel Youth & Family Services LLC	(e)(g)	Health Care Equipment & Services	L+800	1.0%	9/1/23	80.0	80.0	81.4
Sequential Brands Group Inc.	(e)(g)	Consumer Durables & Apparel	L+875	1.0%	2/7/24	60.2	59.2	60.2
SI Group Inc	(g)(x)	Materials	L+475	1.0%	10/15/25	2.1	2.0	2.0
SIRVA Worldwide Inc	(g)(x)	Commercial & Professional Services	L+550	1.0%	8/2/25	4.2	4.2	4.1
SMART Global Holdings Inc	(g)(k)(l)	Semiconductors & Semiconductor Equipment	L+625	1.0%	8/9/22	19.7	19.7	19.9
Sorenson Communications LLC	(e)(k)(x)	Telecommunication Services	L+575	2.3%	4/30/20	29.4	29.3	29.3
SSC (Lux) Limited S.a r.l.	(e)(g)(l)	Health Care Equipment & Services	L+750	1.0%	9/10/24	59.5	59.5	60.1
Staples Canada	(g)(k)(l)	Retailing	L+700	1.0%	9/12/24	C\$ 11.5	9.0	8.5
Sungard Availability Services Capital Inc	(g)(x)	Software & Services	L+700	1.0%	9/30/21	\$ 4.2	4.2	3.6
Sungard Availability Services Capital Inc	(g)(x)	Software & Services	L+1000	1.0%	10/1/22	1.9	1.8	1.9
Sutherland Global Services Inc	(g)(l)(x)	Software & Services	L+538	1.0%	4/23/21	7.0	6.8	6.6
Sutherland Global Services Inc	(g)(l)(x)	Software & Services	L+538	1.0%	4/23/21	1.6	1.6	1.5
Sweet Harvest Foods Management Co	(h)(i)	Food & Staples Retailing	L+675	1.0%	5/30/23	26.8	26.6	19.6
Tangoe LLC	(g)	Software & Services	L+650	1.0%	11/28/25	90.0	89.2	89.1
Team Health Inc	(g)(x)	Health Care Equipment & Services	L+275	1.0%	2/6/24	12.6	12.2	11.3

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Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor	Maturity	Principal Amount ^(c)	Amortized Cost	Fair Value ^(d)
ThermaSys Corp	(n)(w)(y)	Capital Goods	L+600	1.0%	12/28/23	\$ 6.7	\$ 6.7	\$ 6.7
ThreeSixty Group	(g)(h)(i)	Retailing	L+700	1.0%	3/1/23	50.8	50.2	46.9
ThreeSixty Group	(g)(h)(i)	Retailing	L+700	1.0%	3/1/23	50.5	49.9	46.6
Trace3 Inc	(e)(g)(k)	Software & Services	L+675	1.0%	8/5/24	93.9	93.9	93.0
Utility One Source LP	(g)(k)(x)	Capital Goods	L+550	1.0%	4/18/23	—	—	—
Versatile Processing Group Inc	(e)(g)	Materials	L+1050	1.0%	12/30/20	105.4	105.3	107.0
Virgin Pulse Inc	(e)(g)(h)							
	(i)(k)	Software & Services	L+650	1.0%	5/22/25	138.3	137.2	134.0
Vivint Inc	(g)(x)	Commercial & Professional Services	L+500		4/1/24	27.8	27.7	27.1
Warren Resources Inc	(f)(g)	Energy	L+1000, 1.0% PIK (1.0% Max PIK)	1.0%	5/22/20	0.7	0.7	0.7
Wheels Up Partners LLC	(g)	Transportation	L+855	1.0%	1/26/21	13.1	13.1	13.1
Wheels Up Partners LLC	(g)	Transportation	L+855	1.0%	8/26/21	6.7	6.7	6.7
Wheels Up Partners LLC	(g)	Transportation	L+710	1.0%	6/30/24	22.0	22.0	22.1
Wheels Up Partners LLC	(g)	Transportation	L+710	1.0%	8/1/24	14.6	14.4	14.6
Wheels Up Partners LLC	(g)	Transportation	L+710	1.0%	11/1/24	9.1	9.1	9.1
Wheels Up Partners LLC	(g)	Transportation	L+710	1.0%	12/21/24	14.3	14.3	14.3
Wheels Up Partners LLC	(g)	Transportation	L+710	1.0%	12/21/24	4.6	4.6	4.7
WireCo WorldGroup Inc	(g)(k)(x)	Capital Goods	L+500	1.0%	9/29/23	0.5	0.5	0.4
Z Gallerie LLC	(g)(n)(w)	Retailing	L+650, 2.0% PIK (2.0% Max PIK)	1.0%	10/8/21	31.9	30.2	11.3
Zeta Interactive Holdings Corp	(e)(g)	Software & Services	L+750	1.0%	7/29/22	12.9	12.9	13.0
Zeta Interactive Holdings Corp	(e)(g)(v)	Software & Services	L+750	1.0%	7/29/22	2.3	2.3	2.3
Total Senior Secured Loans—First Lien							4,256.4	4,152.2
Unfunded Loan Commitments							(151.6)	(151.6)
Net Senior Secured Loans—First Lien							4,104.8	4,000.6
Senior Secured Loans—Second Lien—26.8%								
Abaco Systems, Inc	(g)(h)	Capital Goods	L+1050	1.0%	6/7/22	63.4	62.6	62.3
Access CIG LLC	(g)(x)	Software & Services	L+775		2/27/26	0.6	0.6	0.6
Advantage Sales & Marketing Inc	(g)(x)	Commercial & Professional Services	L+650	1.0%	7/25/22	3.9	3.5	3.1
Agro Merchants Global LP	(g)	Transportation	L+800	1.0%	11/30/25	15.0	14.7	14.7
Albany Molecular Research Inc		Pharmaceuticals, Biotechnology & Life Sciences						
	(g)(x)		L+700	1.0%	8/28/25	8.3	8.3	8.2
Ammeraal Beltech Holding BV	(g)(l)	Capital Goods	L+800		7/27/26	40.7	39.9	39.8
Amtek Global Technology Pte Ltd	(j)(l)(z)	Automobiles & Components	E+500		4/4/24	€ 32.8	40.3	37.6
Arena Energy LP	(g)	Energy	L+900, 4.0% PIK (4.0% Max PIK)	1.0%	1/24/21	\$ 8.6	8.6	8.6
Belk Inc	(g)(h)	Retailing	10.5%		6/12/23	119.1	112.9	94.7
Bellatrix Exploration Ltd	(g)(l)	Energy	8.5%		7/26/23	4.5	4.1	4.0
Bellatrix Exploration Ltd	(g)(l)	Energy	8.5%		7/26/23	1.9	1.9	1.9
Bellatrix Exploration Ltd	(g)(l)(v)	Energy	8.5%		7/26/23	0.6	0.6	0.6
Byrider Finance LLC	(f)(g)	Automobiles & Components	L+1000, 0.5% PIK (4.0% Max PIK)	1.3%	8/22/20	17.8	17.8	17.5
Chisholm Oil & Gas Operating LLC	(g)	Energy	L+800	1.0%	3/21/24	16.0	16.0	15.8
CommerceHub Inc	(g)	Software & Services	L+775		5/21/26	69.3	67.3	64.8
CTI Foods Holding Co LLC	(g)(n)(w)							
	(x)	Food, Beverage & Tobacco	L+725	1.0%	6/28/21	23.2	23.1	2.5
Culligan International Co	(g)	Household & Personal Products	L+850	1.0%	12/13/24	66.0	65.4	66.1

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Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor	Maturity	Principal Amount ^(c)	Amortized Cost	Fair Value ^(d)
Direct ChassisLink Inc	(g)(x)	Transportation	L+600		6/15/23	\$ 1.3	\$ 1.3	\$ 1.3
EaglePicher Technologies LLC	(g)(x)	Capital Goods	L+725		3/8/26	3.0	2.9	2.9
Emerald Performance Materials LLC	(g)(x)	Materials	L+775	1.0%	8/1/22	2.0	2.0	2.0
Excelitas Technologies Corp	(g)(x)	Technology Hardware & Equipment	L+750	1.0%	12/1/25	7.3	7.5	7.0
Grocery Outlet Inc	(g)(x)	Food & Staples Retailing	L+725		10/22/26	3.5	3.4	3.5
Gruden Acquisition Inc	(g)(x)	Transportation	L+850	1.0%	8/18/23	15.0	14.6	15.0
Higginbotham Insurance Agency Inc	(g)	Insurance	L+725	1.0%	12/19/25	18.7	18.5	18.7
Integro Ltd/United States	(g)	Insurance	L+925		10/30/23	4.8	4.7	4.8
Invictus	(g)(x)	Materials	L+675		3/30/26	3.4	3.4	3.4
iParadigms Holdings LLC	(g)(x)	Software & Services	L+725	1.0%	7/29/22	21.9	21.8	21.8
Jo-Ann Stores Inc	(g)(x)	Retailing	L+925	1.0%	5/21/24	0.6	0.6	0.6
LBM Borrower LLC	(g)(k)(x)	Capital Goods	L+925	1.0%	8/20/23	21.2	21.2	20.8
MedAssets Inc	(g)(h)	Health Care Equipment & Services	L+975	1.0%	4/20/23	63.0	61.7	63.9
Misys Ltd	(g)(k)(l)	Software & Services	L+725	1.0%	6/13/25	5.7	5.7	5.3
NBG Home	(g)	Consumer Durables & Apparel	L+975	1.0%	9/30/24	34.2	33.8	34.5
One Call Care Management Inc	(e)(g)	Insurance	L+375, 6.0% PIK (6.0% Max PIK)		4/11/24	29.9	29.6	28.7
P2 Energy Solutions, Inc.	(g)(x)	Software & Services	L+800	1.0%	4/30/21	71.3	70.5	68.5
Paradigm Acquisition Corp	(g)(x)	Health Care Equipment & Services	L+750		10/26/26	2.4	2.4	2.4
Peak 10 Holding Corp	(g)(x)	Telecommunication Services	L+725	1.0%	8/1/25	0.2	0.2	0.2
Petrochoice Holdings Inc	(g)(h)	Capital Goods	L+875	1.0%	8/21/23	65.0	63.7	65.0
Polyconcept North America Inc	(g)	Consumer Durables & Apparel	L+1000	1.0%	2/16/24	29.4	28.8	30.3
Pure Fishing Inc	(g)	Consumer Durables & Apparel	L+838	1.0%	12/31/26	81.0	80.2	80.2
Rise Baking Company	(g)	Food, Beverage & Tobacco	L+800	1.0%	8/9/26	31.1	30.8	30.8
Sequa Corp	(g)(x)	Materials	L+900	1.0%	4/28/22	22.0	21.9	20.9
SIRVA Worldwide Inc	(g)(x)	Commercial & Professional Services	L+950		8/2/26	3.8	3.5	3.4
SMG/PA	(g)(x)	Consumer Services	L+700		1/23/26	1.3	1.3	1.2
Sparta Systems Inc	(g)(h)	Software & Services	L+825	1.0%	7/27/25	35.1	34.6	30.2
Spencer Gifts LLC	(e)(g)(x)	Retailing	L+825	1.0%	6/29/22	30.0	29.9	25.6
Vestcom International Inc	(g)	Consumer Services	L+825	1.0%	12/31/24	70.5	69.9	69.0
WireCo WorldGroup Inc	(g)(x)	Capital Goods	L+900	1.0%	9/30/24	13.7	13.7	13.8
Total Senior Secured Loans—Second Lien							1,171.7	1,118.5
Unfunded Loan Commitments							(0.6)	(0.6)
Net Senior Secured Loans—Second Lien							1,171.1	1,117.9
Other Senior Secured Debt—8.1%								
Advanced Lighting Technologies Inc	(g)(n)(w)	Materials	L+700, 10.0% PIK (10.0% Max PIK)	1.0%	10/4/23	25.1	23.6	8.0
Angelica Corp	(t)	Health Care Equipment & Services	10.0%, 10.0% PIK (10.0% Max PIK)		12/30/22	37.8	37.2	32.8
Artesyn Embedded Technologies Inc	(g)(x)	Technology Hardware & Equipment	9.8%		10/15/20	21.0	20.6	19.4
Avantor Inc	(g)(x)	Materials	6.0%		10/1/24	8.3	8.4	8.1
Black Swan Energy Ltd	(e)(l)	Energy	9.0%		1/20/24	6.0	6.0	5.8
Cleaver-Brooks Inc	(g)(x)	Capital Goods	7.9%		3/1/23	9.4	9.5	9.2
Cornerstone Chemical Co	(g)(x)	Materials	6.8%		8/15/24	11.1	11.2	9.8
Direct ChassisLink Inc	(g)(x)	Transportation	10.0%		6/15/23	14.0	14.8	13.5

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Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor	Maturity	Principal Amount ^(c)	Amortized Cost	Fair Value ^(d)
FourPoint Energy LLC	(e)(f)(g)	Energy	9.0%		12/31/21	\$ 74.8	\$ 72.9	\$ 73.5
Genesys Telecommunications Laboratories Inc	(g)(x)	Technology Hardware & Equipment	10.0%		11/30/24	18.9	20.8	19.8
JW Aluminum Co	(e)(g)(x)(z)	Materials	10.3%		6/1/26	36.5	36.5	36.4
Maxim Crane Works LP / Maxim Finance Corp	(g)(x)	Capital Goods	10.1%		8/1/24	0.9	1.0	0.9
Mood Media Corp	(f)(g)(k)(y)	Media	L+1400 PIK (L+1400 Max PIK)	1.0%	6/28/24	26.6	26.5	26.6
PAREXEL International Corp	(g)(x)	Pharmaceuticals, Biotechnology & Life Sciences	6.4%		9/1/25	1.3	1.3	1.2
Pattonair Holdings Ltd	(g)(l)(x)	Capital Goods	9.0%		11/1/22	8.4	8.5	8.4
Ply Gem Holdings Inc	(g)(x)	Capital Goods	8.0%		4/15/26	5.2	5.2	4.8
RedPrairie Corp	(g)(x)	Software & Services	7.4%		10/15/24	1.0	1.1	1.0
Rockport (Relay)	(g)(n)(w)(y)	Consumer Durables & Apparel	15.0% PIK (15.0% Max PIK)		7/31/22	34.8	30.9	9.9
Sorenson Communications LLC	(f)(x)	Telecommunication Services	9.0%, 0.0% PIK (9.0% Max PIK)		10/31/20	19.9	19.6	19.7
Sunnova Energy Corp	(g)	Energy	6.0%, 6.0% PIK (6.0% Max PIK)		7/31/19	0.6	0.6	0.6
Surgery Partners Holdings LLC	(g)(x)	Health Care Equipment & Services	8.9%		4/15/21	0.5	0.5	0.5
Velvet Energy Ltd	(g)(l)	Energy	9.0%		10/5/23	7.5	7.5	7.6
Vivint Inc	(g)(x)	Commercial & Professional Services	7.9%		12/1/22	8.8	8.7	8.3
Vivint Inc	(g)(x)	Commercial & Professional Services	7.6%		9/1/23	12.6	13.0	10.3
Total Other Senior Secured Debt							385.9	336.1
Subordinated Debt—10.3%								
Alion Science & Technology Corp	(g)(h)	Capital Goods	11.0%		8/1/22	68.6	68.0	67.1
Alion Science & Technology Corp	(g)	Capital Goods	11.0%		8/31/22	22.1	21.8	21.7
All Systems Holding LLC	(g)	Commercial & Professional Services	10.0% PIK (10.0% Max PIK)		10/31/22	0.1	0.1	0.1
Aurora Diagnostics Holdings LLC / Aurora Diagnostics Financing Inc	(e)(f)(g)(x)	Health Care Equipment & Services	12.3%, 1.5% PIK (1.5% Max PIK)		1/15/20	15.2	14.5	15.2
Byrider Finance LLC	(g)	Automobiles & Components	20.0% PIK (20.0% Max PIK)		3/31/22	0.9	0.9	0.9
ClubCorp Club Operations Inc	(g)(x)	Consumer Services	8.5%		9/15/25	23.4	23.1	21.0
DEI Sales Inc	(e)(g)	Consumer Durables & Apparel	9.0%, 4.0% PIK (4.0% Max PIK)		2/28/23	70.3	69.7	69.5
Hilding Anders	(g)(l)(z)	Consumer Durables & Apparel	13.0% PIK (13.0% Max PIK)		6/30/21	€ 113.3	125.0	81.0
Hilding Anders	(g)(l)(n)(w)(z)	Consumer Durables & Apparel	12.0% PIK (12.0% Max PIK)		12/31/22	3.4	0.5	0.5
Hilding Anders	(g)(l)(n)(w)(z)	Consumer Durables & Apparel	12.0% PIK (12.0% Max PIK)		12/31/23	28.0	0.9	—
Hilding Anders	(g)(l)(n)(w)(z)	Consumer Durables & Apparel	18.0% PIK (18.0% Max PIK)		12/31/24	48.6	12.9	7.2
Home Partners of America Inc	(g)(y)	Real Estate	L+625	1.0%	10/8/22	\$ 42.9	\$ 42.3	\$ 42.7
Hub International Ltd	(g)(x)	Insurance	7.0%		5/1/26	1.8	1.8	1.6
Imagine Communications Corp	(g)	Media	12.5% PIK (12.5% Max PIK)		10/29/20	0.7	0.7	0.7
Ken Garff Automotive LLC	(g)(x)	Retailing	7.5%		8/15/23	5.4	5.4	5.4
Kenan Advantage Group Inc	(g)(x)	Transportation	7.9%		7/31/23	5.1	5.1	4.9
Lazard Global Compounders Fund	(g)(l)(v)	Diversified Financials	L+650	4.5%	9/15/25	20.2	20.2	19.8
LifePoint Hospitals Inc	(g)(x)	Health Care Equipment & Services	9.8%		12/1/26	8.4	8.4	8.0
Logan's Roadhouse Inc	(g)(y)	Consumer Services			11/1/24	7.3	7.2	7.2
Quorum Health Corp	(g)(x)	Health Care Equipment & Services	11.6%		4/15/23	4.3	4.3	4.1
Sorenson Communications LLC	(f)(x)	Telecommunication Services	13.9%, 0.0% PIK (13.9% Max PIK)		10/31/21	15.1	14.6	15.5
SRS Distribution Inc	(g)(x)	Capital Goods	8.3%		7/1/26	17.1	16.9	15.7
Sungard Availability Services Capital Inc	(f)(g)(x)	Software & Services	8.8%		4/1/22	10.7	9.1	2.4
Surgery Partners Holdings LLC	(g)(x)	Health Care Equipment & Services	6.8%		7/1/25	8.4	8.0	7.3

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Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor	Maturity	Principal Amount ^(c)	Amortized Cost	Fair Value ^(d)
Team Health Inc	(g)(x)	Health Care Equipment & Services	6.4%		2/1/25	\$ 2.8	\$ 2.5	\$ 2.3
Versatile Processing Group Inc	(e)(g)	Materials	13.0% PIK (13.0% Max PIK)		12/30/20	2.5	2.6	2.1
Vertiv Group Corp	(g)(x)	Technology Hardware & Equipment	9.3%		10/15/24	23.3	23.5	20.7
Vivint Inc	(g)(x)	Commercial & Professional Services	8.8%		12/1/20	5.1	4.9	4.9
Total Subordinated Debt							514.9	449.5
Unfunded Debt Commitments							(20.2)	(20.2)
Net Subordinated Debt							494.7	429.3

Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor	Maturity	Principal Amount ^{(c)/ Shares}	Amortized Cost	Fair Value ^(d)
Asset Based Finance—16.0%								
Accelerator Investments Aggregator LP	(g)(l)	Diversified Financials				2,318,242	\$ 2.7	\$ 2.7
Altus Power America Inc, Preferred Stock	(r)	Energy	9.0%, 5.0% PIK		10/3/23	1,060,975	1.1	1.0
Altus Power America Inc, Preferred Stock	(r)(v)	Energy	9.0%, 5.0% PIK		10/3/23	46,748	0.1	—
AMPLIT JV LP, Limited Partnership Interest	(g)(l)(n)	Diversified Financials				NA	7.6	3.4
Australis Maritime, Private Equity	(g)(l)(n)	Transportation				1,966,278	2.0	2.0
Bank of Ireland	(j)(l)	Banks	L+1185		12/4/27	\$ 15.1	15.1	15.2
Comet Aircraft S.a.r.l., Common Stock	(g)(l)(z)	Capital Goods	7.1%		2/28/22	34,517,963	34.5	32.4
Global Jet Capital LLC, Structured Mezzanine	(g)(k)	Commercial & Professional Services	15.0% PIK (15.0% Max PIK)		1/30/25	\$ 1.0	1.0	1.0
Global Jet Capital LLC, Structured Mezzanine	(g)(k)	Commercial & Professional Services	15.0% PIK (15.0% Max PIK)		4/30/25	\$ 6.3	6.2	6.3
Global Jet Capital LLC, Structured Mezzanine	(g)(k)	Commercial & Professional Services	15.0% PIK (15.0% Max PIK)		9/3/25	\$ 1.3	1.3	1.3
Global Jet Capital LLC, Structured Mezzanine	(g)(k)	Commercial & Professional Services	15.0% PIK (15.0% Max PIK)		9/29/25	\$ 1.2	1.2	1.2
Global Jet Capital LLC, Structured Mezzanine	(f)(g)	Commercial & Professional Services	15.0% PIK (15.0% Max PIK)		12/4/25	\$ 73.6	72.5	73.6
Global Jet Capital LLC, Structured Mezzanine	(f)(g)(l)	Commercial & Professional Services	15.0% PIK (15.0% Max PIK)		12/4/25	\$ 16.4	16.1	16.4
Global Jet Capital LLC, Structured Mezzanine	(f)(g)	Commercial & Professional Services	15.0% PIK (15.0% Max PIK)		12/9/25	\$ 1.7	1.7	1.7
Global Jet Capital LLC, Structured Mezzanine	(f)(g)(l)	Commercial & Professional Services	15.0% PIK (15.0% Max PIK)		12/9/25	\$ 13.0	12.8	13.0
Global Jet Capital LLC, Structured Mezzanine	(f)	Commercial & Professional Services	15.0% PIK (15.0% Max PIK)		1/29/26	\$ 6.3	6.2	6.3
Global Jet Capital LLC, Structured Mezzanine	(f)(l)	Commercial & Professional Services	15.0% PIK (15.0% Max PIK)		1/29/26	\$ 1.4	1.4	1.4
Global Jet Capital LLC, Structured Mezzanine	(g)	Commercial & Professional Services	15.0% PIK (15.0% Max PIK)		4/14/26	\$ 15.8	15.5	15.8
Global Jet Capital LLC, Structured Mezzanine	(g)	Commercial & Professional Services	15.0% PIK (15.0% Max PIK)		12/2/26	\$ 15.5	15.2	15.5
Global Jet Capital LLC, Preferred Stock	(f)(g)(n)	Commercial & Professional Services				42,281,308	42.3	5.9
KKR Central Park Leasing Aggregator L.P., Partnership Interest	(g)(l)	Capital Goods	29.4%		5/31/23	NA	42.9	62.5
KKR Zeno Aggregator LP (K2 Aviation)	(g)(l)(n)	Capital Goods				39,609,179	39.6	39.6
LSF IX Java Investments Ltd, Term Loan	(g)(l)(n)	Diversified Financials	E+365		12/3/19	€ 56.4	59.0	63.8
Montgomery Credit Holdings LP, Membership Interest	(g)(l)	Diversified Financials				NA	7.5	6.6
MP4 2013-2A Class Subord. B	(f)(g)(k)(l)	Diversified Financials						9.8
NewStar Clarendon 2014-1A Class D	(g)(k)(l)	Diversified Financials	13.2%		7/25/29	\$ 21.0	12.3	12.8
NewStar Clarendon 2014-1A Class Subord. B	(g)(l)	Diversified Financials	L+435		1/25/27	\$ 1.6	1.5	1.5
Orchard Marine Limited, Class B Common Stock	(g)(l)(n)(y)	Transportation				1,964	3.1	—
Orchard Marine Limited, Series A Preferred Stock	(g)(l)(n)(y)	Transportation				58,920	58.0	32.1
Rampart CLO 2007 1A Class Subord.	(g)(k)(l)(n)	Diversified Financials	0.0%		10/25/21	\$ 10.0	0.2	0.6

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Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor	Maturity	Principal Amount ^(c) / Shares	Amortized Cost	Fair Value ^(d)
Star Mountain SMB Multi-Manager Credit Platform LP, Limited Partnership Interest	(l)(u)	Diversified Financials				\$ NA	\$ 59.6	\$ 73.6
Toorak Capital LLC, Membership Interest	(g)(l)(z)	Diversified Financials				NA	96.9	108.5
Toorak Capital LLC, Membership Interest	(g)(l)(n)(z)	Diversified Financials				NA	16.9	18.9
Wind River CLO Ltd. 2012 1A Class Subord. B	(g)(k)(l)	Diversified Financials	7.5%		1/15/26	\$ 42.5	20.4	20.5
Total Asset Based Finance							685.8	666.9
Portfolio Company^(a)	Footnotes	Industry	Rate^(b)	Floor	Maturity	Principal Amount^(c)	Amortized Cost	Fair Value^(d)
Strategic Credit Opportunities, LLC—7.2%								
Strategic Credit Opportunities Partners, LLC	(g)(l)(z)	Diversified Financials				\$ 294.0	\$ 294.0	\$ 299.3
Total Strategic Credit Opportunities Partners							294.0	299.3
Portfolio Company^(a)	Footnotes	Industry	Rate^(b)	Floor	Maturity	Number of Shares	Amortized Cost	Fair Value^(d)
Equity/Other—12.9%^(k)								
5 Arch Income Fund 2, LLC, Common Stock	(l)(p)	Diversified Financials				16,000	\$ 0.4	\$ 0.8
Advanced Lighting Technologies Inc, Common Stock	(g)(n)(z)	Materials				484,607	13.6	—
Advanced Lighting Technologies Inc, Warrant	(g)(n)(z)	Materials			10/4/27	112,292	3.0	—
Alion Science & Technology Corp, Class A Membership Interest	(g)(n)	Capital Goods				NA	7.4	6.8
All Systems Holding LLC, Common Stock	(g)	Commercial & Professional Services				586,763	\$ 0.6	\$ 0.6
AltEn, LLC, Membership Units	(n)(s)(y)	Energy				2,384	3.0	—
Altus Power America Inc, Common Stock	(g)(n)	Energy				462,008	0.5	0.1
Amtek Global Technology Pte Ltd, Ordinary Shares	(j)(l)(n)(z)	Automobiles & Components				5,735,799,959	30.7	26.4
Amtek Global Technology Pte Ltd, Trade Claim	(j)(l)(z)	Automobiles & Components				3,590,032	3.0	2.6
Angelica Corp, Limited Partnership Interest	(n)(t)	Health Care Equipment & Services				877,044	47.6	0.8
AP Plasman Inc, Warrant	(g)(l)(n)	Capital Goods			5/25/26	6,985	2.5	—
Ascent Resources Utica Holdings LLC / ARU Finance Corp, Common Stock	(n)(o)	Energy				10,193	9.7	2.8
Ascent Resources Utica Holdings LLC / ARU Finance Corp, Trade Claim	(n)(o)	Energy				86,607,143	19.4	24.1
ASG Technologies, Common Stock	(g)(n)(y)	Software & Services				1,689,767	36.4	85.8
ASG Technologies, Warrants	(g)(n)(y)	Software & Services			6/27/22	229,541	6.5	6.7
Aspect Software Inc, Common Stock	(g)(n)(y)	Software & Services				428,935	10.5	—
Aurora Diagnostics Holdings LLC / Aurora Diagnostics Financing Inc, Warrant	(e)(f)(g)(n)	Health Care Equipment & Services			5/25/27	229,489	1.7	0.3
Belk Inc, Units	(g)(n)	Retailing				1,642	7.8	6.2
Brock Group LLC, Common Stock	(g)(n)	Energy				183,826	3.7	—
Byrider Finance LLC, Common Stock	(g)(n)	Automobiles & Components				833	—	—

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Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor	Maturity	Number of Shares	Amortized Cost	Fair Value ^(d)
Cengage Learning, Inc, Common Stock	(g)(n)	Media				\$ 227,802	\$ 7.5	\$ 3.4
Charlotte Russe Inc, Common Stock	(g)(n)(y)	Retailing				22,575	12.5	—
Chisholm Oil & Gas Operating LLC, Series A Units	(n)(p)	Energy				75,000	0.1	—
CSafe Global, Common Stock	(g)(n)	Capital Goods				391,300	0.4	0.5
DEI Sales Inc, Class A Units	(g)(n)	Consumer Durables & Apparel				649,538	1.1	1.5
DEI Sales Inc, Series I Units	(g)(n)	Consumer Durables & Apparel				308,948	0.5	0.7
DEI Sales Inc, Series II Units	(n)(p)	Consumer Durables & Apparel				316,770	0.5	0.7
Eastman Kodak Co, Common Stock	(g)(n)(x)	Consumer Durables & Apparel				12,075	0.2	—
Empire Today LLC, Common Stock	(g)(n)	Retailing				375	1.1	1.1
FourPoint Energy LLC, Common Stock, Class C—II—A Units	(n)(p)	Energy				21,000	21.0	4.7
FourPoint Energy LLC, Common Stock, Class D Units	(n)(p)	Energy				3,937	2.6	0.9
FourPoint Energy LLC, Common Stock, Class E—II Units	(n)(p)	Energy				48,025	12.0	10.7
FourPoint Energy LLC, Common Stock, Class E—III Units	(n)(p)	Energy				70,875	17.7	15.8
Genesys Telecommunications Laboratories Inc, Class A Shares	(g)(n)	Technology Hardware & Equipment				40,529	—	—
Genesys Telecommunications Laboratories Inc, Class A1—A5 Shares	(g)(n)	Technology Hardware & Equipment				3,463,150	0.1	0.9
Genesys Telecommunications Laboratories Inc, Ordinary Shares	(g)(n)	Technology Hardware & Equipment				2,768,806	—	—
Genesys Telecommunications Laboratories Inc, Ordinary Shares	(g)(n)	Technology Hardware & Equipment				41,339	—	—
Genesys Telecommunications Laboratories Inc, Preferred Stock	(g)(n)	Technology Hardware & Equipment				1,050,465	—	0.1
Harvest Oil & Gas Corp, Common Stock	(f)(n)(x)	Energy				7,327	0.2	0.1
Harvey Industries Inc, Common Stock	(g)(n)	Capital Goods				2,333,333	2.3	4.7
Hilding Anders, ARLE PIK Interest	(g)(l)(n)(w)(z)	Consumer Durables & Apparel	12.0% PIK (12.0% Max PIK)		12/31/22	4,300,103	—	—
Hilding Anders, Class A Common Stock	(g)(l)(n)(z)	Consumer Durables & Apparel				4,503,411	0.1	—
Hilding Anders, Class B Common Stock	(g)(l)(n)(z)	Consumer Durables & Apparel				574,791	—	—
Hilding Anders, Class C Common Stock	(g)(l)(n)(z)	Consumer Durables & Apparel				213,201	—	—
Hilding Anders, Equity Options	(g)(l)(n)(z)	Consumer Durables & Apparel			12/31/20	236,160,807	15.0	2.6
HM Dunn Co Inc, Preferred Stock, Series A	(g)(n)(y)	Capital Goods				214	—	—
HM Dunn Co Inc, Preferred Stock, Series B	(g)(n)(y)	Capital Goods				214	—	—
Home Partners of America Inc, Common Stock	(g)(n)(y)	Real Estate				100,044	101.9	129.8
Home Partners of America Inc, Warrant	(g)(n)(y)	Real Estate			8/7/24	2,675	0.3	1.1
Imagine Communications Corp, Common Stock	(g)(n)	Media	9.5% PIK		11/10/18	33,034	3.8	1.8
Industrial Group Intermediate Holdings LLC, Common Stock	(n)(p)	Materials				441,238	0.4	0.3
JHC Acquisition LLC, Common Stock	(g)(n)	Capital Goods				483	0.5	0.6
Jones Apparel Holdings, Inc., Common Stock	(g)	Consumer Durables & Apparel				5,451	0.9	—
JSS Holdings Ltd, Net Profits Interest	(g)(n)	Capital Goods				40	—	0.7
JW Aluminum Co, Common Stock	(f)(g)(n)(z)	Materials				1,474	—	—
JW Aluminum Co, Preferred Stock	(f)(g)(z)	Materials	12.5%		11/17/25	106,700,471	75.7	75.8
Keystone Australia Holdings Pty Limited, Residual Claim	(g)(l)(n)	Consumer Services				NA	7.7	0.4
KKR BPT Holdings Aggregator LLC, Membership Interest	(g)(l)(n)(z)	Diversified Financials				NA	16.2	(1.4)
Leading Edge Aviation Services Inc, Common Stock	(f)(n)	Capital Goods				4,401	0.5	—
Leading Edge Aviation Services Inc, Preferred Stock	(f)(n)	Capital Goods			8/9/19	1,303	1.3	0.5
MB Precision Holdings LLC, Class A—2 Units	(g)(n)(p)(y)	Capital Goods				1,426,110	0.5	—
MB Precision Holdings LLC, Preferred Stock	(g)(n)(y)	Capital Goods				8,775,667	1.8	1.2

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Portfolio Company ^(a)	Footnotes	Industry	Rate ^(b)	Floor	Maturity	Number of Shares	Amortized Cost	Fair Value ^(d)
Micronics Filtration Holdings Inc, Common Stock	(g)(n)	Capital Goods				\$ 53,073	\$ 0.6	\$ —
Micronics Filtration Holdings Inc, Preferred Stock, Series A	(g)(n)	Capital Goods				55	0.6	0.3
Micronics Filtration Holdings Inc, Preferred Stock, Series B	(g)(n)	Capital Goods				23	0.2	0.3
Mood Media Corp, Common Stock	(g)(n)(y)	Media				16,243,967	11.8	14.8
NBG Home, Common Stock	(g)(n)	Consumer Durables & Apparel				1,903	2.6	2.9
Nine West Holdings Inc, Common Stock	(g)(n)	Consumer Durables & Apparel				5,451	6.5	—
North Haven Cadence Buyer Inc, Common Equity	(g)(n)	Consumer Services				1,041,667	1.0	1.6
Petroplex Acidizing Inc, Warrant	(g)(n)	Energy			12/15/26	8	—	—
Polyconcept North America Inc, Class A—1 Units	(g)(n)	Consumer Durables & Apparel				29,376	2.9	4.3
Power Distribution Inc, Common Stock	(g)(n)	Capital Goods				1,384,615	1.4	0.7
Proserv Acquisition LLC, Class A Common Units	(g)(l)(n)(y)	Energy				2,635,005	33.5	8.8
Proserv Acquisition LLC, Class A Preferred Units	(g)(l)(n)(y)	Energy				837,780	5.4	9.5
Ridgeback Resources Inc, Common Stock	(f)(l)(n)	Energy				324,954	2.0	1.6
Rockport (Relay), Class A Units	(g)(n)(y)	Consumer Durables & Apparel				219,349	—	—
Safariland LLC, Common Equity	(f)(n)	Capital Goods				27,263	2.7	2.1
Safariland LLC, Warrant	(f)(n)	Capital Goods				2,273	0.2	0.2
Sequential Brands Group Inc., Common Stock	(g)(n)(x)	Consumer Durables & Apparel				206,664	2.8	0.2
Sorenson Communications LLC, Common Stock	(f)(n)	Telecommunication Services				46,163	—	38.0
SSC (Lux) Limited S.a r.l., Common Stock	(g)(l)(n)	Health Care Equipment & Services				113,636	2.3	2.8
Stuart Weitzman Inc, Common Stock	(g)(n)	Consumer Durables & Apparel				5,451	—	—
Sunnova Energy Corp, Common Stock	(g)(n)	Energy				192,389	0.7	—
Sunnova Energy Corp, Preferred Stock	(g)(n)	Energy				35,115	0.2	0.2
ThermaSys Corp, Common Stock	(n)(y)	Capital Goods				17,383,026	9.4	9.4
ThermaSys Corp, Preferred Stock	(n)(y)	Capital Goods				1,529	1.5	1.5
Towergate, Ordinary Shares	(g)(l)(n)	Insurance				16,450	—	—
Towergate, Ordinary Shares	(g)(l)(n)	Insurance				116,814	0.2	0.2
Towergate, Preferred Stock	(g)(l)(n)	Insurance				6,113,719	9.1	9.2
Trace3 Inc, Common Stock	(g)(n)	Software & Services				19,312	0.2	0.4
Versatile Processing Group Inc, Class A—2 Units	(f)(n)	Materials				3,637,500	3.6	0.4
Warren Resources Inc, Common Stock	(g)(n)	Energy				113,515	0.5	0.3
Zeta Interactive Holdings Corp, Preferred Stock, Series E—1	(g)(n)	Software & Services				215,662	1.7	2.3
Zeta Interactive Holdings Corp, Preferred Stock, Series F	(g)(n)	Software & Services				196,151	1.7	2.0
Zeta Interactive Holdings Corp, Warrant	(g)(n)	Software & Services			4/20/27	29,422	—	0.1
Total Equity/Other							<u>619.7</u>	<u>537.3</u>
TOTAL INVESTMENTS—177.3%							<u>\$ 7,756.0</u>	<u>7,387.4</u>
LIABILITIES IN EXCESS OF OTHER ASSETS—(77.3%)								<u>(3,221.4)</u>
NET ASSETS—100%								<u>\$ 4,166.0</u>

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Foreign currency forward contracts

Foreign Currency	Settlement Date	Counterparty	Amount and Transaction	US\$ Value at Settlement Date	US\$ Value at December 31, 2018	Unrealized Appreciation (Depreciation)
AUD	1/14/2019	JP Morgan Chase Bank	A\$ 0.6 Sold	\$ 0.4	\$ 0.4	\$ —
CAD	10/10/2019	JP Morgan Chase Bank	C\$ 4.4 Sold	3.3	3.2	0.1
EUR	1/14/2019	JP Morgan Chase Bank	€ 84.0 Sold	98.0	96.3	1.7
EUR	7/8/2019	JP Morgan Chase Bank	€ 5.6 Sold	6.4	6.6	(0.2)
EUR	7/8/2019	JP Morgan Chase Bank	€ 22.3 Sold	26.3	26.0	0.3
EUR	7/17/2023	JP Morgan Chase Bank	€ 1.3 Sold	1.7	1.6	0.1
GBP	4/9/2019	JP Morgan Chase Bank	£ 3.4 Sold	4.4	4.4	—
GBP	1/11/2023	JP Morgan Chase Bank	£ 7.0 Sold	9.4	9.3	0.1
GBP	1/11/2023	JP Morgan Chase Bank	£ 1.9 Sold	2.9	2.6	0.3
GBP	1/11/2023	JP Morgan Chase Bank	£ 1.7 Sold	2.6	2.3	0.3
GBP	1/11/2023	JP Morgan Chase Bank	£ 3.4 Sold	4.8	4.6	0.2
Total				<u>\$ 160.2</u>	<u>\$ 157.3</u>	<u>\$ 2.9</u>

Cross currency swaps

Counterparty	Company Receives Fixed Rate	Company Pays Fixed Rate	Termination Date	Unrealized Appreciation (Depreciation)
JP Morgan Chase Bank	2.20% on USD notional amount of \$188.1	0.00% on EUR notional amount of €177.5	12/31/2019	\$ (16)
				<u>\$ (16)</u>

- (a) Security may be an obligation of one or more entities affiliated with the named company.
- (b) Certain variable rate securities in the Company's portfolio bear interest at a rate determined by a publicly disclosed base rate plus a basis point spread. As of December 31, 2018, the three-month London Interbank Offered Rate, or LIBOR or "L", was 2.81%, the Euro Interbank Offered Rate, or EURIBOR, was (0.31)% and the U.S. Prime Lending Rate, or Prime, was 5.50%. PIK means paid-in-kind. PIK income accruals may be adjusted based on the fair value of the underlying investment.
- (c) Denominated in U.S. dollars unless otherwise noted.
- (d) Fair value determined by the Company's board of directors (see Note 8).
- (e) Security or portion thereof held within Locust Street Funding LLC and is pledged as collateral supporting the amounts outstanding under the term loan facility with JPMorgan Chase Bank, N.A. (see Note 9).
- (f) Security or portion thereof held within Race Street Funding LLC and is pledged as collateral supporting the amounts outstanding under the revolving credit facility with ING Capital LLC (see Note 9).
- (g) Security or portion thereof is pledged as collateral supporting the amounts outstanding under the Senior Secured Revolving Credit Facility (see Note 9).
- (h) Security or portion thereof was held within CCT New York Funding LLC and was pledged as collateral supporting the amounts outstanding under the revolving credit facility with JPMorgan Chase Bank (see Note 9).

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- (i) Security or portion thereof was held within CCT Tokyo Funding LLC and was pledged as collateral supporting the amounts outstanding under the revolving credit facility with Sumitomo Mitsui Banking Corporation (see Note 9).
- (j) Security or portion thereof was held within CCT Dublin Funding Limited
- (k) Position or portion thereof unsettled as of December 31, 2018.
- (l) The investment is not a qualifying asset under the Investment Company Act of 1940, as amended. A business development company may not acquire any asset other than qualifying assets, unless, at the time the acquisition is made, qualifying assets represent at least 70% of the company's total assets. As of December 31, 2018, 78.9% of the Company's total assets represented qualifying assets.
- (m) Listed investments may be treated as debt for GAAP or tax purposes.
- (n) Security is non-income producing.
- (o) Security held within IC American Energy Investments, Inc., a wholly-owned subsidiary of the Company.
- (p) Security held within FSIC Investments, Inc., a wholly-owned subsidiary of the Company.
- (q) Security held within IC Arches Investments LLC, a wholly-owned subsidiary of the Company.
- (r) Security held within IC Altus Investments, LLC, a wholly-owned subsidiary of the Company.
- (s) Security held within CCT Holdings, LLC, a wholly-owned subsidiary of the Company.
- (t) Security held within CCT Holdings II, LLC, a wholly-owned subsidiary of the Company.
- (u) Not used.
- (v) Security is an unfunded commitment. Reflects the stated spread at the time of commitment, but may not be the actual rate received upon funding.
- (w) Asset is on non-accrual status.
- (x) Security is classified as Level 1 or 2 in the Company's fair value hierarchy (see Note 8).

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(y) Under the Investment Company Act of 1940, as amended, the Company generally is deemed to be an “affiliated person” of a portfolio company if it owns 5% or more of the portfolio company’s voting securities and generally is deemed to “control” a portfolio company if it owns more than 25% of the portfolio company’s voting securities or it has the power to exercise control over the management or policies of such portfolio company. As of December 31, 2018, the Company held investments in portfolio companies of which it is deemed to be an “affiliated person” but is not deemed to “control”. The following table presents certain information with respect to investments in portfolio companies of which the Company was deemed to be an affiliated person for the year ended December 31, 2018:

Portfolio Company	Fair Value at December 31, 2017	Gross Additions ⁽¹⁾	Gross Reductions ⁽²⁾	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Fair Value at December 31, 2018	Interest Income ⁽³⁾	PIK Income ⁽³⁾
Senior Secured Loans—First Lien								
Advanced Lighting Technologies Inc	\$ 20.4	\$ —	\$ (17.2)	\$ —	\$ (3.2)	\$ —	\$ —	\$ —
AltEn, LLC	—	2.7	—	—	0.2	2.9	—	—
Aspect Software Inc	—	3.7	—	—	(1.0)	2.7	0.1	0.1
Aspect Software Inc	1.0	—	(1.0)	—	—	—	0.1	—
Aspect Software Inc	0.6	—	—	—	(0.1)	0.5	0.1	—
Aspect Software Inc	(0.4)	0.4	(0.4)	—	0.4	—	—	—
Aspect Software Inc	—	0.1	(0.1)	—	—	—	—	—
Charlotte Russe Inc	—	9.4	—	—	(5.9)	3.5	0.1	—
HM Dunn Co Inc ⁽⁴⁾	—	1.1	—	(0.5)	(0.5)	0.1	—	—
Logan’s Roadhouse, Inc.	6.9	—	(7.0)	—	0.1	—	—	—
Logan’s Roadhouse, Inc.	—	—	—	—	—	—	—	—
MB Precision Holdings LLC ⁽⁴⁾	—	14.0	(2.8)	(6.9)	0.3	4.6	0.5	0.2
ThermaSys Corp	—	6.7	—	—	—	6.7	—	—
Senior Secured Loans—Second Lien								
Logan’s Roadhouse, Inc.	10.1	—	(21.8)	—	11.7	—	—	—
Other Senior Secured Debt								
Advanced Lighting Technologies Inc	22.7	—	(22.7)	—	—	—	—	—
Mood Media Corp	21.7	4.9	—	—	—	26.6	2.3	1.8
Rockport (Relay)	—	30.9	—	—	(21.0)	9.9	—	—
Asset Based Finance								
Orchard Marine Limited, Class B Common Stock	—	3.1	—	—	(3.1)	—	—	—
Orchard Marine Limited, Series A Preferred Stock	—	58.0	—	—	(25.9)	32.1	—	—
Equity/Other								
Advanced Lighting Technologies Inc, Common Stock	13.0	—	(16.5)	—	3.5	—	—	—
Advanced Lighting Technologies Inc, Warrant	0.1	—	(0.1)	—	—	—	—	—
AltEn, LLC, Membership Units	—	3.0	—	—	(3.0)	—	—	—
ASG Technologies, Common Stock	83.1	—	—	—	2.7	85.8	—	—
ASG Technologies, Warrants	6.3	—	—	—	0.4	6.7	—	—
Aspect Software Inc, Common Stock	—	—	—	(9.7)	9.7	—	—	—
Charlotte Russe Inc, Common Stock	—	12.5	—	—	(12.5)	—	—	—
Fronton Investor Holdings, LLC, Class B Units	17.8	—	(20.5)	13.5	(10.8)	—	—	—
HM Dunn Co Inc, Preferred Stock, Series A	—	—	—	—	—	—	—	—
HM Dunn Co Inc, Preferred Stock, Series B	—	—	—	—	—	—	—	—
Home Partners of America Inc, Common Stock	—	101.9	—	—	27.9	129.8	—	—
Home Partners of America Inc, Warrant	—	0.3	—	—	0.8	1.1	—	—

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(in millions, except share amounts)

Portfolio Company	Fair Value at December 31, 2017	Gross Additions ⁽¹⁾	Gross Reductions ⁽²⁾	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Fair Value at December 31, 2018	Interest Income ⁽³⁾	PIK Income ⁽³⁾
MB Precision Holdings LLC, Class A—2 Units ⁽²⁾	\$ —	\$ 0.5	\$ —	\$ —	\$ (0.5)	\$ —	\$ —	\$ —
MB Precision Holdings LLC, Preferred Stock	—	1.8	—	—	(0.6)	1.2	—	—
Mood Media Corp, Common Stock	26.8	—	—	—	(12.0)	14.8	—	—
Proserv Acquisition LLC, Class A Common Units	—	33.5	—	—	(24.7)	8.8	—	—
Proserv Acquisition LLC, Class A Preferred Units	—	5.4	—	—	4.1	9.5	—	—
Roadhouse Holding Inc., Common Equity	—	—	(6.9)	—	6.9	—	—	—
Rockport (Relay), Class A Units	—	—	—	—	—	—	—	—
ThermaSys Corp, Common Stock	—	9.4	—	—	—	9.4	—	—
ThermaSys Corp, Preferred Stock	—	6.7	—	(5.2)	—	1.5	—	—
Total	\$ 230.1	\$ 310.0	\$ (117.0)	\$ (8.8)	\$ (56.1)	\$ 358.2	\$ 3.2	\$ 2.1

- (1) Gross additions include increases in the cost basis of investments resulting from new portfolio investments, PIK interest, the amortization of unearned income, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company into this category from a different category.
- (2) Gross reductions include decreases in the cost basis of investments resulting from principal collections related to investment repayments or sales, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company out of this category into a different category.
- (3) Interest and PIK income presented for the full year ended December 31, 2018.
- (4) The Company held this investment as of December 31, 2017 but it was not deemed to be an “affiliated person” of the portfolio company or deemed to “control” the portfolio company as of December 31, 2017. Transfers in or out have been presented at amortized cost.
- (z) Under the Investment Company Act of 1940, as amended, the Company generally is deemed to “control” a portfolio company if it owns more than 25% of the portfolio company’s voting securities or it has the power to exercise control over the management or policies of such portfolio company. As of December 31, 2018, the Company held investments in one portfolio company of which it is deemed to be an “affiliated person” and deemed to “control”. During the year ended December 31, 2018, the Company disposed of investments in one portfolio of which it was deemed to be an “affiliated person” and deemed to “control”. The following table presents certain information with respect to investments in portfolio companies of which the Company was deemed to be an affiliated person and deemed to control for the year ended December 31, 2018:

Portfolio Company	Fair Value at December 31, 2017	Gross Additions ⁽¹⁾	Gross Reductions ⁽²⁾	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Fair Value at December 31, 2018	Interest Income ⁽³⁾	PIK Income ⁽³⁾	Dividend Income ⁽³⁾
Senior Secured Loans—First Lien									
Advanced Lighting Technologies Inc ⁽⁴⁾	\$ —	\$ 17.7	\$ (0.2)	\$ —	\$ 2.7	\$ 20.2	\$ 2.5	\$ —	\$ —
Amtek Global Technology Pte Ltd	—	60.5	—	—	(4.1)	56.4	0.1	—	—
Senior Secured Loans—Second Lien									
Amtek Global Technology Pte Ltd	—	40.3	—	—	(2.7)	37.6	0.1	—	—
JW Aluminum	38.0	—	(37.4)	—	(0.6)	—	1.6	—	—
Other Senior Secured Debt									
Advanced Lighting Technologies Inc ⁽⁴⁾	—	24.2	(0.6)	—	(15.6)	8.0	1.2	1.4	—
JW Aluminum Co	—	36.5	—	—	(0.1)	36.4	2.2	—	—

See notes to unaudited consolidated financial statements.

FS KKR Capital Corp.
Consolidated Schedule of Investments (continued)
As of December 31, 2018
(in millions, except share amounts)

Portfolio Company	Fair Value at December 31, 2017	Gross Additions ⁽¹⁾	Gross Reductions ⁽²⁾	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Fair Value at December 31, 2018	Interest Income ⁽³⁾	PIK Income ⁽³⁾	Dividend Income ⁽³⁾
Subordinated Debt									
Hilding Anders	\$ —	\$ 125.0	\$ —	\$ —	\$ (44.0)	\$ 81.0	\$ 0.1	\$ 7.9	\$ —
Hilding Anders	—	0.5	—	—	—	0.5	—	—	—
Hilding Anders	—	0.9	—	—	(0.9)	—	—	—	—
Hilding Anders	—	12.9	—	—	(5.7)	7.2	—	—	—
Asset Based Finance									
Comet Aircraft S.a.r.l., Common Stock	—	34.5	—	—	(2.1)	32.4	0.1	—	—
Toorak Capital LLC, Membership Interest	—	96.9	—	—	11.6	108.5	—	—	0.2
Toorak Capital LLC, Membership Interest	—	16.9	—	—	2.0	18.9	—	—	—
Strategic Credit Opportunities Partners, LLC									
Strategic Credit Opportunities Partners, LLC	—	294.0	—	—	5.3	299.3	—	—	1.1
Equity/Other									
Advanced Lighting Technologies Inc, Common Stock ⁽⁴⁾	—	16.5	(2.9)	—	(13.6)	—	—	—	—
Advanced Lighting Technologies Inc, Warrant ⁽⁴⁾	—	3.0	—	—	(3.0)	—	—	—	—
Amtek Global Technology Pte Ltd, Ordinary Shares	—	30.7	—	—	(4.3)	26.4	—	—	—
Amtek Global Technology Pte Ltd, Trade Claim	—	3.0	—	—	(0.4)	2.6	—	—	—
Hilding Anders, ARLE PIK Interest	—	—	—	—	—	—	—	—	—
Hilding Anders, Class A Common Stock	—	0.1	—	—	(0.1)	—	—	—	—
Hilding Anders, Class B Common Stock	—	—	—	—	—	—	—	—	—
Hilding Anders, Class C Common Stock	—	—	—	—	—	—	—	—	—
Hilding Anders, Equity Options	—	15.0	—	—	(12.4)	2.6	—	—	—
JW Aluminum Co, Common Stock	—	—	—	—	—	—	—	—	—
JW Aluminum Co, Preferred Stock	57.3	26.3	—	—	(7.8)	75.8	1.2	10.1	—
KKR BPT Holdings Aggregator LLC, Membership Interest	—	16.2	—	—	(17.6)	(1.4)	—	—	—
Total	\$ 95.3	\$ 871.6	\$ (41.1)	\$ —	\$ (113.4)	\$ 812.4	\$ 9.1	\$ 19.4	\$ 1.3

- (1) Gross additions include increases in the cost basis of investments resulting from new portfolio investments, PIK interest, the amortization of unearned income, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company into this category from a different category.
- (2) Gross reductions include decreases in the cost basis of investments resulting from principal collections related to investment repayments or sales, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company out of this category into a different category.
- (3) Interest, PIK and dividend income presented for the full year ended December 31, 2018.
- (4) The Company held this investment as of December 31, 2017 but it was not deemed to “control” the portfolio company as of December 31, 2017. Transfers in or out have been presented at amortized cost.

See notes to unaudited consolidated financial statements.

FS KKR Capital Corp.**Notes to Unaudited Consolidated Financial Statements
(in millions, except share and per share amounts)****Note 1. Principal Business and Organization**

FS KKR Capital Corp. (NYSE: FSK), or the Company, was incorporated under the general corporation laws of the State of Maryland on December 21, 2007 and formally commenced investment operations on January 2, 2009. The Company is an externally managed, non-diversified, closed-end management investment company that has elected to be regulated as a business development company, or BDC, under the Investment Company Act of 1940, as amended, or the 1940 Act. In addition, the Company has elected to be treated for U.S. federal income tax purposes, and intends to qualify annually, as a regulated investment company, or RIC, as defined under Subchapter M of the Internal Revenue Code of 1986, as amended, or the Code. As of September 30, 2019, the Company had various wholly-owned subsidiaries, including special-purpose financing subsidiaries and subsidiaries through which it holds interests in portfolio companies. The unaudited consolidated financial statements include both the Company's accounts and the accounts of its wholly-owned subsidiaries as of September 30, 2019. All significant intercompany transactions have been eliminated in consolidation. Certain of the Company's consolidated subsidiaries are subject to U.S. federal and state income taxes.

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

The Company is externally managed by FS/KKR Advisor, LLC, or the Advisor, pursuant to an investment advisory agreement, dated as of December 20, 2018, or the investment advisory agreement. On April 9, 2018, GSO / Blackstone Debt Funds Management LLC, or GDFM, resigned as the investment sub-adviser to the Company and terminated the investment sub-advisory agreement, or the investment sub-advisory agreement, between FB Income Advisor, LLC, or FB Advisor, and GDFM, effective April 9, 2018. In connection with GDFM's resignation as the investment sub-adviser to the Company, on April 9, 2018, the Company entered into an investment advisory agreement, or the prior investment advisory agreement, with the Advisor. The prior investment advisory agreement replaced the amended and restated investment advisory agreement, dated July 17, 2014, or the FB Advisor investment advisory agreement, by and between the Company and FB Advisor.

On December 19, 2018, the Company completed its acquisition, or the Merger, of Corporate Capital Trust, Inc., or CCT, pursuant to that certain Agreement and Plan of Merger, or the Merger Agreement, dated as of July 22, 2018, by and among the Company, CCT, IC Acquisition, Inc., a former wholly-owned subsidiary of the Company, or Merger Sub, and the Advisor.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation: The accompanying unaudited consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP, for interim financial information and with the instructions for Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. For a more complete discussion of significant accounting policies and certain other information, the Company's interim unaudited consolidated financial statements should be read in conjunction with its audited consolidated financial statements as of and for the year ended December 31, 2018 included in the Company's annual report on Form 10-K for the year ended December 31, 2018. Operating results for the three and nine months ended September 30, 2019 are not necessarily indicative of the results that may be expected for the year ending December 31, 2019. The December 31, 2018 consolidated balance sheet and consolidated schedule of investments are derived from the Company's audited consolidated financial statements as of and for the year ended December 31, 2018. The Company is considered an investment company under GAAP and follows the accounting and reporting guidance applicable to investment companies under Accounting Standards Codification Topic 946, *Financial Services—Investment Companies*.

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

FS KKR Capital Corp.**Notes to Unaudited Consolidated Financial Statements (continued)**
(in millions, except share and per share amounts)**Note 2. Summary of Significant Accounting Policies (continued)**

Capital Gains Incentive Fee: Pursuant to the terms of the investment advisory agreement, the incentive fee on capital gains is determined and payable in arrears as of the end of each calendar year (or upon termination of the investment advisory agreement). This fee equals 20.0% of the Company's incentive fee capital gains, which shall equal both CCT's and the Company's realized capital gains (without duplication) on a cumulative basis from inception, calculated as of the end of each calendar year, computed net of all realized capital losses and unrealized capital depreciation (without duplication) on a cumulative basis, less the aggregate amount of any capital gain incentive fees previously paid by CCT and the Company. On a quarterly basis, the Company accrues for the capital gains incentive fee by calculating such fee as if it were due and payable as of the end of such period.

The Company includes unrealized gains in the calculation of the capital gains incentive fee expense and related accrued capital gains incentive fee. This accrual reflects the incentive fees that would be payable to the Advisor if the Company's entire portfolio was liquidated at its fair value as of the balance sheet date even though the Advisor is not entitled to an incentive fee with respect to unrealized gains unless and until such gains are actually realized.

Subordinated Income Incentive Fee: Pursuant to the terms of the investment advisory agreement, the Advisor may also be entitled to receive a subordinated incentive fee on income. The subordinated incentive fee on income under the investment advisory agreement, which is calculated and payable quarterly in arrears, equals 20.0% of the Company's "pre-incentive fee net investment income" for the immediately preceding quarter and is subject to a hurdle rate, expressed as a rate of return on the value of the Company's net assets, equal to 1.75% per quarter, or an annualized hurdle rate of 7.0%. As a result, the Advisor will not earn this incentive fee for any quarter until the Company's pre-incentive fee net investment income for such quarter exceeds the hurdle rate of 1.75%. Once the Company's pre-incentive fee net investment income in any quarter exceeds the hurdle rate, the Advisor will be entitled to a "catch-up" fee equal to the amount of the pre-incentive fee net investment income in excess of the hurdle rate, until the Company's pre-incentive fee net investment income for such quarter equals 2.1875%, or 8.75% annually, of net assets. Thereafter, the Advisor will be entitled to receive 20.0% of pre-incentive fee net investment income.

The subordinated incentive fee on income is subject to a cap equal to (i) 20.0% of the "per share pre-incentive fee return" for the then-current and eleven preceding calendar quarters minus the cumulative "per share incentive fees" accrued and/or payable for the eleven preceding calendar quarters multiplied by (ii) the weighted average number of shares outstanding during the calendar quarter (or any portion thereof) for which the subordinated incentive fee on income is being calculated. The definitions of "per share pre-incentive fee return" and "per share incentive fees" under the investment advisory agreement take into account the historic per share pre-incentive fee return of both the Company and CCT, together with the historic per share incentive fees paid by both the Company and CCT. For the purpose of calculating the "per share pre-incentive fee return," any unrealized appreciation or depreciation recognized as a result of the purchase accounting for the Merger is excluded.

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

Revenue Recognition: Security transactions are accounted for on the trade date. The Company records interest income on an accrual basis to the extent that it expects to collect such amounts. The Company records dividend income on the ex-dividend date. Distributions received from limited liability company ("LLC") and limited partnership ("LP") investments are evaluated to determine if the distribution should be recorded as dividend income or a return of capital. The Company does not accrue as a receivable interest or dividends on loans and securities if it has reason to doubt its ability to collect such income. The Company's policy is to place investments on non-accrual status when there is reasonable doubt that interest income will be collected. The Company considers many factors relevant to an investment when placing it on or removing it from non-accrual status including, but not limited to, the delinquency status of the investment, economic and business conditions, the overall financial condition of

FS KKR Capital Corp.

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

Note 2. Summary of Significant Accounting Policies (continued)

the underlying investment, the value of the underlying collateral, bankruptcy status, if any, and any other facts or circumstances relevant to the investment. If there is reasonable doubt that the Company will receive any previously accrued interest, then the interest income will be written-off. Payments received on non-accrual investments may be recognized as income or applied to principal depending upon the collectability of the remaining principal and interest. Non-accrual investments may be restored to accrual status when principal and interest become current and are likely to remain current based on the Company's judgment.

Loan origination fees, original issue discount and market discount are capitalized and the Company amortizes such amounts as interest income over the respective term of the loan or security. Upon the prepayment of a loan or security, any unamortized loan origination fees and original issue discount are recorded as interest income. Structuring and other non-recurring upfront fees are recorded as fee income when earned. For the nine months ended September 30, 2019, the Company recognized \$11 in structuring fee revenue. The Company records prepayment premiums on loans and securities as fee income when it receives such amounts.

Derivative Instruments: The Company's derivative instruments include foreign currency forward contracts and cross currency swaps. The Company recognizes all derivative instruments as assets or liabilities at fair value in its consolidated financial statements. Derivative contracts entered into by the Company are not designated as hedging instruments, and as a result, the Company presents changes in fair value through net change in unrealized appreciation (depreciation) on derivative instruments in the consolidated statements of operations. Realized gains and losses of the derivative instruments are included in net realized gains (losses) on derivative instruments in the consolidated statements of operations.

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

Note 3. Share Transactions

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

	Nine Months Ended September 30,			
	2019		2018	
	Shares	Amount	Shares	Amount
Share Repurchase Program	(19,216,367)	\$ (118)	(6,571,347)	\$ (50)
Net Proceeds from Share Transactions	(19,216,367)	\$ (118)	(6,571,347)	\$ (50)

During the nine months ended September 30, 2019, the administrator for the Company's distribution reinvestment plan, or DRP, purchased 3,025,035 shares of common stock in the open market at an average price per share of \$6.07 (totaling \$18) pursuant to the DRP, and distributed such shares to participants in the DRP. During the nine months ended September 30, 2018, the administrator for the DRP purchased 1,550,162 shares of common stock in the open market at an average price per share of \$7.64 (totaling \$12) pursuant to the DRP, and distributed such shares to participants in the DRP. During the period from October 1, 2019 to November 6, 2019, the administrator for the DRP purchased 1,253,852 shares of common stock in the open market at an average price per share of \$5.77 (totaling \$7) pursuant to the DRP, and distributed such shares to participants in the DRP. For additional information regarding the terms of the DRP, see Note 5.

February 2018 Share Repurchase Program

In February 2018, the Company's board of directors authorized a stock repurchase program. Under the program, the Company was permitted to repurchase up to \$50 in the aggregate of its outstanding common stock in the open market at prices below the then-current net asset value per share. During the nine months ended September 30, 2018, the Company repurchased

FS KKR Capital Corp.**Notes to Unaudited Consolidated Financial Statements (continued)**
(in millions, except share and per share amounts)**Note 3. Share Transactions (continued)**

6,571,347 shares of common stock pursuant to the share repurchase program at an average price per share (inclusive of commissions paid) of \$7.61 (totaling \$50). The program has terminated since the aggregate repurchase amount that was approved by the Company's board of directors has been expended.

December 2018 Share Repurchase Program

In December 2018, the Company's board of directors authorized a stock repurchase program. Under the program, the Company is permitted to repurchase up to \$200 in the aggregate of its outstanding common stock in the open market at prices below the then-current net asset value per share. The timing, manner, price and amount of any share repurchases will be determined by the Company, based upon the evaluation of economic and market conditions, the Company's stock price, applicable legal and regulatory requirements and other factors. The program will be in effect through December 19, 2019, unless extended, or until the aggregate repurchase amount that has been approved by the Company's board of directors has been expended. The program may be suspended, extended, modified or discontinued at any time.

During the nine months ended September 30, 2019, the Company repurchased 19,216,367 shares of common stock pursuant to the share repurchase program at an average price per share (inclusive of commissions paid) of \$6.11 (totaling \$118). During the period from October 1, 2019 to November 6, 2019, the Company repurchased 3,189,687 shares of common stock pursuant to the share repurchase program at an average price per share (inclusive of commissions paid) of \$5.78 (totaling \$18).

Note 4. Related Party Transactions*Compensation of the Investment Adviser*

Pursuant to the investment advisory agreement, the Advisor is entitled to a base management fee calculated at an annual rate of 1.50% of the average weekly value of the Company's gross assets excluding cash and cash equivalents (gross assets equal the total assets of the Company as set forth on the Company's consolidated balance sheets) and an incentive fee based on the Company's performance. Effective June 15, 2019, in connection with stockholder approval of the modification of the asset coverage requirement applicable to senior securities from 200% to 150%, the Advisor reduced (by permanent waiver) the annual base management fee payable under the investment advisory agreement from 1.5% to 1.0% on all assets financed using leverage over 1.0x debt-to-equity. The base management fee is payable quarterly in arrears. All or any part of the base management fee not taken as to any quarter will be deferred without interest and may be taken in such other quarter as the Advisor determines. The prior investment advisory agreement had substantially similar terms, except that cash and cash equivalents were not excluded from gross assets. See Note 2 for a discussion of the capital gains and subordinated income incentive fees that the Advisor may be entitled to under the investment advisory agreement.

Pursuant to the FB Advisor investment advisory agreement, which was in effect until April 9, 2018, FB Advisor was entitled to an annual base management fee equal to 1.75% of the average value of the Company's gross assets (gross assets equal the total assets of the Company as set forth on the Company's consolidated balance sheets) and an incentive fee based on the Company's performance. FB Advisor had agreed, effective October 1, 2017, to (a) waive a portion of the base management fee to which it was entitled under the FB Advisor investment advisory agreement so that the fee received equaled 1.50% of the average value of the Company's gross assets and (b) continue to calculate the subordinated incentive fee on income to which it was entitled under the FB Advisor investment advisory agreement as if the base management fee was 1.75% of the average value of the Company's gross assets. Pursuant to the investment sub-advisory agreement, GDFM was entitled to receive 50% of all management and incentive fees payable to FB Advisor under the FB Advisor investment advisory agreement with respect to each year.

On April 9, 2018, the Company entered into an administration agreement with the Advisor, or the administration agreement, which replaced an administration agreement with FB Advisor, or the FB Advisor administration agreement. Pursuant to the administration agreement, the Advisor oversees the Company's day-to-day operations, including the provision of general ledger accounting, fund accounting, legal services, investor relations, certain government and regulatory affairs activities, and other administrative services. The Advisor also performs, or oversees the performance of, the Company's corporate operations

FS KKR Capital Corp.

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

Note 4. Related Party Transactions (continued)

and required administrative services, which includes being responsible for the financial records that the Company is required to maintain and preparing reports for the Company's stockholders and reports filed with the SEC. In addition, the Advisor assists the Company in calculating its net asset value, overseeing the preparation and filing of tax returns and the printing and dissemination of reports to the Company's stockholders, and generally overseeing the payment of the Company's expenses and the performance of administrative and professional services rendered to the Company by others.

Pursuant to the administration agreement, the Company reimburses the Advisor for expenses necessary to perform services related to its administration and operations, including the Advisor's allocable portion of the compensation and related expenses of certain personnel of Franklin Square Holdings, L.P., which does business as FS Investments, or FS Investments, and KKR Credit Advisors (US), LLC, or KKR Credit, providing administrative services to the Company on behalf of the Advisor. The Company reimburses the Advisor no less than quarterly for all costs and expenses incurred by the Advisor in performing its obligations and providing personnel and facilities under the administration agreement. The Advisor allocates the cost of such services to the Company based on factors such as total assets, revenues, time allocations and/or other reasonable metrics. The Company's board of directors reviews the methodology employed in determining how the expenses are allocated to the Company and the proposed allocation of administrative expenses among the Company and certain affiliates of the Advisor. The Company's board of directors then assesses the reasonableness of such reimbursements for expenses allocated to it based on the breadth, depth and quality of such services as compared to the estimated cost to the Company of obtaining similar services from third-party service providers known to be available. In addition, the Company's board of directors considers whether any single third-party service provider would be capable of providing all such services at comparable cost and quality. Finally, the Company's board of directors compares the total amount paid to the Advisor for such services as a percentage of the Company's net assets to the same ratio as reported by other comparable BDCs. The FB Advisor administration agreement was substantially similar to the administration agreement.

The following table describes the fees and expenses accrued under the investment advisory agreement, the FB Advisor investment advisory agreement, the administration agreement and the FB Advisor administration agreement, as applicable, during the three and nine months ended September 30, 2019 and 2018:

Related Party	Source Agreement	Description	Three Months Ended September 30,		Nine Months Ended September 30,	
			2019	2018	2019	2018
FB Advisor and the Advisor	Investment advisory agreement, prior investment advisory agreement and FB Advisor investment advisory agreement	Base Management Fee ⁽¹⁾	\$28	\$14	\$85	\$44
FB Advisor and the Advisor	Investment advisory agreement, prior investment advisory agreement and FB Advisor investment advisory agreement	Subordinated Incentive Fee on Income ⁽²⁾	\$8	\$—	\$57	\$23
FB Advisor and the Advisor	Administration agreement and FB Advisor administration agreement	Administrative Services Expenses ⁽³⁾	\$4	\$1	\$7	\$3

(1) FB Advisor agreed, effective October 1, 2017, to waive a portion of the base management fee to which it was entitled under the FB Advisor investment advisory agreement so that the fee received equaled 1.50% of the average value of the Company's gross assets. For the nine months ended September 30, 2018, the amount shown is net of waivers of \$3. During the nine months ended September 30, 2019 and 2018, \$77 and \$46, respectively, in base management fees were paid to the Advisor and/or FB Advisor. As of September 30, 2019, \$28 in base management fees were payable to the Advisor.

(2) During the nine months ended September 30, 2019 and 2018, \$63 and \$36, respectively, of subordinated incentive fees on income were paid to the Advisor and/or FB Advisor.

(3) During the nine months ended September 30, 2019 and 2018, \$4 and \$2, respectively, of administrative services expenses related to the allocation of costs of administrative personnel for services rendered to the Company by FB Advisor and the Advisor and the remainder related to other reimbursable expenses, including reimbursement of fees related to transactional expenses for prospective investments, such as fees and expenses associated with performing due diligence reviews of investments that do not close, often referred to as "broken deal" costs. Broken deal costs were \$0.6 for the nine months ended September 30, 2019. The Company paid \$4 and \$2, respectively, in administrative services expenses to the Advisor and/or FB Advisor during the nine months ended September 30, 2019 and 2018.

FS KKR Capital Corp.**Notes to Unaudited Consolidated Financial Statements (continued)**
(in millions, except share and per share amounts)**Note 4. Related Party Transactions (continued)***Potential Conflicts of Interest*

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

Exemptive Relief

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

In an order dated June 4, 2013, or the FS Order, the SEC granted exemptive relief permitting the Company, subject to the satisfaction of certain conditions, to co-invest in certain privately negotiated investment transactions with certain affiliates of FB Advisor, including FS Energy and Power Fund, FS Investment Corporation II, FS Investment Corporation III, FS Investment Corporation IV and any future BDCs that are advised by FB Advisor or its affiliated investment advisers. However, in connection with the investment advisory relationship with the Advisor, and in an effort to mitigate potential future conflicts of interest, the Company's board of directors authorized and directed that the Company (i) withdraw from the FS Order, except with respect to any transaction in which the Company participated in reliance on the FS Order prior to April 9, 2018, and (ii) rely on an exemptive relief order, dated April 3, 2018, that permits the Company, subject to the satisfaction of certain conditions, to co-invest in certain privately negotiated investment transactions, including investments originated and directly negotiated by the Advisor or KKR Credit, with certain affiliates of the Advisor.

Note 5. Distributions

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

For the Three Months Ended	Distribution	
	Per Share	Amount
Fiscal 2018		
March 31, 2018	\$0.19000	\$ 47
June 30, 2018	0.19000	46
September 30, 2018	0.19000	45
Total	<u>\$0.57000</u>	<u>\$ 138</u>
Fiscal 2019		
March 31, 2019	\$0.19000	\$ 100
June 30, 2019	0.19000	99
September 30, 2019	0.19000	98
Total	<u>\$0.57000</u>	<u>\$ 297</u>

On October 30, 2019, the Company's board of directors declared a regular quarterly cash distribution of \$0.19 per share, which will be paid on or about January 3, 2020 to stockholders of record as of the close of business on December 18, 2019. The timing and amount of any future distributions to stockholders are subject to applicable legal restrictions and the sole discretion of the Company's board of directors.

FS KKR Capital Corp.

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

Note 5. Distributions (continued)

Pursuant to the DRP, the Company will reinvest all cash dividends or distributions declared by the Company's board of directors on behalf of stockholders who do not elect to receive their distributions in cash. As a result, if the Company's board of directors declares a distribution, then stockholders who have not elected to "opt out" of the DRP will have their distributions automatically reinvested in additional shares of the Company's common stock.

With respect to each distribution pursuant to the DRP, the Company reserves the right to either issue new shares of common stock or purchase shares of common stock in the open market in connection with implementation of the DRP. Unless the Company, in its sole discretion, otherwise directs the plan administrator, (A) if the per share market price (as defined in the DRP) is equal to or greater than the estimated net asset value per share (rounded up to the nearest whole cent) of the Company's common stock on the payment date for the distribution, then the Company will issue shares of common stock at the greater of (i) net asset value per share of common stock or (ii) 95% of the market price; or (B) if the market price is less than the net asset value per share, then, in the sole discretion of the Company, (i) shares of common stock will be purchased in open market transactions for the accounts of participants to the extent practicable, or (ii) the Company will issue shares of common stock at net asset value per share. Pursuant to the terms of the DRP, the number of shares of common stock to be issued to a participant will be determined by dividing the total dollar amount of the distribution payable to a participant by the price per share at which the Company issues such shares; provided, however, that shares purchased in open market transactions by the plan administrator will be allocated to a participant based on the average purchase price, excluding any brokerage charges or other charges, of all shares of common stock purchased in the open market.

If a stockholder receives distributions in the form of common stock pursuant to the DRP, such stockholder generally will be subject to the same federal, state and local tax consequences as if it elected to receive distributions in cash. If the Company's common stock is trading at or below net asset value, a stockholder receiving distributions in the form of additional common stock will be treated as receiving a distribution in the amount of cash that they would have received if they had elected to receive the distribution in cash. If the Company's common stock is trading above net asset value, a stockholder receiving distributions in the form of additional common stock will be treated as receiving a distribution in the amount of the fair market value of the Company's common stock. The stockholder's basis for determining gain or loss upon the sale of common stock received in a distribution will be equal to the total dollar amount of the distribution payable to the stockholder. Any stock received in a distribution will have a holding period for tax purposes commencing on the day following the day on which the shares of common stock are credited to the stockholder's account.

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

FS KKR Capital Corp.

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

Note 5. Distributions (continued)

The following table reflects the sources of the cash distributions on a tax basis that the Company has paid on its common stock during the nine months ended September 30, 2019 and 2018:

Source of Distribution	Nine Months Ended September 30,			
	2019		2018	
	Distribution Amount	Percentage	Distribution Amount	Percentage
Offering proceeds	\$ —	—	\$ —	—
Borrowings	—	—	—	—
Net investment income ⁽¹⁾	297	100%	138	100%
Short-term capital gains proceeds from the sale of assets	—	—	—	—
Long-term capital gains proceeds from the sale of assets	—	—	—	—
Non-capital gains proceeds from the sale of assets	—	—	—	—
Distributions on account of preferred and common equity	—	—	—	—
Total	\$ 297	100%	\$ 138	100%

(1) During the nine months ended September 30, 2019 and 2018, 91.5% and 85.1%, respectively, of the Company's gross investment income was attributable to cash income earned, 1.9% and 1.4%, respectively, was attributable to non-cash accretion of discount and 6.6% and 13.5%, respectively, was attributable to PIK interest.

The Company's net investment income on a tax basis for the nine months ended September 30, 2019 and 2018 was \$308 and \$159, respectively. As of September 30, 2019 and December 31, 2018, the Company had \$202 and \$191 of undistributed net investment income, respectively, and \$464 and \$421, respectively, of accumulated capital losses on a tax basis.

The difference between the Company's GAAP-basis net investment income and its tax-basis net investment income is primarily due to the reclassification of unamortized original issue discount and prepayment fees recognized upon prepayment of loans from income for GAAP purposes to realized gains or deferred to future periods for tax purposes, the impact of consolidating certain subsidiaries for purposes of computing GAAP-basis net investment income but not for purposes of computing tax-basis net investment income and income recognized for tax purposes on certain transactions but not recognized for GAAP purposes.

The following table sets forth a reconciliation between GAAP-basis net investment income and tax-basis net investment income during the nine months ended September 30, 2019 and 2018:

	Nine Months Ended September 30,	
	2019	2018
GAAP-basis net investment income	\$ 311	\$ 153
Income subject to tax not recorded for GAAP	(1)	2
GAAP versus tax-basis impact of consolidation of certain subsidiaries	3	9
Reclassification or deferral of unamortized original issue discount, prepayment fees and other income	(14)	(5)
Other miscellaneous differences	9	0
Tax-basis net investment income	\$ 308	\$ 159

The determination of the tax attributes of the Company's distributions is made annually as of the end of the Company's fiscal year based upon the Company's taxable income for the full year and distributions paid for the full year. Therefore, a determination made on a quarterly basis may not be representative of the actual tax attributes of the Company's distributions for a full year. The actual tax characteristics of distributions to stockholders are reported to stockholders annually on Form 1099-DIV.

FS KKR Capital Corp.

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

Note 5. Distributions (continued)

As of September 30, 2019 and December 31, 2018, the components of accumulated earnings on a tax basis were as follows:

	September 30, 2019 (Unaudited)	December 31, 2018
Distributable ordinary income	\$ 202	\$ 191
Distributable realized gains (accumulated capital losses) ⁽¹⁾	(464)	(421)
Other temporary differences	(1)	(1)
Net unrealized appreciation (depreciation) on investments and secured borrowing and gain/loss on foreign currency ⁽²⁾	203	190
Total	\$ (60)	\$ (41)

- (1) Net capital losses may be carried forward indefinitely, and their character is retained as short-term or long-term losses. As of September 30, 2019, the Company had short-term and long-term capital loss carryforwards available to offset future realized capital gains of \$31 and \$433, respectively. \$85 of such losses were carried over from CCT due to the Merger, and \$177 of such losses were carried over from losses generated by the Company prior to the Merger. Because of the loss limitation rules of the Code, some of the tax basis losses may be limited in their use. Any unused balances resulting from such limitations may be carried forward into future years indefinitely.
- (2) As of September 30, 2019 and December 31, 2018, the gross unrealized appreciation on the Company's investments and gain on foreign currency was \$1,077 and \$978, respectively. As of September 30, 2019 and December 31, 2018, the gross unrealized depreciation on the Company's investments and loss on foreign currency was \$874 and \$788, respectively.

The aggregate cost of the Company's investments for U.S. federal income tax purposes totaled \$7,744 and \$7,902 as of September 30, 2019 and December 31, 2018, respectively. The aggregate net unrealized appreciation (depreciation) on investments on a tax basis was \$(526) and \$(515) as of September 30, 2019 and December 31, 2018, respectively. The aggregate net unrealized appreciation (depreciation) on investments on a tax basis excludes net unrealized appreciation (depreciation) from merger accounting, cross currency swaps, foreign currency forward contracts and foreign currency transactions.

As of September 30, 2019, the Company had a deferred tax liability of \$7 resulting from unrealized appreciation on investments held by the Company's wholly-owned taxable subsidiaries and a deferred tax asset of \$45 resulting from net operating losses of the Company's wholly-owned taxable subsidiaries and unrealized depreciation on investments held by the Company's wholly-owned taxable subsidiaries. As of September 30, 2019, certain wholly-owned taxable subsidiaries anticipated that they would be unable to fully utilize their generated net operating losses and capital losses, therefore the deferred tax asset was offset by a valuation allowance of \$38. For the nine months ended September 30, 2019, the Company did not record a provision for taxes related to wholly-owned taxable subsidiaries.

Note 6. Investment Portfolio

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

	September 30, 2019 (Unaudited)			December 31, 2018		
	Amortized Cost ⁽¹⁾	Fair Value	Percentage of Portfolio	Amortized Cost ⁽¹⁾	Fair Value	Percentage of Portfolio
Senior Secured Loans—First Lien	\$ 3,783	\$3,663	50.8%	\$ 4,105	\$4,001	54.2%
Senior Secured Loans—Second Lien	1,276	1,225	17.0%	1,171	1,118	15.1%
Other Senior Secured Debt	329	274	3.8%	386	336	4.6%
Subordinated Debt	469	392	5.4%	495	429	5.8%
Asset Based Finance	717	703	9.7%	686	667	9.0%
Strategic Credit Opportunities Partners, LLC	425	426	5.9%	294	299	4.0%
Equity/Other	587	535	7.4%	619	537	7.3%
Total	\$ 7,586	\$7,218	100.0%	\$ 7,756	\$7,387	100.0%

FS KKR Capital Corp.

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

Note 6. Investment Portfolio (continued)

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

In general, under the 1940 Act, the Company would be presumed to “control” a portfolio company if it owned more than 25% of its voting securities or it had the power to exercise control over the management or policies of such portfolio company, and would be an “affiliated person” of a portfolio company if it owned 5% or more of its voting securities.

As of September 30, 2019, the Company held investments in seven portfolio companies of which it is deemed to “control.” As of September 30, 2019, the Company held investments in fifteen portfolio companies of which it is deemed to be an “affiliated person” but is not deemed to “control.” For additional information with respect to such portfolio companies, see footnotes (y) and (z) to the unaudited consolidated schedule of investments as of September 30, 2019 in this quarterly report on Form 10-Q.

As of December 31, 2018, the Company held investments in eight portfolio companies of which it is deemed to “control.” As of December 31, 2018, the Company held investments in twelve portfolio companies of which it is deemed to be an “affiliated person” but is not deemed to “control.” For additional information with respect to such portfolio companies, see footnotes (y) and (z) to the consolidated schedule of investments as of December 31, 2018 in this quarterly report on Form 10-Q.

The Company’s investment portfolio may contain loans and other unfunded arrangements that are in the form of lines of credit, revolving credit facilities, delayed draw credit facilities or other investments, which require the Company to provide funding when requested by portfolio companies in accordance with the terms of the underlying agreements. As of September 30, 2019, the Company had unfunded debt investments with aggregate unfunded commitments of \$271.1, unfunded equity/other commitments of \$270.2 and unfunded commitments of \$450.8 of Strategic Credit Opportunities Partners, LLC. As of December 31, 2018, the Company had unfunded debt investments with aggregate unfunded commitments of \$172.4, unfunded equity commitments of \$386.7 and unfunded commitments of \$143.5 of Strategic Credit Opportunities Partners, LLC. The Company maintains sufficient cash on hand and available borrowings to fund such unfunded commitments should the need arise. For additional details regarding the Company’s unfunded debt investments, see the Company’s unaudited consolidated schedule of investments as of September 30, 2019 and the Company’s audited consolidated schedule of investments as of December 31, 2018.

FS KKR Capital Corp.

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

Note 6. Investment Portfolio (continued)

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

Industry Classification	September 30, 2019 (Unaudited)		December 31, 2018	
	Fair Value	Percentage of Portfolio	Fair Value	Percentage of Portfolio
Automobiles & Components	\$ 146	2.0%	\$ 141	1.9%
Banks	15	0.2%	15	0.2%
Capital Goods	1,112	15.4%	1,588	21.5%
Commercial & Professional Services	367	5.1%	450	6.1%
Consumer Durables & Apparel	413	5.7%	436	5.9%
Consumer Services	234	3.2%	222	3.0%
Diversified Financials	621	8.6%	660	8.9%
Energy	242	3.4%	279	3.8%
Food & Staples Retailing	193	2.7%	84	1.1%
Food, Beverage & Tobacco	144	2.0%	146	2.0%
Health Care Equipment & Services	600	8.3%	494	6.7%
Household & Personal Products	85	1.2%	66	0.9%
Insurance	155	2.1%	89	1.2%
Materials	297	4.1%	374	5.1%
Media & Entertainment	95	1.3%	95	1.3%
Pharmaceuticals, Biotechnology & Life Sciences	95	1.3%	9	0.1%
Real Estate	192	2.7%	174	2.4%
Retailing	526	7.3%	454	6.1%
Semiconductors & Semiconductor Equipment	20	0.3%	20	0.3%
Software & Services	894	12.4%	946	12.8%
Strategic Credit Opportunities Partners, LLC	426	5.9%	299	4.0%
Technology Hardware & Equipment	131	1.8%	71	1.0%
Telecommunication Services	76	1.1%	104	1.4%
Transportation	139	1.9%	171	2.3%
Total	\$7,218	100.0%	\$7,387	100.0%

Strategic Credit Opportunities Partners, LLC

Strategic Credit Opportunities Partners, LLC, or SCJV, is a joint venture between the Company and South Carolina Retirement Systems Group Trust, or SCRS. SCRS purchased its interests in SCJV from Conway Capital, LLC, an affiliate of Guggenheim Life and Annuity Company and Delaware Life Insurance Company, in June 2019, which had no impact on the significant terms governing SCJV other than an increase in the aggregate capital commitment (but not the percentage of the aggregate capital committed by each member) to the SCJV. SCJV's amended and restated limited liability company agreement, or the SCJV Agreement, requires the Company and SCRS to provide capital to SCJV of up to \$1,000 in the aggregate where the Company and SCRS would provide 87.5% and 12.5%, respectively, of the committed capital. Pursuant to the terms of the SCJV Agreement, the Company and SCRS each have 50% voting control of SCJV and are required to agree on all investment decisions as well as certain other significant actions for SCJV. SCJV invests its capital in a range of investments, including senior secured loans (both first lien and second lien) to middle market companies, broadly syndicated loans, equity, warrants and other investments. As administrative agent of SCJV, the Company performs certain day-to-day management responsibilities on behalf of SCJV and is entitled to a fee of 0.25% of SCJV's assets under administration, calculated and payable quarterly in arrears. As of September 30, 2019, the Company and SCRS have funded approximately \$484.8 to SCJV, of which \$425.3 was from the Company.

Jersey City Funding LLC, or Jersey City Funding, a wholly-owned subsidiary of SCJV, has a revolving credit facility with Goldman Sachs Bank, or as amended, the Jersey City Funding Credit Facility, which provides for up to \$400 of borrowings as of

FS KKR Capital Corp.

Notes to Unaudited Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)**Note 6. Investment Portfolio (continued)**

September 30, 2019. The Jersey City Funding Credit Facility provides loans in U.S. dollars, Australian dollars, Euros and pounds sterling. U.S. dollar loans bear interest at the rate of LIBOR plus 2.25%. Foreign currency loans bear interest at the floating rate plus the spread applicable to the specified currency. Jersey City Funding also pays a commitment fee of up to 0.50% on undrawn commitments. The Jersey City Funding Credit Facility matures on September 29, 2021. As of September 30, 2019, total outstanding borrowings under the Jersey City Funding Credit Facility were \$307.2. Borrowings under the Jersey City Funding Credit Facility are secured by substantially all of the assets of Jersey City Funding.

On September 18, 2019, Chestnut Street Funding LLC, or Chestnut Street Funding, a wholly-owned subsidiary of SCJV, entered into a revolving credit facility, or the Chestnut Street Funding Credit Facility, with Citibank, N.A., or Citi bank, as administrative agent and lender, and Wells Fargo Bank, National Association, as collateral agent. The Chestnut Street Funding Credit Facility provides loans in U.S. dollars, Australian dollars, Canadian dollars, Euros and pounds sterling. U.S. dollar loans bear interest at the rate of three-month LIBOR plus 2.25%. Foreign currency loans bear interest at the applicable floating rate plus 2.25%. Chestnut Street Funding also pays a commitment fee of up to 0.50% on undrawn commitments. The Chestnut Street Funding Credit Facility matures on September 18, 2024. As of September 30, 2019, total outstanding borrowings under the Chestnut Street Funding Credit Facility were \$274.2.

During the nine months ended September 30, 2019, the Company sold investments with a cost of \$244.2 for proceeds of \$274.3 to SCJV and recognized a net realized gain (loss) of \$30.1 in connection with the transactions. As of September 30, 2019, \$274.3 of these sales to SCJV are included in receivable for investments sold in the consolidated statements of assets and liabilities.

As of September 30, 2019 and December 31, 2018, SCJV had total investments with a fair value of \$1,250.2 and \$580.5, respectively. As of September 30, 2019 and December 31, 2018, SCJV had one investment on non-accrual status.

Below is a summary of SCJV's portfolio, followed by a listing of the individual loans in SCJV's portfolio as of September 30, 2019 and December 31, 2018:

	As of	
	September 30, 2019	December 31, 2018
Total debt investments ⁽¹⁾	\$ 1,125.3	\$ 537.7
Weighted average current interest rate on debt investments ⁽²⁾	8.1%	8.8%
Number of portfolio companies in SCJV	63	33
Largest investment in a single portfolio company ⁽¹⁾	\$ 72.5	\$ 69.5
Unfunded commitments ⁽¹⁾	\$ 39.7	\$ 22.5

(1) At cost.

(2) Computed as the (a) annual stated interest rate on accruing debt, divided by (b) total debt at par amount.

FS KKR Capital Corp.

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

Note 6. Investment Portfolio (continued)

Strategic Credit Opportunities Partners, LLC Portfolio
As of September 30, 2019 (in millions)

Company ^(a)	Footnotes	Industry	Interest Rate ^(b)	Base Rate Floor ^(b)	Maturity Date	No. Shares/ Principal Amount ^(c)	Cost	Fair Value
Senior Secured Loans—First Lien—								
175.0%								
1a Smart Start LLC	(d)	Technology Hardware & Equipment	L+450	1.0%	2/21/22	\$ 26.9	\$26.8	\$26.8
1a Smart Start LLC	(d)(e)	Technology Hardware & Equipment	L+450	1.0%	2/21/22	1.7	1.7	1.6
Acosta Holdco Inc	(f)	Commercial & Professional Services	L+325	1.0%	9/26/21	3.9	3.8	1.3
Apex Group Limited	(d)(e)	Diversified Financials	L+650	1.3%	6/15/23	2.1	1.7	2.2
Apex Group Limited	(d)	Diversified Financials	L+650	1.3%	6/15/25	6.8	6.7	6.8
Apex Group Limited	(d)	Diversified Financials	L+700	1.0%	6/15/25	5.7	5.6	5.7
Apex Group Limited	(d)	Diversified Financials	L+700	1.3%	6/15/25	14.1	13.9	14.1
Arrotex Australia Group Pty Ltd	(d)	Pharmaceuticals, Biotechnology & Life Sciences	B+525	1.0%	7/10/24	A\$ 75.4	50.2	50.1
BearCom Acquisition Corp	(d)	Technology Hardware & Equipment	C+450	1.0%	7/5/24	C\$ 1.3	0.9	1.0
BearCom Acquisition Corp	(d)(e)	Technology Hardware & Equipment	C+450	1.0%	7/5/24	—	—	—
BearCom Acquisition Corp	(d)	Technology Hardware & Equipment	C+450	1.0%	7/5/24	14.8	10.7	11.1
BearCom Acquisition Corp	(d)(e)	Technology Hardware & Equipment	C+450	1.0%	7/5/24	7.2	5.3	5.4
BearCom Acquisition Corp	(d)	Technology Hardware & Equipment	L+450	1.0%	7/5/24	\$ 2.3	2.2	2.3
Belk Inc		Retailing	L+475	1.0%	12/12/22	4.1	3.8	3.0
Big Bus Tours Ltd	(d)	Consumer Services	E+700		3/18/24	€ 9.8	10.9	10.7
Big Bus Tours Ltd	(d)	Consumer Services	L+700		3/18/24	\$ 13.9	13.9	13.9
Brand Energy & Infrastructure Services Inc		Capital Goods	L+425	1.0%	6/21/24	17.6	17.7	17.3
Bugaboo International BV	(d)	Consumer Durables & Apparel	E+700, 7.8% PIK (7.8% Max PIK)		3/20/25	€ 32.2	37.4	34.6
Casual Dining Group Ltd	(d)	Consumer Services	L+725, 0.8% PIK (0.8% Max PIK)		12/10/22	£ 22.2	23.9	27.4
Catapult Learning LLC	(d)(e)	Consumer Services	L+453	1.0%	4/24/23	\$ 4.4	4.4	4.4
Catapult Learning LLC	(d)	Consumer Services	L+453	1.0%	4/24/23	15.8	15.8	15.8
Catapult Learning LLC	(d)(e)	Consumer Services	L+453	1.0%	4/24/23	1.5	1.5	1.5

FS KKR Capital Corp.
Notes to Unaudited Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)
Note 6. Investment Portfolio (continued)

<u>Company^(a)</u>	<u>Footnotes</u>	<u>Industry</u>	<u>Interest Rate^(b)</u>	<u>Base Rate Floor^(b)</u>	<u>Maturity Date</u>	<u>No. Shares/ Principal Amount^(c)</u>	<u>Cost</u>	<u>Fair Value</u>
Catapult Learning LLC	(d)	Consumer Services	L+1061	1.0%	4/24/23	\$ 5.2	\$ 5.2	\$ 5.2
Catapult Learning LLC	(d)(e)	Consumer Services	L+1061	1.0%	4/24/23	0.5	0.5	0.5
Child Development Schools Inc	(d)	Consumer Services	L+425		5/21/23	10.0	10.0	10.0
Child Development Schools Inc	(d)(e)	Consumer Services	L+425		5/21/23	2.5	2.5	2.5
CommerceHub Inc		Software & Services	L+350		5/21/25	2.1	2.1	2.1
Commercial Barge Line Co		Transportation	L+875	1.0%	11/12/20	4.1	4.0	2.3
DB Datacenter Holdings Inc		Software & Services	L+425	1.0%	10/3/24	25.5	25.2	25.4
Dentix	(d)	Health Care Equipment & Services	E+825		12/1/22	€ 21.0	24.8	21.7
Eacom Timber Corp	(d)	Materials	L+650	1.0%	11/30/23	\$ 66.8	66.8	64.4
Harbor Freight Tools USA Inc		Retailing	L+250	0.8%	8/18/23	2.6	2.6	2.5
HealthChannels LLC		Health Care Equipment & Services	L+450		4/3/25	24.6	24.4	24.2
Highline Aftermarket Acquisition LLC	(d)(e)	Automobiles & Components	L+350	1.0%	4/26/25	2.8	2.2	2.6
Highline Aftermarket Acquisition LLC	(d)	Automobiles & Components	L+350	1.0%	4/26/25	19.0	14.7	17.5
Huws Gray Ltd	(d)	Materials	L+525	0.5%	4/11/25	£ 20.7	27.4	25.4
Huws Gray Ltd	(d)(e)	Materials	L+525	0.5%	4/11/25	7.6	10.0	10.2
ID Verde	(d)	Commercial & Professional Services	E+700		3/29/24	€ 3.1	3.6	3.4
ID Verde	(d)	Commercial & Professional Services	E+700		3/29/24	£ 1.3	1.7	1.7
ID Verde	(d)	Commercial & Professional Services	E+700		3/29/25	€ 15.9	18.5	17.5
ID Verde	(d)	Commercial & Professional Services	L+725		3/29/25	£ 5.8	7.7	7.3
Imagine Communications Corp	(d)	Media & Entertainment	L+750	1.0%	4/29/20	\$ 31.1	31.1	31.1
Imagine! Print Solutions Inc		Media & Entertainment	L+475	1.0%	6/21/22	13.6	10.7	9.3
Kettle Cuisine LLC		Food, Beverage & Tobacco	L+375	1.0%	8/25/25	16.8	16.7	16.7
Knowlton Development Corp Inc		Household & Personal Products	L+425		12/22/25	15.9	16.0	16.0
Koosharem LLC		Commercial & Professional Services	L+450	1.0%	4/18/25	17.9	17.8	17.9

FS KKR Capital Corp.
Notes to Unaudited Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)
Note 6. Investment Portfolio (continued)

Company ^(a)	Footnotes	Industry	Interest Rate ^(b)	Base Rate Floor ^(b)	Maturity Date	No. Shares/ Principal Amount ^(c)	Cost	Fair Value
Marshall Retail Group LLC	(d)	Retailing	L+600	1.0%	8/25/20	\$ 16.0	\$ 15.6	\$ 15.8
MedAssets Inc		Health Care Equipment & Services	L+450	1.0%	10/20/22	6.9	6.9	6.3
P2 Energy Solutions, Inc.		Software & Services	L+400	1.0%	10/30/20	2.9	2.9	2.9
Parts Authority Inc	(d)	Automobiles & Components	L+425		1/5/25	0.7	0.7	0.7
Parts Authority Inc	(d)(e)	Automobiles & Components	L+425		1/5/25	5.5	5.5	5.4
Parts Authority Inc	(d)	Automobiles & Components	L+425		1/5/25	17.3	17.2	17.2
Precision Global Corp	(d)	Materials	L+475	1.0%	8/3/24	9.2	8.7	8.7
Precision Global Corp	(d)(e)	Materials	L+475	1.0%	8/3/24	1.2	1.1	1.1
Project Marron	(d)	Consumer Services	L+625		7/3/25	A\$ 28.8	19.5	19.5
Project Marron	(d)	Consumer Services	L+625		7/2/25	C\$ 23.8	16.1	17.9
Quirch Foods Co		Food & Staples Retailing	L+600		12/19/25	\$ 14.9	14.9	14.9
Sentry Data Systems Inc	(d)	Health Care Equipment & Services	L+675	1.0%	5/7/21	0.2	0.2	0.2
Sentry Data Systems Inc	(d)(e)	Health Care Equipment & Services	L+675	1.0%	5/7/21	1.2	1.2	1.2
Sentry Data Systems Inc	(d)	Health Care Equipment & Services	L+675	1.0%	5/7/21	9.6	9.5	9.6
Smart & Final Stores LLC		Food & Staples Retailing	L+675		6/20/25	18.9	17.3	17.3
SMART Global Holdings Inc	(d)(e)	Semiconductors & Semiconductor Equipment	L+400		2/9/21	0.6	0.6	0.6
SMART Global Holdings Inc	(d)	Semiconductors & Semiconductor Equipment	L+625	1.0%	8/9/22	38.7	39.1	38.9
Staples Canada	(d)	Retailing	L+700	1.0%	9/12/24	C\$ 39.7	30.0	30.3
Technimark LLC		Materials	L+375		8/8/25	\$ 18.6	18.5	18.5
TeleGuam Holdings LLC	(d)	Telecommunication Services	L+500	1.0%	7/25/23	16.4	16.3	16.4
TIBCO Software Inc		Software & Services	L+400		6/30/26	18.8	18.4	18.8
Transplace		Transportation	L+375	1.0%	10/7/24	2.8	2.8	2.7
Utility One Source LP		Capital Goods	L+550	1.0%	4/18/23	17.1	17.1	17.4
Weld North Education LLC		Software & Services	L+425		2/15/25	14.8	14.8	14.7
Total Senior Secured Loans—First Lien							899.9	891.4
Unfunded Loan Commitments							(39.7)	(39.7)
Net Senior Secured Loans—First Lien							<u>860.2</u>	<u>851.7</u>

FS KKR Capital Corp.
Notes to Unaudited Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)

Note 6. Investment Portfolio (continued)

Company ^(a)	Footnotes	Industry	Interest Rate ^(b)	Base Rate Floor ^(b)	Maturity Date	No. Shares/ Principal Amount ^(c)	Cost	Fair Value
Senior Secured Loans—Second Lien—19.8%								
Ammeraal Beltech Holding BV	(d)	Capital Goods	L+800		7/27/26	40.7	39.9	39.5
Asurion LLC		Software & Services	L+650		8/4/25	7.0	7.2	7.1
			11.5% PIK					
Casual Dining Group Ltd	(d)	Consumer Services	(11.5% Max PIK)		12/10/22	£ 14.8	19.2	18.2
Pharmalogic	(d)	Pharmaceuticals, Biotechnology & Life Sciences	L+800		12/11/23	\$ 9.1	9.1	9.1
Resource Label Group LLC	(d)	Commercial & Professional Services	L+850	1.0%	11/26/23	15.0	12.8	13.2
Watchfire Enterprises Inc	(d)	Technology Hardware & Equipment	L+800	1.0%	10/2/21	9.3	6.0	9.1
Total Senior Secured Loans—Second Lien							<u>94.2</u>	<u>96.2</u>
Other Senior Secured Debt—1.8%								
Artesyn Embedded Technologies Inc		Technology Hardware & Equipment	9.8%		10/15/20	8.9	8.5	8.9
Total Senior Secured Debt							<u>8.5</u>	<u>8.9</u>
Subordinated Debt—26.2%								
Cemex Materials LLC		Materials	7.7%		7/21/25	58.5	65.4	63.4
GCI Inc		Telecommunication Services	6.9%		4/15/25	7.2	7.4	7.6
Home Partners of America Inc	(d)	Real Estate	L+625	1.0%	10/8/22	42.9	42.5	42.2
JC Penney Corp Inc		Retailing	8.1%		10/1/19	0.1	0.1	0.1
Kenan Advantage Group Inc		Transportation	7.9%		7/31/23	7.7	7.6	6.9
Solera LLC		Software & Services	10.5%		3/1/24	6.8	7.3	7.2
Total Subordinated Debt							<u>130.3</u>	<u>127.4</u>
Asset Based Finance—21.0%								
Comet Aircraft S.a.r.l., Common Stock	(d)	Capital Goods	11.8%		2/28/22	29,557,191	33.8	34.1
GA Capital Specialty Lending Fund, Limited Partnership Interest	(d)	Diversified Financials				1	—	11.0

FS KKR Capital Corp.
Notes to Unaudited Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)
Note 6. Investment Portfolio (continued)

Company ^(a)	Footnotes	Industry	Interest Rate ^(b)	Base Rate Floor ^(b)	Maturity Date	No. Shares/ Principal Amount ^(c)	Cost	Fair Value	
KKR Zeno Aggregator LP (K2 Aviation)	(d)	Capital Goods				\$20,091,618	\$ 25.0	\$ 25.0	
MP4 2013-2A Class Subord. B	(d)	Diversified Financials	11.7%		7/25/29	\$ 21.0	6.5	7.0	
NewStar Clarendon 2014-1A Class D	(d)	Diversified Financials	12.7%		1/25/27	\$ 17.9	8.6	8.2	
Sealane Trade Finance	(d)	Banks	L+375	1.0%	5/8/23	\$ 5.0	5.0	5.0	
Sealane Trade Finance	(d)	Banks	L+963	1.0%	5/8/23	\$ 12.0	12.0	11.8	
Total Asset Based Finance							<u>90.9</u>	<u>102.1</u>	
Equity/Other—13.2%									
ASG Technologies, Common Stock	(d)	Software & Services				540,346	30.0	30.0	
Casual Dining Group Ltd, Common Stock	(d)	Consumer Services				12,670,634	15.9	3.9	
Home Partners of America Inc, Common Stock	(d)	Real Estate				18,419	30.0	30.0	
Total Equity/Other							<u>75.9</u>	<u>63.9</u>	
TOTAL INVESTMENTS—257.0%								<u>\$1,260.0</u>	<u>\$1,250.2</u>

- (a) Security may be an obligation of one or more entities affiliated with the named company.
- (b) Certain variable rate securities in the Company's portfolio bear interest at a rate determined by a publicly disclosed base rate plus a basis point spread. As of September 30, 2019, the three-month London Interbank Offered Rate, or LIBOR or "L", was 2.09%, the Euro Interbank Offered Rate, or EURIBOR, was (0.42)%, the Australian Bank Bill Swap Bid Rate, or BBSY or "B", was 0.95% and the Canadian Dollar Offer Rate, or CDOR, was 1.97%. PIK means paid-in-kind. PIK income accruals may be adjusted based on the fair value of the underlying investment. Variable rate securities with no floor rate use the respective benchmark rate in all cases.
- (c) Denominated in U.S. dollars unless otherwise noted.
- (d) Investments classified as Level 3.
- (e) Security is an unfunded commitment. The stated rate reflects the spread disclosed at the time of commitment and may not indicate the actual rate received upon funding.
- (f) Asset is on non-accrual status.

FS KKR Capital Corp.

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

Note 6. Investment Portfolio (continued)

Strategic Credit Opportunities Partners, LLC Portfolio
As of December 31, 2018 (in millions)

Company ^(a)	Footnotes	Industry	Interest Rate ^(b)	Base Rate Floor	Maturity Date	No. Shares/ Principal Amount ^(c)	Cost	Fair Value
Senior Secured Loans—First Lien								
—121.7%								
Acosta Holdco Inc		Commercial & Professional Services	L+325	1.0%	9/26/2021	\$ 4.0	\$ 3.8	\$ 2.4
Apex Group Limited	(d)(e)	Diversified Financials	L+650	1.0%	6/15/2025	16.5	15.9	16.3
Apex Group Limited	(d)(e)(g)	Diversified Financials	L+650	1.0%	6/15/2025	12.4	12.4	12.1
Belk Inc		Retailing	L+475	1.0%	12/12/2022	4.1	3.7	3.3
Brand Energy & Infrastructure Services Inc		Capital Goods	L+425	1.0%	6/21/2024	17.8	17.8	16.9
Bugaboo International BV	(d)(e)(f)	Consumer Durables & Apparel	E+700, 7.75% PIK (7.75% Max PIK)		3/20/2025	€ 26.1	30.7	29.5
Casual Dining Group Ltd	(d)(e)(f)	Consumer Services	L+725, 0.75% PIK (0.75% Max PIK)		12/10/2022	£ 22.1	23.8	28.2
CommerceHub Inc		Software & Services	L+375		5/21/2025	\$ 2.2	2.2	2.1
Commercial Barge Line Co		Transportation	L+875	1.0%	11/12/2020	4.3	4.2	3.1
Dentix	(d)(e)	Health Care Equipment & Services	E+825		12/1/2022	€ 21.0	24.8	23.5
Eacom Timber Corp	(d)(e)	Materials	L+650	1.0%	11/30/2023	\$ 69.5	69.6	69.3
Harbor Freight Tools USA Inc		Retailing	L+250	0.8%	8/18/2023	2.6	2.6	2.5
Huws Gray Ltd	(d)(e)	Materials	L+550	0.5%	4/11/2025	£ 20.2	26.3	25.5
Huws Gray Ltd	(d)(e)(g)	Materials	L+550	0.5%	4/11/2025	8.1	11.0	10.2
ID Verde	(d)(e)	Commercial & Professional Services	E+700		3/29/2024	€ 2.3	2.5	2.7
ID Verde	(d)(e)(g)	Commercial & Professional Services	E+700		3/29/2024	1.6	2.0	1.8
ID Verde	(d)(e)	Commercial & Professional Services	E+700		3/29/2025	15.9	18.5	18.2
ID Verde	(d)(e)	Commercial & Professional Services	E+725		3/29/2025	£ 6.4	8.4	8.2
Koosharem LLC		Commercial & Professional Services	L+450	1.0%	4/18/2025	\$ 18.6	\$ 18.4	\$ 18.3
Marshall Retail Group LLC	(d)	Retailing	L+600	1.0%	8/25/2020	16.1	15.5	15.9
MedAssets Inc		Health Care Equipment & Services	L+450	1.0%	10/20/2022	6.9	7.0	6.6
P2 Energy Solutions, Inc.		Energy	L+400	1.0%	10/30/2020	2.9	2.9	2.8
Savers Inc		Retailing	L+375	1.3%	7/9/2019	9.7	9.4	9.3
SMART Global Holdings Inc	(d)	Semiconductors & Semiconductor Equipment	L+400		8/9/2022	0.1	—	0.1
SMART Global Holdings Inc	(d)(g)	Semiconductors & Semiconductor Equipment	L+400		8/9/2022	0.5	0.5	0.5

FS KKR Capital Corp.
Notes to Unaudited Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)
Note 6. Investment Portfolio (continued)

Company ^(a)	Footnotes	Industry	Interest Rate ^(b)	Base Rate Floor	Maturity Date	No. Shares/ Principal Amount ^(c)	Cost	Fair Value
		Semiconductors & Semiconductor						
SMART Global Holdings Inc	(d)	Equipment	L+625	1.0%	8/9/2022	\$ 38.7	\$ 39.1	\$ 39.1
Standard Aero Ltd		Capital Goods	L+375	1.0%	7/7/2022	1.0	1.0	1.0
Staples Canada	(d)(e)	Retailing	L+700	1.0%	9/12/2024	C\$ 45.1	34.1	33.3
TIBCO Software Inc		Software & Services	L+350	1.0%	12/4/2020	\$ 18.9	18.6	18.7
Transplace		Transportation	L+375	1.0%	10/9/2024	3.3	3.3	3.3
Utility One Source LP		Capital Goods	L+550	1.0%	4/18/2023	17.3	17.3	17.3
Total Senior Secured Loans—								
First Lien								
Unfunded Loan								
Commitments							(25.9)	(25.9)
Net Senior Secured Loans—First Lien							421.4	416.1
Senior Secured Loans—Second Lien—5.1%								
			11.50% PIK (11.50% Max PIK)					
Casual Dining Group Ltd	(d)(e)(f)	Consumer Services			12/10/2022	£ 13.6	17.7	17.4
Total Senior Secured Loans—Second Lien							17.7	17.4
Other Senior Secured Debt—2.4%								
Artesyn Embedded Technologies Inc		Technology Hardware & Equipment	9.8%		10/15/2020	\$ 8.9	8.2	8.3
Total Senior Secured Debt							8.2	8.3
Subordinated Debt—24.2%								
Cemex Materials LLC		Materials	7.7%		7/21/2025	58.5	66.2	59.6
GCI Inc		Telecommunication Services	6.9%		4/15/2025	7.2	7.4	7.0
Hillman Group Inc		Consumer Durables & Apparel	6.4%		7/15/2022	1.9	1.8	1.6
JC Penney Corp Inc		Retailing	8.1%		10/1/2019	0.1	0.1	—
Kenan Advantage Group Inc		Transportation	7.9%		7/31/2023	7.7	7.6	7.4
Solera LLC		Software & Services	10.5%		3/1/2024	6.8	7.3	7.3
Total Subordinated Debt							90.4	82.9
Asset Based Finance—13.1%								
Sealane Trade Finance	(d)(e)	Banks	L+375	1.0%	5/8/2023	5.0	5.0	5.0
Sealane Trade Finance	(d)(e)	Banks	L+963	1.0%	5/8/2023	12.0	12.0	12.0
GA Capital Specialty Lending Fund, Limited Partnership Interest	(d)	Diversified Financials				16.1	16.1	27.7
Total Asset Based Finance							33.1	44.7

FS KKR Capital Corp.

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

Note 6. Investment Portfolio (continued)

Company ^(a)	Footnotes	Industry	Interest Rate ^(b)	Base Rate Floor	Maturity Date	No. Shares/ Principal Amount ^(c)	Cost	Fair Value
Equity/Other—3.2%								
Casual Dining Group Ltd	(d)(e)	Consumer Services				12,670,634	\$ 15.9	\$ 11.1
Total Equity/Other							<u>15.9</u>	<u>11.1</u>
TOTAL INVESTMENTS—169.7%							<u>\$586.7</u>	<u>\$580.5</u>
Derivative Instruments—0.0%								
Foreign currency forward contracts								<u>\$ 0.1</u>

- (a) Security may be an obligation of one or more entities affiliated with the named company.
- (b) Certain variable rate securities in the Company's portfolio bear interest at a rate determined by a publicly disclosed base rate plus a basis point spread. As of December 31, 2018, the three-month London Interbank Offered Rate, or LIBOR or "L", was 2.81% and the Euro Interbank Offered Rate, or EURIBOR, was (0.31)%. PIK means paid-in-kind. PIK income accruals may be adjusted based on the fair value of the underlying investment.
- (c) Denominated in U.S. dollars unless otherwise noted.
- (d) Investments classified as Level 3.
- (e) A portfolio company domiciled in a foreign country. The jurisdiction of the security issuer may be a different country than the domicile of the portfolio company.
- (f) The underlying credit agreement or indenture contains a 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.
- (g) Security is an unfunded commitment. The stated rate reflects the spread disclosed at the time of commitment and may not indicate the actual rate received upon funding.

Below is selected balance sheet information for SCJV as of September 30, 2019 and December 31, 2018:

	As of	
	September 30, 2019	December 31, 2018
Selected Balance Sheet Information		
Total investments, at fair value	\$ 1,250.2	\$ 580.5
Cash and other assets	143.3	75.5
Total assets	<u>1,393.5</u>	<u>656.0</u>
Debt	574.4	269.0
Other liabilities	332.6	45.0
Total liabilities	<u>907.0</u>	<u>314.0</u>
Member's equity	<u>\$ 486.5</u>	<u>\$ 342.0</u>

FS KKR Capital Corp.
Notes to Unaudited Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)
Note 6. Investment Portfolio (continued)

Below is selected statement of operations information for SCJV for the three and nine months ended September 30, 2019:

Selected Statement of Operations Information	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2019
Total investment income	\$ 16.5	\$ 42.1
Expenses		
Interest expense	3.9	10.7
Custodian and accounting fees	0.3	0.4
Administrative services	0.1	0.2
Professional services	0.0	0.3
Other	0.0	0.0
Total expenses	<u>4.3</u>	<u>11.6</u>
Net investment income	12.2	30.5
Net realized and unrealized losses	0.9	1.9
Net increase in net assets resulting from operations	<u><u>\$ 13.1</u></u>	<u><u>\$ 32.4</u></u>

Note 7. Financial Instruments

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

Derivative Instrument	Statement Location	Fair Value	
		September 30, 2019	December 31, 2018
Cross currency swaps	Unrealized depreciation on swap contracts	\$ (1)	\$ (16)
Foreign currency forward contracts	Unrealized appreciation on foreign currency forward contracts	9	3
Foreign currency forward contracts	Unrealized depreciation on foreign currency forward contracts	0	—
Total		<u><u>\$ 8</u></u>	<u><u>\$ (13)</u></u>

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

Derivative Instrument	Statement Location	Net Realized Gains (Losses)
Cross currency swaps	Net realized gain (loss) on swap contracts	\$ (10)
Foreign currency forward contracts	Net realized gain (loss) on foreign currency forward contracts	6
Total		<u><u>\$ (4)</u></u>

Derivative Instrument	Statement Location	Net Unrealized Gains (Losses)
Cross currency swaps	Net change in unrealized appreciation (depreciation) on swap contracts	\$ 15
Foreign currency forward contracts	Net change in unrealized appreciation (depreciation) on foreign currency forward contracts	6
Total		<u><u>\$ 21</u></u>

FS KKR Capital Corp.
Notes to Unaudited Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)
Note 7. Financial Instruments (continued)
Offsetting of Derivative Instruments

The Company has derivative instruments that are subject to master netting agreements. These agreements include provisions to offset positions with the same counterparty in the event of default by one of the parties. The Company's unrealized appreciation and depreciation on derivative instruments are reported as gross assets and liabilities, respectively, in the condensed consolidated statements of assets and liabilities. The following tables present the Company's assets and liabilities related to derivatives by counterparty, net of amounts available for offset under a master netting arrangement and net of any collateral received or pledged by the Company for such assets and liabilities as of September 30, 2019 and December 31, 2018:

As of September 30, 2019					
Counterparty	Derivative Assets Subject to Master Netting Agreement	Derivatives Available for Offset	Non-cash Collateral Received ⁽¹⁾	Cash Collateral Received ⁽¹⁾	Net Amount of Derivative Assets ⁽²⁾
JP Morgan Chase Bank	\$ 9	\$ (1)	\$ —	\$ —	\$ 8
Total	\$ 9	\$ (1)	\$ —	\$ —	\$ 8

As of September 30, 2019					
Counterparty	Derivative Liabilities Subject to Master Netting Agreement	Derivatives Available for Offset	Non-cash Collateral Pledged ⁽¹⁾	Cash Collateral Pledged ⁽¹⁾	Net Amount of Derivative Liabilities ⁽³⁾
JP Morgan Chase Bank	\$ (1)	\$ 1	\$ —	\$ —	\$ —
Total	\$ (1)	\$ 1	\$ —	\$ —	\$ —

As of December 31, 2018					
Counterparty	Derivative Assets Subject to Master Netting Agreement	Derivatives Available for Offset	Non-cash Collateral Received ⁽¹⁾	Cash Collateral Received ⁽¹⁾	Net Amount of Derivative Assets ⁽²⁾
JP Morgan Chase Bank	\$ 3	\$ (3)	\$ —	\$ —	\$ —
Total	\$ 3	\$ (3)	\$ —	\$ —	\$ —

As of December 31, 2018					
Counterparty	Derivative Liabilities Subject to Master Netting Agreement	Derivatives Available for Offset	Non-cash Collateral Pledged ⁽¹⁾	Cash Collateral Pledged ⁽¹⁾	Net Amount of Derivative Liabilities ⁽³⁾
JP Morgan Chase Bank	\$ (16)	\$ 3	\$ —	\$ —	\$ (13)
Total	\$ (16)	\$ 3	\$ —	\$ —	\$ (13)

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

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

(3) Net amount of derivative liabilities represents the net amount due from the Company to the counterparty.

Foreign Currency Forward Contracts and Cross Currency Swaps:

The Company may enter into foreign currency forward contracts and cross currency swaps from time to time to facilitate settlement of purchases and sales of investments denominated in foreign currencies and to economically hedge the impact that an adverse change in foreign exchange rates would have on the value of the Company's investments denominated in foreign currencies. A foreign currency forward contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. These contracts are marked-to-market by recognizing the difference between the contract forward

FS KKR Capital Corp.
Notes to Unaudited Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)
Note 7. Financial Instruments (continued)

exchange rate and the forward market exchange rate on the last day of the period presented as unrealized appreciation or depreciation. Realized gains or losses are recognized when forward contracts are settled. Risks arise as a result of the potential inability of the counterparties to meet the terms of their contracts. The Company attempts to limit counterparty risk by only dealing with well-known counterparties.

Cross currency swaps are interest rate swaps in which interest cash flows are exchanged between two parties based on the notional amounts of two different currencies. These swaps are marked-to-market by recognizing the difference between the present value of cash flows of each leg of the swaps as unrealized appreciation or depreciation. Realized gain or loss is recognized when periodic payments are received or paid and the swaps are terminated. The entire notional value of a cross currency swap is subject to the risk that the counterparty to the swap will default on its contractual delivery obligations. The Company attempts to limit counterparty risk by only dealing with well-known counterparties. The Company utilizes cross currency swaps from time to time in order to hedge a portion of its investments in foreign currency.

The average notional balance for cross currency swaps during nine months ended September 30, 2019 was \$131.0. The foreign currency forward contracts and cross currency swap open at the end of the period are generally indicative of the volume of activity during the period.

As of September 30, 2019 and December 31, 2018, the Company's open foreign currency forward contracts were as follows:

As of September 30, 2019									
Foreign Currency	Settlement Date	Counterparty		Amount and Transaction	US\$ Value at Settlement Date	US\$ Value at September 30, 2019	Unrealized Appreciation (Depreciation)		
AUD	10/10/2019	JP Morgan Chase Bank	A\$	0.5 Bought	\$ (0.3)	\$ (0.3)	\$ —		
AUD	10/10/2019	JP Morgan Chase Bank	A\$	0.5 Sold	0.3	0.3	—		
CAD	10/10/2019	JP Morgan Chase Bank	C\$	4.4 Bought	(3.3)	(3.3)	—		
CAD	10/10/2019	JP Morgan Chase Bank	C\$	4.4 Sold	3.3	3.3	—		
EUR	10/2/2019	JP Morgan Chase Bank	€	11.6 Bought	(12.8)	(12.7)	(0.1)		
EUR	10/2/2019	JP Morgan Chase Bank	€	92.5 Sold	106.1	100.9	5.2		
EUR	10/10/2019	JP Morgan Chase Bank	€	37.0 Bought	(40.4)	(40.4)	—		
EUR	10/10/2019	JP Morgan Chase Bank	€	37.0 Sold	42.1	40.4	1.7		
EUR	7/17/2023	JP Morgan Chase Bank	€	1.3 Sold	1.7	1.5	0.2		
GBP	10/13/2021	JP Morgan Chase Bank	£	3.4 Sold	4.6	4.3	0.3		
GBP	1/11/2023	JP Morgan Chase Bank	£	7.0 Sold	9.4	8.8	0.6		
GBP	1/11/2023	JP Morgan Chase Bank	£	1.9 Sold	2.9	2.5	0.4		
GBP	1/11/2023	JP Morgan Chase Bank	£	1.7 Sold	2.6	2.2	0.4		
GBP	1/11/2023	JP Morgan Chase Bank	£	3.4 Sold	4.8	4.3	0.5		
GBP	1/11/2023	JP Morgan Chase Bank	£	1.4 Sold	1.9	1.8	0.1		
Total					\$ 122.9	\$ 113.6	\$ 9.3		

As of December 31, 2018									
Foreign Currency	Settlement Date	Counterparty		Amount and Transaction	US\$ Value at Settlement Date	US\$ Value at December 31, 2018	Unrealized Appreciation (Depreciation)		
AUD	1/14/2019	JP Morgan Chase Bank	A\$	0.6 Sold	\$ 0.4	\$ 0.4	\$ —		
CAD	10/10/2019	JP Morgan Chase Bank	C\$	4.4 Sold	3.3	3.2	0.1		
EUR	1/14/2019	JP Morgan Chase Bank	€	84.0 Sold	98.0	96.3	1.7		
EUR	7/8/2019	JP Morgan Chase Bank	€	5.6 Sold	6.4	6.6	(0.2)		
EUR	7/8/2019	JP Morgan Chase Bank	€	22.3 Sold	26.3	26.0	0.3		
EUR	7/17/2023	JP Morgan Chase Bank	€	1.3 Sold	1.7	1.6	0.1		
GBP	4/9/2019	JP Morgan Chase Bank	£	3.4 Sold	4.4	4.4	—		

GBP	1/11/2023	JP Morgan Chase Bank	£	7.0 Sold	9.4	9.3	0.1
GBP	1/11/2023	JP Morgan Chase Bank	£	1.9 Sold	2.9	2.6	0.3
GBP	1/11/2023	JP Morgan Chase Bank	£	1.7 Sold	2.6	2.3	0.3
GBP	1/11/2023	JP Morgan Chase Bank	£	3.4 Sold	4.8	4.6	0.2
Total					<u>\$ 160.2</u>	<u>\$ 157.3</u>	<u>\$ 2.9</u>

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

Note 7. Financial Instruments (continued)

As of September 30, 2019 and December 31, 2018, the Company's open cross currency swap was as follows:

As of September 30, 2019				
Counterparty	Company Receives Fixed Rate	Company Pays Fixed Rate	Termination Date	Unrealized Appreciation (Depreciation)
JP Morgan Chase Bank	2.20% on USD notional amount of \$22.2	0.00% on EUR notional amount of €21.0	12/31/2019	\$ (1)
				<u>\$ (1)</u>
As of December 31, 2018				
Counterparty	Company Receives Fixed Rate	Company Pays Fixed Rate	Termination Date	Unrealized Appreciation (Depreciation)
JP Morgan Chase Bank	2.20% on USD notional amount of \$188.1	0.00% on EUR notional amount of €177.5	12/31/2019	\$ (16)
				<u>\$ (16)</u>

As of September 30, 2019 and December 31, 2018, the combined contractual notional balance of the Company's foreign currency forward contracts and cross currency swaps totaled \$145.1 and \$348.3, respectively, all of which related to economic hedging of the Company's foreign currency denominated debt investments. The tables below displays the Company's foreign currency denominated debt investments and foreign currency forward contract, summarized by foreign currency type as of September 30, 2019 and December 31, 2018:

	Debt investments Denominated in Foreign Currencies As of September 30, 2019			Economic Hedging As of September 30, 2019	
	Par Value in Local Currency	Par Value in US\$	Fair Value	Net Foreign Currency Hedge Amount in Local Currency	Net Foreign Currency Hedge Amount in U.S. Dollars
	Australian Dollars	A\$ 1.5	\$ 1.0	\$ 1.0	—
British Pound Sterling	£ 79.7	98.1	97.6	£ 19.4	26.2
Canadian Dollars	C\$ 70.7	53.4	53.8	—	—
Euros	€ 366.6	399.8	255.2	€ 103.3	118.9
Total		<u>\$ 552.3</u>	<u>\$ 407.6</u>		<u>\$ 145.1</u>

	Debt investments Denominated in Foreign Currencies As of December 31, 2018			Economic Hedging As of December 31, 2018	
	Par Value in Local Currency	Par Value in US\$	Fair Value	Net Foreign Currency Hedge Amount in Local Currency	Net Foreign Currency Hedge Amount in U.S. Dollars
	Euros	€ 302.9	\$ 347.0	\$ 214.2	€ 290.7
Canadian Dollars	C\$ 11.5	8.4	8.5	C\$ 4.4	3.3
British Pound Sterling	—	—	—	£ 17.4	24.1
Australian Dollars	—	—	—	A\$ 0.6	0.4
Total		<u>\$ 355.4</u>	<u>\$ 222.7</u>		<u>\$ 348.3</u>

Note 8. Fair Value of Financial Instruments

Under existing accounting guidance, fair value is defined as the price that the Company would receive upon selling an investment or pay to transfer a liability in an orderly transaction to a market participant in the principal or most advantageous

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

Note 8. Fair Value of Financial Instruments (continued)

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

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

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

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

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

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

Valuation Inputs	September 30, 2019 (Unaudited)		December 31, 2018	
	Asset	Liability	Asset	Liability
Level 1—Price quotations in active markets	\$	1	\$	—
Level 2—Significant other observable inputs		739		846
Level 3—Significant unobservable inputs		6,478		6,541
	\$	7,218	\$	7,387

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

Valuation Inputs	September 30, 2019 (Unaudited)		December 31, 2018	
	Asset	Liability	Asset	Liability
Level 1—Price quotations in active markets	\$	—	\$	—
Level 2—Significant other observable inputs	—	(1)	—	(16)
Level 3—Significant unobservable inputs	—	—	—	—
	\$	(1)	\$	(16)

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

The Company's investments consist primarily of debt investments that were acquired directly from the issuer. Debt investments, for which broker quotes are not available, are valued by independent valuation firms, which determine the fair value of such investments by considering, among other factors, the borrower's ability to adequately service its debt, prevailing interest rates for like investments, expected cash flows, call features, anticipated repayments and other relevant terms of the investments. Except as described below, all of the Company's equity/other investments are also valued by independent valuation firms, which determine the fair value of such investments by considering, among other factors, contractual rights ascribed to such investments, as well as various income scenarios and multiples of earnings before interest, taxes, depreciation and amortization, or EBITDA, cash flows, net income, revenues or, in limited instances, book value or liquidation value. An investment that is newly issued and

FS KKR Capital Corp.
Notes to Unaudited Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)
Note 8. Fair Value of Financial Instruments (continued)

purchased near the date of the financial statements is valued at cost if the Company's board of directors determines that the cost of such investment is the best indication of its fair value. Such investments described above are typically classified as Level 3 within the fair value hierarchy. Investments that are traded on an active public market are valued at their closing price as of the date of the financial statements and are classified as Level 1 within the fair value hierarchy. Except as described above, the Company typically values its other investments by using the midpoint of the prevailing bid and ask prices from dealers on the date of the relevant period end, which are provided by independent third-party pricing services and screened for validity by such services and are typically classified as Level 2 within the fair value hierarchy.

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

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

	For the Nine Months Ended September 30, 2019							
	Senior Secured Loans—First Lien	Senior Secured Loans—Second Lien	Other Senior Secured Debt	Subordinated Debt	Asset Based Finance	Strategic Credit Opportunities Partners, LLC	Equity/Other	Total
Fair value at beginning of period	\$ 3,689	\$ 884	\$ 165	\$ 300	\$ 667	\$ 299	\$ 537	\$ 6,541
Accretion of discount (amortization of premium)	5	2	1	—	4	—	1	13
Net realized gain (loss)	(43)	—	—	—	9	—	12	(22)
Net change in unrealized appreciation (depreciation)	(2)	(24)	(16)	(19)	6	(4)	31	(28)
Purchases	770	250	46	58	234	131	8	1,497
Paid-in-kind interest	2	2	5	9	11	—	10	39
Sales and repayments	(1,112)	(70)	(44)	(43)	(228)	—	(65)	(1,562)
Net transfers in or out of Level 3	—	—	—	—	—	—	—	—
Fair value at end of period	<u>\$ 3,309</u>	<u>\$ 1,044</u>	<u>\$ 157</u>	<u>\$ 305</u>	<u>\$ 703</u>	<u>\$ 426</u>	<u>\$ 534</u>	<u>\$ 6,478</u>
The amount of total gains or losses for the period included in changes in net assets attributable to the change in unrealized gains or losses relating to investments still held at the reporting date	<u>\$ (48)</u>	<u>\$ (24)</u>	<u>\$ (7)</u>	<u>\$ (20)</u>	<u>\$ 11</u>	<u>\$ (4)</u>	<u>\$ 25</u>	<u>\$ (67)</u>

FS KKR Capital Corp.

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

Note 8. Fair Value of Financial Instruments (continued)

	For the Nine Months Ended September 30, 2018							
	Senior Secured Loans— First Lien	Senior Secured Loans— Second Lien	Other Senior Secured Debt	Subordinated Debt	Asset Based Finance	Strategic Credit Opportunities Partners, LLC	Equity/Other	Total
Fair value at beginning of period	\$2,521	\$ 198	\$ 162	\$ 490	\$ 54	\$ —	\$ 492	\$3,917
Accretion of discount (amortization of premium)	2	—	1	—	—	—	—	3
Net realized gain (loss)	1	—	(1)	—	—	—	51	51
Net change in unrealized appreciation (depreciation)	(58)	(4)	(13)	(69)	(3)	—	(90)	(237)
Purchases	361	37	4	5	2	—	33	442
Paid-in-kind interest	4	1	3	23	—	—	8	39
Sales and repayments	(383)	(37)	(8)	(25)	(2)	—	(125)	(580)
Net transfers in or out of Level 3	(113)	(113)	(20)	(133)	—	—	—	(379)
Fair value at end of period	\$2,335	\$ 82	\$ 128	\$ 291	\$ 51	\$ —	\$ 369	\$3,256

The amount of total gains or losses for the period included in changes in net assets attributable to the change in unrealized gains or losses relating to investments still held at the reporting date

	\$ (53)	\$ (4)	\$ (13)	\$ (69)	\$ (3)	\$ —	\$ (41)	\$ (183)
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The valuation techniques and significant unobservable inputs used in recurring Level 3 fair value measurements as of September 30, 2019 and December 31, 2018 were as follows:

Type of Investment	Fair Value at September 30, 2019 (Unaudited)	Valuation Technique ⁽¹⁾	Unobservable Input	Range (Weighted Average)	Impact to Valuation from an Increase in Input ⁽²⁾
Senior Debt	3,925	Discounted Cash Flow	Discount Rate	5.98% - 20.00% (9.76%)	Decrease
	331	Waterfall	EBITDA Multiple	0.11x - 16.35x (6.82x)	Increase
	209	Cost			
	45	Other ⁽³⁾			
Subordinated Debt	226	Discounted Cash Flow	Discount Rate	11.05% - 24.25% (14.16%)	Decrease
	74	Waterfall	EBITDA Multiple	7.50x - 9.90x (9.13x)	Increase
	5	Option Pricing Model	Volatility	25.00% - 25.00% (25.00%)	Decrease
Asset Based Finance	434	Waterfall	EBITDA Multiple	1.00x - 13.50x (1.22x)	Increase
	180	Discounted Cash Flow	Discount Rate	7.80% - 16.00% (11.35%)	Decrease
	42	Other ⁽³⁾			
	33	Cost			
	14	Indicative Dealer Quotes		4.73% - 32.70% (31.73%)	Increase
Strategic Credit Opportunities Partners	426	Net Asset Value	Net Asset Value	N/A	Increase
Equity/Other	358	Waterfall	EBITDA Multiple	0.17x - 14.60x (7.15x)	Increase
	138	Option Pricing Model	Equity Illiquidity Discount	15.00% - 25.00% (20.01%)	Decrease
	38	Other ⁽³⁾			
Total	6,478				

(1) Investments using a market quotes valuation technique were primarily valued by using the midpoint of the prevailing bid and ask prices from dealers on the date of the relevant period end, which were provided by independent third-party pricing services and screened for validity by such services. Investments valued using an EBITDA multiple or a revenue multiple pursuant to the market comparables valuation technique may be conducted using an enterprise valuation waterfall analysis.

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

Note 8. Fair Value of Financial Instruments (continued)

- (2) Represents the directional change in the fair value of the Level 3 investments that would result from an increase to the corresponding unobservable input. A decrease to the input would have the opposite effect. Significant changes in these inputs in isolation could result in significantly higher or lower fair value measurements.
- (3) Fair value based on expected outcome of proposed corporate transactions and/or other factors.

Type of Investment	Fair Value at December 31, 2018	Valuation Technique ⁽¹⁾	Unobservable Input	Range	Weighted Average
Senior Secured Loans—First Lien	\$ 3,542	Market Comparables	Market Yield (%)	6.9% - 16.8%	10.8%
			EBITDA Multiples (x)	3.9x - 9.5x	5.1x
			Revenue Multiples (x)	0.2x - 0.2x	0.2x
	58	Other ⁽²⁾	Other ⁽²⁾	N/A	N/A
	89	Cost	Cost	99.0% - 99.0%	99.0%
Senior Secured Loans—Second Lien	804	Market Comparables	Market Yield (%)	8.9% - 17.8%	12.5%
			EBITDA Multiples (x)	4.5x - 6.0x	5.5x
	80	Cost	Cost	98.5% - 98.5%	98.5%
Other Senior Secured Debt	155	Market Comparables	Market Yield (%)	8.2% - 13.6%	9.7%
			EBITDA Multiples (x)	0.2x - 8.5x	4.0x
	10	Other ⁽²⁾	Other ⁽²⁾	N/A	N/A
Subordinated Debt	300	Market Comparables	Market Yield (%)	7.9% - 24.0%	12.3%
			EBITDA Multiples (x)	7.3x - 10.1x	9.2x
Asset Based Finance	282	Market Comparables	Market Yield (%)	17.7% - 19.0%	18.4%
			Price to Book Multiple (x)	1.2x - 1.3x	1.3x
			Net Aircraft Book Value Multiple (x)	1.0x - 1.0x	1.0x
	60	Market Quotes	Indicative Dealer Quotes	5.6% - 99.6%	44.7%
	169	Discounted Cash Flow	Discount Rate (%)	5.2% - 16.0%	10.0%
	74	Net Asset Value	Net Asset Value	N/A	N/A
	32	Other ⁽²⁾	Other ⁽²⁾	N/A	N/A
	42	Cost	Cost	100.0% - 100.0%	100.0%
Strategic Credit Opportunities Partners, LLC	299	Net Asset Value	Net Asset Value	N/A	N/A
Equity/Other	375	Market Comparables	EBITDA Multiples (x)	0.2x - 15.7x	7.7x
			Revenue Multiples (x)	0.9x - 1.2x	1.1x
			Capacity Multiple (\$/kW)	\$1,875.0 - \$2,125.0	\$2,000.0
			Net Aircraft Book Value Multiple (x)	1.0x - 1.0x	1.0x
			Production Multiples (MMcfe/d)	\$4,708.0 - \$5,167.0	\$4,937.5
			Proved Reserves Multiples (Bcfe)	\$1.2 - \$1.3	\$1.2
			PV-10 Multiples (x)	0.8x - 2.3x	1.5x
			Production Multiples (Mboe/d)	\$25,000.0 - \$38,750.0	\$26,724.8
			Proved Reserves Multiples (Mmboe)	\$3.5 - \$13.8	\$4.2
			Price to Book Multiple (x)	1.0x - 1.0x	1.0x
	32	Discounted Cash Flow	Discount Rate (%)	11.8% - 13.8%	12.8%
	131	Option Valuation Model	Volatility (%)	30.0% - 30.0%	30.0%
			Equity Illiquidity Discount	10.0% - 10.0%	10.0%
	5	Other ⁽²⁾	Other ⁽²⁾	N/A	N/A
	2	Cost	Cost	100.0% - 100.0%	100.0%
Total	\$ 6,541				

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

Note 8. Fair Value of Financial Instruments (continued)

- (1) Investments using a market quotes valuation technique were primarily valued by using the midpoint of the prevailing bid and ask prices from dealers on the date of the relevant period end, which were provided by independent third-party pricing services and screened for validity by such services. Investments valued using an EBITDA multiple or a revenue multiple pursuant to the market comparables valuation technique may be conducted using an enterprise valuation waterfall analysis. For investments utilizing a market comparables valuation technique, a significant increase (decrease) in the market yield, in isolation, would result in a significantly lower (higher) fair value measurement, and a significant increase (decrease) in any of the valuation multiples, in isolation, would result in a significantly higher (lower) fair value measurement. For investments utilizing a discounted cash flow valuation technique, a significant increase (decrease) in the discount rate, in isolation, would result in a significantly lower (higher) fair value measurement. For investments utilizing an option valuation model valuation technique, a significant increase (decrease) in the volatility, in isolation, would result in a significantly higher (lower) fair value measurement.
- (2) Fair value based on expected outcome of proposed corporate transactions and/or other factors.

Note 9. Financing Arrangements

Prior to June 14, 2019, in accordance with the 1940 Act, the Company was allowed to borrow amounts such that its asset coverage, calculated pursuant to the 1940 Act, was at least 200% after such borrowing. Effective June 15, 2019, the Company's asset coverage requirement applicable to senior securities was reduced from 200% to 150%. As of September 30, 2019, the aggregate amount outstanding of the senior securities issued by the Company was \$3,522. As of September 30, 2019, the Company's asset coverage was 214%.

The following tables present summary information with respect to the Company's outstanding financing arrangements as of September 30, 2019 and December 31, 2018. For additional information regarding these financing arrangements, see the notes to the Company's audited consolidated financial statements contained in its annual report on Form 10-K for the year ended December 31, 2018. Any significant changes to the Company's financing arrangements during the nine months ended September 30, 2019 are discussed below.

Arrangement	Type of Arrangement	Rate	As of September 30, 2019 (Unaudited)		Maturity Date
			Amount Outstanding	Amount Available	
CCT Tokyo Funding Credit Facility ⁽¹⁾	Revolving Credit Facility	L+1.75% - 2.00% ⁽²⁾	\$ 150	\$ 150	December 2, 2022
Locust Street Funding Credit Facility ⁽¹⁾	Term Loan Credit Facility	L+2.50%	400	—	September 28, 2022
Senior Secured Revolving Credit Facility ⁽¹⁾	Revolving Credit Facility	L+1.75% - 2.00% ⁽³⁾	1,120 ⁽⁴⁾	1,095	August 9, 2023
4.250% Notes due 2020 ⁽⁵⁾	Unsecured Notes	4.25%	405	—	January 15, 2020
4.750% Notes due 2022 ⁽⁵⁾	Unsecured Notes	4.75%	450	—	May 15, 2022
5.000% Notes due 2022 ⁽⁵⁾	Unsecured Notes	5.00%	245	—	June 28, 2022
4.625% Notes due 2024 ⁽⁵⁾	Unsecured Notes	4.63%	400	—	July 15, 2024
2019-1 Notes ⁽¹⁾	Collateralized Loan Obligation	L+1.70% - 2.50% ⁽⁶⁾	352	—	July 15, 2030
Total			\$ 3,522	\$ 1,245	

- (1) The carrying amount outstanding under the facility approximates its fair value.
- (2) The spread over LIBOR is determined by reference to the amount outstanding under the facility.
- (3) The spread over LIBOR is determined by reference to the ratio of the value of the borrowing base to the aggregate amount of certain outstanding indebtedness of the Company.
- (4) Amount includes borrowing in Euros, Canadian dollars, pound sterling and Australian dollars. Euro balance outstanding of €68 has been converted to U.S. dollars at an exchange rate of €1.00 to \$1.09 as of September 30, 2019 to reflect total amount outstanding in U.S. dollars. Canadian dollar balance outstanding of CAD \$89 has been converted to U.S. dollars at an exchange rate of CAD \$1.00 to \$0.76 as of September 30, 2019 to reflect total amount outstanding in U.S. dollars. Pound sterling balance outstanding of £57 has been converted to U.S. dollars at an exchange rate of £1.00 to \$1.23 as of September 30, 2019 to reflect total amount outstanding in U.S. dollars. Australian dollar balance outstanding of A\$103 has been converted to U.S. dollars at an exchange rate of A\$1.00 to \$0.67 as of September 30, 2019 to reflect total amount outstanding in U.S. dollars.
- (5) As of September 30, 2019, the fair value of the 4.250% notes, the 4.750% notes, the 5.000% notes and the 4.625% notes was approximately \$406, \$462, \$245 and \$411, respectively. These valuations are considered Level 2 valuations within the fair value hierarchy.
- (6) As of September 30, 2019, there were \$299.4 of Class A-1 notes outstanding at L+1.70% and \$52.3 of Class A-2 notes outstanding at L+2.50%.

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Notes to Unaudited Consolidated Financial Statements (continued)
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Note 9. Financing Arrangements (continued)

Arrangement	Type of Arrangement	Rate	As of December 31, 2018		Maturity Date
			Amount Outstanding	Amount Available	
CCT New York Funding Credit Facility ⁽¹⁾	Revolving Credit Facility	L+2.50%	\$ 240	\$ 60	January 16, 2021
CCT Tokyo Funding Credit Facility ⁽¹⁾	Revolving Credit Facility	L+1.75% - 2.00% ⁽²⁾	183	117	December 2, 2022
Locust Street Funding Credit Facility ⁽¹⁾	Term Loan Credit Facility	L+2.68%	425	—	November 1, 2020
Senior Secured Revolving Credit Facility ⁽¹⁾	Revolving Credit Facility	L+1.75% - 2.00% ⁽³⁾	1,224 ⁽⁴⁾	991	August 9, 2023
4.000% Notes due 2019 ⁽⁵⁾	Unsecured Notes	4.00%	400	—	July 15, 2019
4.250% Notes due 2020 ⁽⁵⁾	Unsecured Notes	4.25%	405	—	January 15, 2020
4.750% Notes due 2022 ⁽⁵⁾	Unsecured Notes	4.75%	275	—	May 15, 2022
5.000% Notes due 2022 ⁽⁵⁾	Unsecured Notes	5.00%	245	—	June 28, 2022
Total			\$ 3,397	\$ 1,168	

(1) The carrying amount outstanding under the facility approximates its fair value.

(2) The spread over LIBOR is determined by reference to the amount outstanding under the facility.

(3) The spread over LIBOR is determined by reference to the ratio of the value of the borrowing base to the aggregate amount of certain outstanding indebtedness of the Company.

(4) Amount includes borrowing in Euros, Canadian dollars and pound sterling. Euro balance outstanding of €25 has been converted to U.S. dollars at an exchange rate of €1.00 to \$1.15 as of December 31, 2018 to reflect total amount outstanding in U.S. dollars. Canadian dollar balance outstanding of CAD \$24 has been converted to U.S. dollars at an exchange rate of CAD \$1.00 to \$0.73 as of December 31, 2018 to reflect total amount outstanding in U.S. dollars. Pound sterling balance outstanding of £3 has been converted to U.S. dollars at an exchange rate of £1.00 to \$1.28 as of December 31, 2018 to reflect total amount outstanding in U.S. dollars.

(5) As of December 31, 2018, the fair value of the 4.000% notes, the 4.250% notes, the 4.750% notes and the 5.000% notes was approximately \$400, \$406, \$274 and \$242, respectively. These valuations are considered Level 2 valuations within the fair value hierarchy.

For the three and nine months ended September 30, 2019 and 2018, the components of total interest expense for the Company's financing arrangements were as follows:

Arrangement ⁽¹⁾	Three Months Ended September 30,					
	2019			2018		
	Direct Interest Expense	Amortization of Deferred Financing Costs and Discount	Total Interest Expense	Direct Interest Expense	Amortization of Deferred Financing Costs and Discount	Total Interest Expense
CCT New York Funding Credit Facility ⁽²⁾	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
CCT Tokyo Funding Credit Facility ⁽²⁾	1	—	1	—	—	—
Hamilton Street Funding Credit Facility ⁽²⁾	—	—	—	0	1	1
ING Credit Facility ⁽²⁾	—	—	—	1	0	1
Locust Street Funding Credit Facility ⁽²⁾	6	0	6	5	0	5
Senior Secured Revolving Credit Facility ⁽²⁾	14	0	14	1	0	1
4.000% Notes due 2019	0	0	—	4	1	5
4.250% Notes due 2020	4	1	5	4	0	4
4.750% Notes due 2022	4	1	5	3	1	4
5.000% Notes due 2022	3	—	3	—	—	—
4.625% Notes due 2024	4	0	4	—	—	—
2019-1 Notes	4	0	4	—	—	—
Total	\$ 40	\$ 2	\$ 42	\$ 18	\$ 3	\$ 21

FS KKR Capital Corp.

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

Note 9. Financing Arrangements (continued)

Arrangement ⁽¹⁾	Nine Months Ended September 30,					
	2019			2018		
	Direct Interest Expense	Amortization of Deferred Financing Costs and Discount	Total Interest Expense	Direct Interest Expense	Amortization of Deferred Financing Costs and Discount	Total Interest Expense
CCT New York Funding Credit Facility ⁽²⁾	\$ 2	\$ —	\$ 2	\$ —	\$ —	\$ —
CCT Tokyo Funding Credit Facility ⁽²⁾	5	—	5	—	—	—
Hamilton Street Funding Credit Facility ⁽²⁾	—	—	—	3	1	4
ING Credit Facility ⁽²⁾	—	—	—	3	0	3
Locust Street Funding Credit Facility	21	1	22	15	1	16
Senior Secured Revolving Credit Facility	44	1	45	1	0	1
4.000% Notes due 2019	8	1	9	12	1	13
4.250% Notes due 2020	13	1	14	13	1	14
4.750% Notes due 2022	11	1	12	10	1	11
5.000% Notes due 2022	9	—	9	—	—	—
4.625% Notes due 2024	4	0	4	—	—	—
2019-1 Notes	4	0	4	—	—	—
Total	\$ 121	\$ 5	\$ 126	\$ 57	\$ 5	\$ 62

(1) Borrowings of each of the Company's wholly-owned, special-purpose financing subsidiaries are considered borrowings of the Company for purposes of complying with the asset coverage requirements applicable to BDCs under the 1940 Act.

(2) Direct interest expense includes the effect of non-usage fees.

The Company's average borrowings and weighted average interest rate, including the effect of non-usage fees, for the nine months ended September 30, 2019 were \$3,522 and 4.56%, respectively. As of September 30, 2019, the Company's weighted average effective interest rate on borrowings, including the effect of non-usage fees, was 4.44%.

The Company's average borrowings and weighted average interest rate, including the effect of non-usage fees, for the nine months ended September 30, 2018 were \$1,685 and 4.43%, respectively. As of September 30, 2018, the Company's weighted average effective interest rate on borrowings, including the effect of non-usage fees, was 4.59%.

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

4.625% Notes due 2024

On July 15, 2019, the Company and U.S. Bank National Association, or U.S. Bank, entered into a Fourth Supplemental Indenture, or the Fourth Supplemental Indenture, to the Indenture, dated July 14, 2014, between the Company and U.S. Bank, or the Indenture, relating to the Company's issuance of \$400 aggregate principal amount of its 4.625% notes due 2024, or the 4.625% notes.

The 4.625% notes will mature on July 15, 2024 and may be redeemed in whole or in part at the Company's option at any time or from time to time at the redemption prices set forth in the Indenture. The 4.625% notes bear interest at a rate of 4.625% per year payable semi-annually on January 15th and July 15th of each year, commencing on January 15, 2020. The 4.625% notes are general unsecured obligations of the Company that rank senior in right of payment to all of the Company's existing and future indebtedness that is expressly subordinated in right of payment to the 4.625% notes, rank pari passu with all existing and future unsecured unsubordinated indebtedness issued by the Company, rank effectively junior to any of the Company's secured indebtedness (including unsecured indebtedness that the Company later secures) to the extent of the value of the assets securing such indebtedness, and rank structurally junior to all existing and future indebtedness (including trade payables) incurred by the Company's subsidiaries, financing vehicles or similar facilities.

FS KKR Capital Corp.

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

Note 9. Financing Arrangements (continued)

In addition, on the occurrence of a “change of control repurchase event,” as defined in the Indenture, the Company will generally be required to make an offer to purchase the outstanding 4.625% notes at a price equal to 100% of the principal amount of such notes plus accrued and unpaid interest to the repurchase date.

The Indenture contains certain covenants, including covenants requiring the Company to comply with the asset coverage requirements of Section 18(a)(1)(A) of the 1940 Act, as modified by Section 61(a)(1) and (2) of the 1940 Act, whether or not it is subject to those requirements, and to provide financial information to the holders of the 4.625% notes and U.S. Bank if the Company is no longer subject to the reporting requirements under the Securities Exchange Act of 1934, as amended, or the Exchange Act. These covenants are subject to limitations and exceptions that are described in the Indenture.

4.750% Notes due 2022

On July 26, 2019, the Company issued an additional \$175 aggregate principal amount of its 4.750% notes due 2022, or the 4.750% notes, for gross proceeds of \$177. The 4.750% notes were issued as additional notes under the Third Supplemental Indenture, dated April 30, 2015, between the Company and U.S. Bank, to the Indenture, pursuant to which the Company previously issued \$275 aggregate principal amount of the 4.750% notes.

Note 10. Commitments and Contingencies

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

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

FS KKR Capital Corp.

Notes to Unaudited Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)**Note 10. Commitments and Contingencies (continued)**

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

Category / Company ⁽¹⁾	Commitment Amount
Senior Secured Loans—First Lien	
5 Arch Income Fund 2, LLC	\$ 35.3
A10 Capital LLC	14.0
All Systems Holding LLC	35.4
Apex Group Limited	1.8
Aspect Software Inc	0.7
CSafe Global	11.7
CSafe Global	3.5
Eagle Family Foods Inc	4.1
Entertainment Benefits Group LLC	4.1
Greystone Equity Member Corp	4.9
HM Dunn Co Inc	—
ID Verde	5.5
Industria Chimica Emiliana Srl	12.7
J S Held LLC	5.7
J S Held LLC	13.3
Kodiak BP LLC	28.3
Lipari Foods LLC	21.8
North Haven Cadence Buyer Inc	0.9
North Haven Cadence Buyer Inc	6.4
Revere Superior Holdings, Inc	5.0
Sungard Availability Services Capital Inc	0.5
Zeta Interactive Holdings Corp	1.7
Subordinated Debt	
Home Partners of America	32.1
Asset Based Finance	
Home Partners JV, Structured Mezzanine	21.7
Total	<u>\$ 271.1</u>
Unfunded equity/other commitments	<u>\$ 270.2</u>

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

As of September 30, 2019, the Company also has an unfunded commitment to provide \$450.8 of capital to SCJV. The capital commitment can be satisfied with contributions of cash and/or investments. The capital commitments cannot be drawn without an affirmative vote by both the Company's and SCRS's representatives on SCJV's board of managers.

As of September 30, 2019, the Company's unfunded debt commitments have a fair value representing unrealized appreciation (depreciation) of \$(0.7). The Company funds its equity investments as it receives funding notices from the portfolio companies. As of September 30, 2019, the Company's unfunded equity commitments have a fair value of zero.

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

FS KKR Capital Corp.
Notes to Unaudited Consolidated Financial Statements (continued)
(in millions, except share and per share amounts)
Note 11. Financial Highlights

The following is a schedule of financial highlights of the Company for the nine months ended September 30, 2019 and the year ended December 31, 2018:

	Nine Months Ended September 30, 2019 (Unaudited)	Year Ended December 31, 2018
Per Share Data:⁽¹⁾		
Net asset value, beginning of period	\$ 7.84	\$ 9.30
Results of operations⁽²⁾		
Net investment income (loss)	0.60	0.82
Net realized and unrealized appreciation (depreciation) on investments and secured borrowing and gain/loss on foreign currency	(0.07)	(1.43)
Net increase (decrease) in net assets resulting from operations	0.53	(0.61)
Stockholder distributions⁽³⁾		
Distributions from net investment income	(0.57)	(0.85)
Distributions from net realized gain on investments	—	—
Net decrease in net assets resulting from stockholder distributions	(0.57)	(0.85)
Capital share transactions		
Issuance of common stock ⁽⁴⁾	—	0.00
Repurchases of common stock ⁽⁵⁾	0.06	0.04
Deduction of deferred costs ⁽⁶⁾	—	(0.04)
Net increase (decrease) in net assets resulting from capital share transactions	0.06	0.00
Net asset value, end of period	\$ 7.86	\$ 7.84
Per share market value, end of period	\$ 5.83	\$ 5.18
Shares outstanding, end of period	512,262,372	531,478,739
Total return based on net asset value ⁽⁷⁾	7.53%	(6.56)%
Total return based on market value ⁽⁸⁾	23.52%	(20.15)%
Ratio/Supplemental Data:		
Net assets, end of period	\$ 4,024	\$ 4,166
Ratio of net investment income to average net assets ⁽⁹⁾	10.11%	9.15%
Ratio of total operating expenses to average net assets ⁽⁹⁾	9.17%	8.57%
Ratio of net operating expenses to average net assets ⁽⁹⁾	9.17%	8.44%
Portfolio turnover ⁽¹⁰⁾	23.76%	19.92%
Total amount of senior securities outstanding, exclusive of treasury securities	\$ 3,522	\$ 3,397
Asset coverage per unit ⁽¹¹⁾	2.14	2.23

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

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

(3) The per share data for distributions reflect the actual amount of distributions paid per share during the applicable period.

(4) The issuance of common stock on a per share basis reflects the incremental net asset value changes as a result of the issuance of shares of common stock pursuant to the DRP. The issuance of common stock at a price that is greater than the net asset value per share results in an increase in net asset value per share. The per share impact of the DRP is an increase to the net asset value of less than \$0.01 per share during the year ended December 31, 2018.

(5) Represents the incremental impact of the Company's share repurchase program by buying shares in the open market at a price lower than net asset value per share.

FS KKR Capital Corp.

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

Note 11. Financial Highlights (continued)

- (6) During the year ended December 31, 2018, the Company permanently wrote off approximately \$22 of deferred costs and prepaid assets from CCT's balance sheet as a result of the purchase price allocation for the Merger. For additional information regarding the Merger, see the Company's annual report on Form 10-K for the year ended December 31, 2018.
- (7) The total return based on net asset value for each period presented was calculated by taking the net asset value per share as of the end of the applicable period, adding the cash distributions per share that were declared during the period and dividing the total by the net asset value per share at the beginning of the period. Total return based on net asset value does not consider the effect of any sales commissions or charges that may be incurred in connection with the sale of shares of the Company's common stock. The historical calculation of total return based on net asset value in the table should not be considered a representation of the Company's future total return based on net asset value, which may be greater or less than the return shown in the table due to a number of factors, including the Company's ability or inability to make investments in companies that meet its investment criteria, the interest rates payable on the debt securities the Company acquires, the level of the Company's expenses, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which the Company encounters competition in its markets and general economic conditions. As a result of these factors, results for any previous period should not be relied upon as being indicative of performance in future periods. The total return calculations set forth above represent the total return on the Company's investment portfolio during the applicable period and do not represent an actual return to stockholders.
- (8) The total return based on market value for each period presented was calculated based on the change in market price during the applicable period, including the impact of distributions reinvested in accordance with the Company's DRP. Total return based on market value does not consider the effect of any sales commissions or charges that may be incurred in connection with the sale of shares of the Company's common stock. The historical calculation of total return based on market value in the table should not be considered a representation of the Company's future total return based on market value, which may be greater or less than the return shown in the table due to a number of factors, including the Company's ability or inability to make investments in companies that meet its investment criteria, the interest rates payable on the debt securities the Company acquires, the level of the Company's expenses, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which the Company encounters competition in its markets, general economic conditions and fluctuations in per share market value. As a result of these factors, results for any previous period should not be relied upon as being indicative of performance in future periods.
- (9) Weighted average net assets during the applicable period are used for this calculation. Ratios for the nine months ended September 30, 2019 are annualized. Annualized ratios for the nine months ended September 30, 2019 are not necessarily indicative of the ratios that may be expected for the year ending December 31, 2019. The following is a schedule of supplemental ratios for the nine months ended September 30, 2019 and year ended December 31, 2018:

	Nine Months Ended September 30, 2019 (Unaudited)	Year Ended December 31, 2018
Ratio of subordinated income incentive fees to average net assets	1.85%	1.16%
Ratio of interest expense to average net assets	4.10%	3.75%
Ratio of excise taxes to average net assets	—	0.31%

- (10) Portfolio turnover for the nine months ended September 30, 2019 is not annualized.
- (11) Asset coverage per unit is the ratio of the carrying value of the Company's total consolidated assets, less liabilities and indebtedness not represented by senior securities, to the aggregate amount of senior securities representing indebtedness.

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

The information contained in this section should be read in conjunction with our unaudited consolidated financial statements and related notes thereto appearing elsewhere in this quarterly report on Form 10-Q. In this report, “we,” “us,” “our” and the “Company” refer to FS KKR Capital Corp.

Forward-Looking Statements

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

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

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

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

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- future changes in laws or regulations and conditions in our operating areas; and
- the price at which shares of our common stock may trade on the New York Stock Exchange, or NYSE.

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

Overview

We were incorporated under the general corporation laws of the State of Maryland on December 21, 2007 and formally commenced investment operations on January 2, 2009. We are an externally managed, non-diversified, closed-end management investment company that has elected to be regulated as a BDC under the 1940 Act and has elected to be treated for U.S. federal income tax purposes, and intends to qualify annually, as a RIC under Subchapter M of the Code.

We are externally managed by the Advisor pursuant to the investment advisory agreement and supervised by our board of directors, a majority of whom are independent. On April 9, 2018, GDFM resigned as our investment sub-adviser and terminated its investment sub-advisory agreement effective April 9, 2018. In connection with GDFM's resignation as our investment sub-adviser, on April 9, 2018, we entered into the prior investment advisory agreement with the Advisor, which replaced an investment advisory agreement with our former investment adviser, FB Advisor. Following the consummation of the Merger, we entered into the investment advisory agreement with the Advisor, which replaced the prior investment advisory agreement.

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

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

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

Corporate Capital Trust, Inc. Acquisition

On December 19, 2018, we completed the Merger. Pursuant to the Merger Agreement, CCT was first merged with and into Merger Sub, with CCT as the surviving corporation, and, immediately following such merger, CCT was then merged with and into the Company, with the Company as the surviving company. In accordance with the terms of the Merger Agreement, at the time of the transactions contemplated by the Merger Agreement, each outstanding share of CCT common stock was converted into the right to receive 2.3552 shares of our common stock. As a result, we issued an aggregate of approximately 292,324,670 shares of our common stock to former CCT stockholders. Following the consummation of the Merger, we entered into the investment advisory agreement, which replaced the prior investment advisory agreement.

Revenues

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

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

Expenses

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

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

Pursuant to the administration agreement, we reimburse the Advisor for expenses necessary to perform services related to our administration and operations, including the Advisor's allocable portion of the compensation and related expenses of certain personnel of FS Investments and KKR Credit providing administrative services to us on behalf of the Advisor. We reimburse the Advisor no less than quarterly for all costs and expenses incurred by the Advisor in performing its obligations and providing personnel and facilities under the administration agreement. The Advisor allocates the cost of such services to us based on factors such as total assets, revenues, time allocations and/or other reasonable metrics. Our board of directors reviews the methodology employed in determining how the expenses are allocated to us and the proposed allocation of administrative expenses among us and certain affiliates of the Advisor. Our board of directors then assesses the reasonableness of such reimbursements for expenses allocated to us based on the breadth, depth and quality of such services as compared to the estimated cost to us of obtaining similar services from third-party service providers known to be available. In addition, our board of directors considers whether any single third-party service provider would be capable of providing all such services at comparable cost and quality. Finally, our board of directors compares the total amount paid to the Advisor for such services as a percentage of our net assets to the same ratio as reported by other comparable BDCs.

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

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

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

Total Portfolio Activity

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

Net Investment Activity	For the Three Months Ended September 30, 2019	For the Nine Months Ended September 30, 2019
Purchases	\$ 698	\$ 1,760
Sales and Repayments	(723)	(1,925)
Net Portfolio Activity	\$ (25)	\$ (165)

New Investment Activity by Asset Class	For the Three Months Ended September 30, 2019		For the Nine Months Ended September 30, 2019	
	Purchases	Percentage	Purchases	Percentage
Senior Secured Loans—First Lien	\$ 371	53.1%	\$ 1,048	59.5%
Senior Secured Loans—Second Lien	99	14.2%	237	13.5%
Other Senior Secured Debt	—	—	32	1.8%
Subordinated Debt	—	—	73	4.2%
Asset Based Finance	97	13.9%	235	13.4%
Strategic Credit Opportunities Partners, LLC	131	18.8%	131	7.4%
Equity/Other	—	—	4	0.2%
Total	\$ 698	100.0%	\$ 1,760	100.0%

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

	September 30, 2019 (Unaudited)			December 31, 2018		
	Amortized Cost ⁽¹⁾	Fair Value	Percentage of Portfolio	Amortized Cost ⁽¹⁾	Fair Value	Percentage of Portfolio
Senior Secured Loans—First Lien	\$ 3,783	\$3,663	50.8%	\$ 4,105	\$4,001	54.2%
Senior Secured Loans—Second Lien	1,276	1,225	17.0%	1,171	1,118	15.1%
Other Senior Secured Debt	329	274	3.8%	386	336	4.6%
Subordinated Debt	469	392	5.4%	495	429	5.8%
Asset Based Finance	717	703	9.7%	686	667	9.0%
Strategic Credit Opportunities Partners, LLC	425	426	5.9%	294	299	4.0%
Equity/Other	587	535	7.4%	619	537	7.3%
Total	\$ 7,586	\$7,218	100.0%	\$ 7,756	\$7,387	100.0%

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

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

	September 30, 2019	December 31, 2018
Number of Portfolio Companies	201	204
% Variable Rate Debt Investments (based on fair value) ⁽¹⁾⁽²⁾	66.1%	68.1%
% Fixed Rate Debt Investments (based on fair value) ⁽¹⁾⁽²⁾	15.2%	16.5%
% Other Income Producing Investments (based on fair value) ⁽³⁾	10.8%	6.8%
% Non-Income Producing Investments (based on fair value) ⁽²⁾	6.2%	7.6%
% of Investments on Non-Accrual (based on fair value)	1.7%	1.0%
Weighted Average Annual Yield on Accruing Debt Investments ⁽²⁾⁽⁴⁾	10.1%	10.8%
Weighted Average Annual Yield on All Debt Investments ⁽⁵⁾	9.6%	10.2%

- (1) “Debt Investments” means investments that pay or are expected to pay a stated interest rate, stated dividend rate or other similar stated return.
- (2) Does not include investments on non-accrual status.
- (3) “Other Income Producing Investments” means investments that pay or are expected to pay interest, dividends or other income to the Company on an ongoing basis but do not have a stated interest rate, stated dividend rate or other similar stated return.
- (4) The Weighted Average Annual Yield on Accruing Debt Investments is computed as (i) the sum of (a) the stated annual interest rate, dividend rate or other similar stated return of each accruing Debt Investment, multiplied by its par amount, adjusted to U.S. dollars and for any partial income accrual when necessary, as of the end of the applicable reporting period, plus (b) the annual amortization of the purchase or original issue discount or premium of each accruing Debt Investment; divided by (ii) the total amortized cost of Debt Investments included in the calculated group as of the end of the applicable reporting period.
- (5) The Weighted Average Annual Yield on All Debt Investments is computed as (i) the sum of (a) the stated annual interest rate, dividend rate or other similar stated return of each Debt Investment, multiplied by its par amount, adjusted to U.S. dollars and for any partial income accrual when necessary, as of the end of the applicable reporting period, plus (b) the annual amortization of the purchase or original issue discount or premium of each Debt Investment; divided by (ii) the total amortized cost of Debt Investments included in the calculated group as of the end of the applicable reporting period.

For the nine months ended September 30, 2019, our total return based on net asset value was 7.53% and our total return based on market value was 23.52%. For the year ended December 31, 2018, our total return based on net asset value was (6.56)% and our total return based on market value was (20.15)%. See footnotes 7 and 8 to the table included in Note 11 to our unaudited consolidated financial statements included herein for information regarding the calculation of our total return based on net asset value and total return based on market value, respectively.

Direct Originations

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

Characteristics of All Direct Originations held in Portfolio	September 30, 2019	December 31, 2018
Number of Portfolio Companies	129	129
% of Investments on Non-Accrual (based on fair value)	1.8%	1.0%
Total Cost of Direct Originations	\$6,700.2	\$6,808.3
Total Fair Value of Direct Originations	\$6,377.9	\$6,509.7
% of Total Investments, at Fair Value	88.4%	88.1%
Weighted Average Annual Yield on Accruing Debt Investments ⁽¹⁾	10.1%	10.9%
Weighted Average Annual Yield on All Debt Investments ⁽²⁾	9.7%	10.3%

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

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

Portfolio Composition by Industry Classification

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

Portfolio Asset Quality

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

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

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

Investment Rating	September 30, 2019		December 31, 2018	
	Fair Value	Percentage of Portfolio	Fair Value	Percentage of Portfolio
1	\$4,053	56%	\$3,888	53%
2	2,596	36%	3,102	42%
3	391	5%	220	3%
4	178	3%	177	2%
Total	<u>\$7,218</u>	<u>100%</u>	<u>\$7,387</u>	<u>100%</u>

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

Results of Operations

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

Revenues

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

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2019		2018		2019		2018	
	Amount	Percentage of Total Income	Amount	Percentage of Total Income	Amount	Percentage of Total Income	Amount	Percentage of Total Income
Interest income	\$ 163	81.9%	\$ 75	78.9%	\$ 477	80.4%	\$ 234	80.1%
Paid-in-kind interest income	11	5.5%	15	15.8%	39	6.6%	40	13.7%
Fee income	7	3.5%	4	4.2%	26	4.4%	10	3.4%
Dividend income	18	9.1%	1	1.1%	51	8.6%	8	2.8%
Total investment income ⁽¹⁾	<u>\$ 199</u>	<u>100.0%</u>	<u>\$ 95</u>	<u>100.0%</u>	<u>\$ 593</u>	<u>100.0%</u>	<u>\$ 292</u>	<u>100.0%</u>

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- (1) Such revenues represent \$185 and \$79 of cash income earned as well as \$14 and \$16 in non-cash portions relating to accretion of discount and PIK interest for the three months ended September 30, 2019 and 2018, respectively, and represent \$543 and \$248 of cash income earned as well as \$50 and \$44 in non-cash portions relating to accretion of discount and PIK interest for the nine months ended September 30, 2019 and 2018, respectively. Cash flows related to such non-cash revenues may not occur for a number of reporting periods or years after such revenues are recognized.

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

The increase in interest, PIK and fee income during the three and nine months ended September 30, 2019 compared to the three and nine months ended September 30, 2018 can primarily be attributed to the increase in assets resulting from the Merger. The increase in dividend income during the three and nine months ended September 30, 2019 compared to the three and nine months ended September 30, 2018 can primarily be attributed to dividends paid in respect to our investment in Strategic Credit Opportunities Partners, LLC.

Expenses

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Management fees	\$ 28	\$ 14	\$ 85	\$ 47
Subordinated income incentive fees	8	—	57	23
Administrative services expenses	4	1	7	3
Accounting and administrative fees	0	1	1	1
Interest expense	42	21	126	62
Directors' fees	1	0	1	1
Expenses associated with our independent audit and related fees	0	0	0	0
Legal fees	0	1	1	1
Printing fees	1	0	1	1
Stock transfer agent fees	0	0	0	0
Other	0	1	3	3
Total operating expenses	\$ 84	\$ 39	\$ 282	\$ 142
Management fee waiver	—	(0)	—	(3)
Total net expenses	\$ 84	\$ 39	\$ 282	\$ 139

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Ratio of operating expenses to average net assets	2.06%	1.81%	6.88%	6.39%
Ratio of management fee waiver to average net assets ⁽¹⁾	—	— %	—	(0.13)%
Ratio of net operating expenses to average net assets	2.06%	1.81%	6.88%	6.26%
Ratio of incentive fees and interest expense to average net assets ⁽¹⁾	1.22%	0.97%	4.47%	3.81%
Ratio of net operating expenses, excluding certain expenses, to average net assets	0.84%	0.84%	2.41%	2.45%

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

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

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Net Investment Income

Our net investment income totaled \$115 (\$0.22 per share) and \$56 (\$0.23 per share) for the three months ended September 30, 2019 and 2018, respectively. The increase in net investment income during the three months ended September 30, 2019 compared to the three months ended September 30, 2018 can be primarily attributed to the increase in assets resulting from the Merger.

Our net investment income totaled \$311 (\$0.60 per share) and \$153 (\$0.63 per share) for the nine months ended September 30, 2019 and 2018, respectively. The increase in net investment income during the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018 can primarily be attributed to the increase in assets resulting from the Merger.

Net Realized Gains or Losses

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Net realized gain (loss) on investments ⁽¹⁾	\$ 17	\$ 23	\$ (60)	\$ 50
Net realized gain (loss) on swap contracts	—	—	(10)	—
Net realized gain (loss) on foreign currency	4	6	9	6
Total net realized gain (loss)	<u>\$ 21</u>	<u>\$ 29</u>	<u>\$ (61)</u>	<u>\$ 56</u>

- (1) We sold investments and received principal repayments, respectively, of \$292 and \$431 during the three months ended September 30, 2019 and \$133 and \$90 during the three months ended September 30, 2018. We sold investments and received principal repayments, respectively, of \$716 and \$1,209 during the nine months ended September 30, 2019 and \$302 and \$487 during the nine months ended September 30, 2018.

Net Change in Unrealized Appreciation (Depreciation)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Net change in unrealized appreciation (depreciation) on investments	\$ (76)	\$ (90)	\$ 1	\$ (234)
Net change in unrealized appreciation (depreciation) on swap contracts	1	—	15	—
Net change in unrealized appreciation (depreciation) on foreign currency forward contracts	7	—	6	—
Net change in unrealized gain (loss) on foreign currency	3	(7)	1	(5)
Total net change in unrealized appreciation (depreciation)	<u>\$ (65)</u>	<u>\$ (97)</u>	<u>\$ 23</u>	<u>\$ (239)</u>

During the three and nine months ended September 30, 2019, the net change in unrealized appreciation (depreciation) was driven primarily by mark to market declines in certain equity and debt investments.

Net Increase (Decrease) in Net Assets Resulting from Operations

For the three months ended September 30, 2019, the net increase in net assets resulting from operations was \$71 (\$0.14 per share) compared to a net decrease in net assets resulting from operations of \$12 (\$0.05 per share) during the three months ended September 30, 2018.

For the nine months ended September 30, 2019, the net increase in net assets resulting from operations was \$273 (\$0.52 per share) compared to a net decrease in net assets resulting from operations of \$30 (\$0.12 per share) during the nine months ended September 30, 2018.

Financial Condition, Liquidity and Capital Resources

Overview

As of September 30, 2019, we had \$126 in cash and foreign currency, which we or our wholly-owned financing subsidiaries held in custodial accounts, and \$1,245 in borrowings available under our financing arrangements, subject to borrowing base and other limitations. As of September 30, 2019, we also had broadly syndicated investments and opportunistic investments that could be sold to create additional liquidity. As of September 30, 2019, we had unfunded debt investments with aggregate unfunded commitments of \$271.1, unfunded equity/other commitments of \$270.2 and unfunded commitments of \$450.8 of Strategic Credit Opportunities Partners, LLC. We maintain sufficient cash on hand, available borrowings and liquid securities to fund such unfunded commitments should the need arise.

We currently generate cash primarily from cash flows from fees, interest and dividends earned from our investments, as well as principal repayments and proceeds from sales of our investments. To seek to enhance our returns, we also employ leverage as market conditions permit and at the discretion of the Advisor, but in no event will leverage employed exceed the maximum amount permitted by the 1940 Act. Prior to June 14, 2019, in accordance with the 1940 Act, we were allowed to borrow amounts such that our asset coverage, calculated pursuant to the 1940 Act, was at least 200% after such borrowing. Effective June 15, 2019, our asset coverage requirement applicable to senior securities was reduced from 200% to 150%. As of September 30, 2019, the aggregate amount outstanding of the senior securities issued by us was \$3.5 billion. As of September 30, 2019, our asset coverage was 214%. See “— Financing Arrangements.”

Prior to investing in securities of portfolio companies, we invest the cash received from fees, interest and dividends earned from our investments and principal repayments and proceeds from sales of our investments primarily in cash, cash equivalents, including money market funds, U.S. government securities, repurchase agreements and high-quality debt instruments maturing in one year or less from the time of investment, consistent with our BDC election and our election to be taxed as a RIC.

Financing Arrangements

The following table presents summary information with respect to our outstanding financing arrangements as of September 30, 2019:

Arrangement	Type of Arrangement	Rate	As of September 30, 2019 (Unaudited)		Maturity Date
			Amount Outstanding	Amount Available	
CCT Tokyo Funding Credit Facility ⁽¹⁾	Revolving Credit Facility	L+1.75% - 2.00% ⁽²⁾	\$ 150	\$ 150	December 2, 2022
Locust Street Credit Facility ⁽¹⁾	Term Loan Credit Facility	L+2.50%	400	—	September 28, 2022
Senior Secured Revolving Credit Facility ⁽¹⁾	Revolving Credit Facility	L+1.75% - 2.00% ⁽³⁾	1,120 ⁽⁴⁾	1,095	August 9, 2023
4.250% Notes due 2020 ⁽⁵⁾	Unsecured Notes	4.25%	405	—	January 15, 2020
4.750% Notes due 2022 ⁽⁵⁾	Unsecured Notes	4.75%	450	—	May 15, 2022
5.000% Notes due 2022 ⁽⁵⁾	Unsecured Notes	5.00%	245	—	June 28, 2022
4.625% Notes due 2024 ⁽⁵⁾	Unsecured Notes	4.63%	400	—	July 15, 2024
2019-1 Notes ⁽¹⁾	Collateralized Loan Obligation	L+1.70% - 2.50% ⁽⁶⁾	352	—	July 15, 2030
Total			\$ 3,522	\$ 1,245	

- (1) The carrying amount outstanding under the facility approximates its fair value.
- (2) The spread over LIBOR is determined by reference to the amount outstanding under the facility.
- (3) The spread over LIBOR is determined by reference to the ratio of the value of the borrowing base to the aggregate amount of certain outstanding indebtedness of the Company.
- (4) Amount includes borrowing in Euros, Canadian dollars, pound sterling and Australian dollars. Euro balance outstanding of €68 has been converted to U.S. dollars at an exchange rate of €1.00 to \$1.09 as of September 30, 2019 to reflect total amount outstanding in U.S. dollars. Canadian dollar balance outstanding of CAD \$89 has been converted to U.S. dollars at an exchange rate of CAD \$1.00 to \$0.76 as of September 30, 2019 to reflect total amount outstanding in U.S. dollars. Pound sterling balance outstanding of £57 has been converted to U.S. dollars at an exchange rate of £1.00 to \$1.23 as of September 30, 2019 to reflect total amount outstanding in U.S. dollars. Australian dollar balance outstanding of A\$103 has been converted to U.S. dollars at an exchange rate of A\$1.00 to \$0.67 as of September 30, 2019 to reflect total amount outstanding in U.S. dollars.

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- (5) As of September 30, 2019, the fair value of the 4.250% notes, the 4.750% notes, the 5.000% notes and the 4.625% notes was approximately \$406, \$462, \$245 and \$411, respectively. These valuations are considered Level 2 valuations within the fair value hierarchy.
- (6) As of September 30, 2019, there were \$299.4 of Class A-1 notes outstanding at L+1.70% and \$52.3 of Class A-2 notes outstanding at L+2.50%.

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

RIC Status and Distributions

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

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

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

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

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

For the Three Months Ended	Distribution	
	Per Share	Amount
Fiscal 2018		
March 31, 2018	\$0.19000	\$ 47
June 30, 2018	0.19000	46
September 30, 2018	0.19000	45
Total	<u>\$0.57000</u>	<u>\$ 138</u>
Fiscal 2019		
March 31, 2019	\$0.19000	\$ 100
June 30, 2019	0.19000	99
September 30, 2019	0.19000	98
Total	<u>\$0.57000</u>	<u>\$ 297</u>

See Note 5 to our unaudited consolidated financial statements included herein for additional information regarding our distributions, including a reconciliation of our GAAP-basis net investment income to our tax-basis net investment income for the nine months ended September 30, 2019 and 2018.

Critical Accounting Policies

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

Valuation of Portfolio Investments

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

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

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

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

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- the Advisor then provides the valuation committee with its valuation recommendation for each portfolio company or investment, along with supporting materials;
- preliminary valuations are then discussed with the valuation committee;
- our valuation committee reviews the preliminary valuations and the Advisor, together with our independent third-party valuation services, if applicable, supplement the preliminary valuations to reflect any comments provided by the valuation committee;
- following its review, the valuation committee will recommend that our board of directors approve our fair valuations; and
- our board of directors discusses the valuations and determines the fair value of each such investment in our portfolio in good faith based on various statistical and other factors, including the input and recommendation of the Advisor, the valuation committee and any independent third-party valuation services, if applicable.

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

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

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

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

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

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

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

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

Revenue Recognition

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

Loan origination fees, original issue discount and market discount are capitalized and we amortize such amounts as interest income over the respective term of the loan or security. Upon the prepayment of a loan or security, any unamortized loan origination fees and original issue discount are recorded as interest income. For the nine months ended September 30, 2019, we recognized \$11 in structuring fee revenue under the new revenue recognition guidance and included such revenue in the fee income line item on our consolidated statement of operations. We record prepayment premiums on loans and securities as fee income when we earn such amounts.

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

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

Uncertainty in Income Taxes

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

Derivative Instruments

Our derivative instruments include foreign currency forward contracts and cross currency swaps. We recognize all derivative instruments as assets or liabilities at fair value in our consolidated financial statements. Derivative contracts entered into by us are not designated as hedging instruments, and as a result, we present changes in fair value through net change in

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unrealized appreciation (depreciation) on derivative instruments in the consolidated statements of operations. Realized gains and losses that occur upon the cash settlement of the derivative instruments are included in net realized gains (losses) on derivative instruments in the consolidated statements of operations.

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

Contractual Obligations

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

A summary of our significant contractual payment obligations for the repayment of outstanding indebtedness at September 30, 2019 is as follows:

	Maturity Date ⁽¹⁾	Total	Payments Due By Period			
			Less than 1 year	1-3 years	3-5 years	More than 5 years
CCT Tokyo Funding Credit Facility ⁽²⁾	December 2, 2022	\$150	—	—	\$150	—
Locust Street Funding Credit Facility ⁽³⁾	September 28, 2022	\$400	—	\$400	—	—
Senior Secured Revolving Credit Facility ⁽⁴⁾	August 9, 2023	\$1,120	—	—	\$1,120	—
4.250% Notes due 2020	January 15, 2020	\$405	\$ 405	—	—	—
4.750% Notes due 2022	May 15, 2022	\$450	—	\$450	—	—
5.000% Notes due 2022	June 28, 2022	\$245	—	\$245	—	—
4.625% Notes due 2024	July 15, 2024	\$400	—	—	\$400	—
2019-1 Notes	July 15, 2030	\$352	—	—	—	\$352

- (1) Amounts outstanding under the financing arrangements will mature, and all accrued and unpaid interest thereunder will be due and payable, on the maturity date.
- (2) At September 30, 2019, \$150 remained unused under the financing arrangement.
- (3) At September 30, 2019, \$0 remained unused under the financing arrangement.
- (4) At September 30, 2019, \$1,095 remained unused under the Senior Secured Revolving Credit Facility. Amount includes borrowing in Euros, Canadian dollars, pound sterling and Australian dollars. Euro balance outstanding of €68 has been converted to U.S. dollars at an exchange rate of €1.00 to \$1.09 as of September 30, 2019 to reflect total amount outstanding in U.S. dollars. Canadian dollar balance outstanding of CAD \$89 has been converted to U.S. dollars at an exchange rate of CAD \$1.00 to \$0.76 as of September 30, 2019 to reflect total amount outstanding in U.S. dollars. Pound sterling balance outstanding of £57 has been converted to U.S. dollars at an exchange rate of £1.00 to \$1.23 as of September 30, 2019 to reflect total amount outstanding in U.S. dollars. Australian dollar balance outstanding of A\$103 has been converted to U.S. dollars at an exchange rate of A\$1.00 to \$0.67 as of September 30, 2019 to reflect total amount outstanding in U.S. dollars.

Off-Balance Sheet Arrangements

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Interest Rate Risk

We are subject to financial market risks, including changes in interest rates. As of September 30, 2019, 66.1% of our portfolio investments (based on fair value) were debt investments paying variable interest rates and 15.2% were debt investments paying fixed interest rates while 10.8% were other income producing investments, 6.2% consisted of non-income producing investments, and the remaining 1.7% consisted of investments on non-accrual status. A rise in the general level of interest rates can be expected to lead to higher interest rates applicable to any variable rate investments we hold and to declines in the value of any fixed rate investments we hold. However, many of our variable rate investments provide for an interest rate floor, which may prevent our interest income from increasing until benchmark interest rates increase beyond a threshold amount. To the extent that a substantial portion of our investments may be in variable rate investments, an increase in interest rates beyond this threshold would make it easier for us to meet or exceed the hurdle rate applicable to the subordinated incentive fee on income, and may result in a substantial increase in our net investment income and to the amount of incentive fees payable to the Advisor with respect to our increased pre-incentive fee net investment income.

Pursuant to the terms of the CCT Tokyo Funding Credit Facility, Locust Street Funding Credit Facility, Senior Secured Revolving Credit Facility and the 2019-1 Notes, we borrow at a floating rate based on a benchmark interest rate. Under the indentures governing the 4.250% notes, the 4.750% notes, the 5.000% notes and the 4.625% notes, we pay interest to the holders of such notes at a fixed rate. To the extent that any present or future credit facilities or other financing arrangements that we or any of our subsidiaries enter into are based on a floating interest rate, we will be subject to risks relating to changes in market interest rates. In periods of rising interest rates when we or our subsidiaries have such debt outstanding, or financing arrangements in effect, our interest expense would increase, which could reduce our net investment income, especially to the extent we hold fixed rate investments.

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

<u>Basis Point Change in Interest Rates</u>	<u>Increase (Decrease) in Interest Income⁽¹⁾</u>	<u>Increase (Decrease) in Interest Expense</u>	<u>Increase (Decrease) in Net Interest Income</u>	<u>Percentage Change in Net Interest Income</u>
Down 100 basis points	\$ (46)	\$ (22)	\$ (24)	(5.1)%
No change	—	—	—	—
Up 100 basis points	48	22	26	5.4%
Up 300 basis points	146	67	79	16.6%
Up 500 basis points	245	111	134	27.9%

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

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

Foreign Currency Risk

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

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

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	Investments Denominated in Foreign Currencies As of September 30, 2019				Economic Hedging As of September 30, 2019	
	Cost in Local Currency	Cost in US\$	Fair Value	Reduction in Fair Value as of September 30, 2019 if 10% Adverse Change in Exchange Rate ⁽¹⁾	Net Foreign Currency Hedge Amount in Local Currency	Net Foreign Currency Hedge Amount in U.S. Dollars
Australian Dollars	A\$ 11.1	\$ 7.5	\$ 1.1	\$ 0.1	—	\$ —
British Pound Sterling	£ 87.8	108.0	107.5	10.8	£ 19.4	26.2
Canadian Dollars	C\$ 72.0	54.4	55.4	5.5	—	—
Euros	€ 353.3	385.3	289.2	28.9	€ 103.3	118.9
Swedish Kronor	kr 148.5	15.1	1.6	0.2	—	—
Total		<u>\$570.3</u>	<u>\$ 454.8</u>	<u>\$ 45.6</u>		<u>\$ 145.1</u>

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

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

As of September 30, 2019, the net contractual amount of our foreign currency forward contracts and cross currency swaps totaled \$145.1, all of which related to hedging of our foreign currency denominated debt investments. As of September 30, 2019, we had outstanding borrowings denominated in foreign currencies of €68, CAD \$89, £57 and A\$103 under our Senior Secured Revolving Credit Facility.

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

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

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

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

Changes in Internal Control Over Financial Reporting

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

PART II—OTHER INFORMATION**Item 1. Legal Proceedings.**

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

Item 1A. Risk Factors.

There have been no material changes from the risk factors set forth in our annual report on Form 10-K for the year ended December 31, 2018.

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

In December 2018, the Company's board of directors authorized a stock repurchase program. Under the program, the Company is permitted to repurchase up to \$200 in the aggregate of its outstanding common stock in the open market at prices below the then-current net asset value per share. The timing, manner, price and amount of any share repurchases will be determined by the Company, based upon the evaluation of economic and market conditions, the Company's stock price, applicable legal and regulatory requirements and other factors. The program will be in effect through December 19, 2019, unless extended, or until the aggregate repurchase amount that has been approved by the Company's board of directors has been expended. The program may be suspended, extended, modified or discontinued at any time.

During the nine months ended September 30, 2019, the Company repurchased 19,216,367 shares of common stock pursuant to the share repurchase program at an average price per share (inclusive of commissions paid) of \$6.11 (totaling \$118). During the period from October 1, 2019 to November 6, 2019, the Company repurchased 3,189,687 shares of common stock pursuant to the share repurchase program at an average price per share (inclusive of commissions paid) of \$5.78 (totaling \$18).

Repurchases of our common stock under our stock repurchase program for the periods below were as follows (dollar amounts in the table below are presented in millions, except for share and per share amounts).

Period	Total Number of Shares Purchased	Average Price Paid per Share ⁽¹⁾	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
July 1, 2019 through July 31, 2019	1,443,194	\$ 6.0505	1,443,194	\$ 121
August 1, 2019 through August 31, 2019	1,507,242	5.7381	1,507,242	112
September 1, 2019 through September 30, 2019	5,056,107	5.8878	5,056,107	83
	<u>8,006,543</u>	<u>\$ 5.8890</u>	<u>8,006,543</u>	

(1) Amount includes commissions paid.

Item 3. Defaults upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Not applicable.

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Item 6.	Exhibits
2.1	<u>Agreement and Plan of Merger, by and among FS Investment Corporation, IC Acquisition, Inc., Corporate Capital Trust, Inc. and FS/KKR Advisor, LLC, dated as of July 22, 2018. (Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on July 23, 2018.)</u>
3.1	<u>Second Articles of Amendment and Restatement of FS Investment Corporation. (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on April 16, 2014.)</u>
3.2	<u>Articles of Amendment of FS Investment Corporation. (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on December 3, 2018.)</u>
3.3	<u>Articles of Amendment of FS Investment Corporation. (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on December 19, 2018.)</u>
3.4	<u>Second Amended and Restated Bylaws of FS Investment Corporation. (Incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on April 16, 2014.)</u>
3.5	<u>Amendment No. 1 to the Second Amended and Restated Bylaws of FS Investment Corporation. (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on July 23, 2018.)</u>
4.1	<u>Distribution Reinvestment Plan, effective as of June 2, 2014. (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on May 23, 2014.)</u>
4.2	<u>Indenture, dated as of July 14, 2014, by and between the Company and U.S. Bank National Association, as trustee. (Incorporated by reference to Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2014 filed on August 14, 2014.)</u>
4.3	<u>First Supplemental Indenture, dated as of July 14, 2014, relating to the 4.000% Notes due 2019, by and between the Company and U.S. Bank National Association, as trustee. (Incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on July 15, 2014.)</u>
4.4	<u>Form of 4.000% Notes due 2019. (Included as Exhibit A in the First Supplemental Indenture in Exhibit 4.3) (Incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on July 15, 2014.)</u>
4.5	<u>Second Supplemental Indenture, dated as of December 3, 2014, relating to the 4.250% Notes due 2020, by and between the Company and U.S. Bank National Association, as trustee. (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on December 3, 2014.)</u>
4.6	<u>Form of 4.250% Notes due 2020. (Included as Exhibit A in the Second Supplemental Indenture in Exhibit 4.5) (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on December 3, 2014.)</u>
4.7	<u>Third Supplemental Indenture, dated as of April 30, 2015, relating to the 4.750% Notes due 2022, by and between the Company and U.S. Bank National Association, as trustee. (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on April 30, 2015.)</u>
4.8	<u>Form of 4.750% Notes due 2022. (Included as Exhibit A to the Third Supplemental Indenture in Exhibit 4.7) (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on April 30, 2015.)</u>
4.9	<u>Fourth Supplemental Indenture, dated as of July 15, 2019, relating to the 4.625% Notes due 2024, by and between the Company and U.S. Bank National Association, as trustee. (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on July 15, 2019.)</u>
4.10	<u>Form of 4.625% Notes due 2024. (Included as Exhibit A to the Third Supplemental Indenture in Exhibit 4.7) (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on July 15, 2019.)</u>
4.11	<u>Indenture, dated June 28, 2017, by and between The Bank of New York Mellon Trust Company, N.A. and Corporate Capital Trust, Inc. (Incorporated by reference to Exhibit 4.1 to Corporate Capital Trust Inc.'s Current Report on Form 8-K filed on July 5, 2017.)</u>
4.12	<u>Form of 5.00% Notes due 2022. (Included as Exhibit A to the Indenture in Exhibit 4.9) (Incorporated by reference to Exhibit 4.1 to Corporate Capital Trust Inc.'s Current Report on Form 8-K filed on July 5, 2017.)</u>
10.1	<u>Investment Advisory Agreement, dated as of December 20, 2018, by and between FS KKR Capital Corp. and FS/KKR Advisor, LLC. (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on December 28, 2018.)</u>

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- 10.2 [Administration Agreement, dated as of April 9, 2018, by and between FS Investment Corporation and FS/KKR Advisor, LLC. \(Incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on April 9, 2018.\)](#)
- 10.3 [Custodian Agreement, dated as of November 14, 2011, by and between the Company and State Street Bank and Trust Company. \(Incorporated by reference to Exhibit 10.9 filed with the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2011 filed on November 14, 2011.\)](#)
- 10.4 [Amended and Restated Loan and Security Agreement, dated as of March 4, 2019, by and between Locust Street Funding LLC, JPMorgan Chase Bank, N.A., the lenders party thereto, and Wells Fargo Bank, National Association. \(Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 8, 2019.\)](#)
- 10.5 [Senior Secured Revolving Credit Agreement, dated as of August 9, 2018, among Corporate Capital Trust, Inc., FS Investment Corporation, FS Investment Corporation II, FS Investment Corporation III, each other person designated as a "borrower" thereunder pursuant to section 9.19 thereof, the lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and ING Capital LLC, as collateral agent. \(Incorporated by reference to Exhibit 10.21 to the Company's Quarterly Report on Form 10-Q filed on August 8, 2018.\)](#)
- 10.6 [Commitment Increase Agreement, dated as of November 8, 2018, among BNP Paribas, Corporate Capital Trust, Inc., FS Investment Corporation, FS Investment Corporation II, FS Investment Corporation III, JPMorgan Chase Bank, N.A., Bank of Montreal, Suntrust Bank, and ING Capital LLC. \(Incorporated by reference to Exhibit 10.10 to the Company's Annual Report on Form 10-K filed on February 28, 2019.\)](#)
- 10.7 [Commitment Increase Agreement, dated as of November 8, 2018, among U.S. Bank National Association, Corporate Capital Trust, Inc., FS Investment Corporation, FS Investment Corporation II, FS Investment Corporation III, JPMorgan Chase Bank, N.A., Bank of Montreal, Suntrust Bank, and ING Capital LLC. \(Incorporated by reference to Exhibit 10.11 to the Company's Annual Report on Form 10-K filed on February 28, 2019.\)](#)
- 10.8 [Loan and Servicing Agreement, dated as of December 2, 2015, among CCT Tokyo Funding LLC, Corporate Capital Trust, Inc. and Sumitomo Mitsui Banking Corporation. \(Incorporated by reference to Exhibit 10.42 to Corporate Capital Trust, Inc.'s Annual Report on Form 10-K filed on March 21, 2016.\)](#)
- 10.9 [First Amendment to Loan and Servicing Agreement, dated September 20, 2017, by an among CCT Tokyo Funding LLC, Corporate Capital Trust, Inc. and Sumitomo Mitsui Banking Corporation. \(Incorporated by reference to Exhibit 10.3 to Corporate Capital Trust, Inc.'s Quarterly Report on Form 10-Q filed on November 9, 2017.\)](#)
- 10.10 [Second Amendment to Loan and Servicing Agreement, dated as of November 28, 2017, by and among CCT Tokyo Funding LLC, Corporate Capital Trust, Inc. and Sumitomo Mitsui Banking Corporation. \(Incorporated by reference to Exhibit 10.1 to Corporate Capital Trust Inc.'s Current Report on Form 8-K filed on November 28, 2017.\)](#)
- 10.11 [Fourth Amendment to Loan and Servicing Agreement, dated as of November 30, 2018, by and among CCT Tokyo Funding LLC, Corporate Capital Trust, Inc., and Sumitomo Mitsui Banking Corporation. \(Incorporated by reference to Exhibit 10.18 to the Company's Annual Report on Form 10-K filed on February 28, 2019.\)](#)
- 10.12 [Indenture, dated June 25, 2019, by and between FS KKR MM CLO 1 LLC and US Bank National Association \(Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 1, 2019.\)](#)
- 31.1* [Certification of Chief Executive Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended.](#)
- 31.2* [Certification of Chief Financial Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended.](#)
- 32.1* [Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this quarterly report to be signed on its behalf by the undersigned, thereunto duly authorized on November 7, 2019.

FS KKR CAPITAL CORP.

By: /s/ MICHAEL C. FORMAN
Michael C. Forman
Chief Executive Officer
(Principal Executive Officer)

By: /s/ WILLIAM GOEBEL
William Goebel
Chief Financial Officer
(Principal Financial and Accounting Officer)

CERTIFICATION

I, Michael C. Forman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of FS KKR Capital Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2019

/s/ Michael C. Forman

Michael C. Forman
Chief Executive Officer

CERTIFICATION

I, William Goebel certify that:

1. I have reviewed this quarterly report on Form 10-Q of FS KKR Capital Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2019

/s/ William Goebel

William Goebel
Chief Financial Officer

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

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

- the Form 10-Q of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 7, 2019

/s/ Michael C. Forman

Michael C. Forman
Chief Executive Officer

/s/ William Goebel

William Goebel
Chief Financial Officer