

PROSPECT CAPITAL CORP

Form 10-Q

May 09, 2018

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 March 31, 2018

OR

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

Commission File Number: 814-00659

PROSPECT CAPITAL CORPORATION

(Exact name of Registrant as specified in its charter)

Maryland 43-2048643

(State or other jurisdiction of (I.R.S. Employer

incorporation or organization) Identification No.)

10 East 40th Street, 42nd Floor

New York, New York 10016

(Address of principal executive offices) (Zip Code)

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

448-0702

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

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

(Do not check if a smaller reporting company)

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

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

Class of Common Stock Outstanding at May 9, 2018

\$0.001 par value 363,265,564

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FORWARD-LOOKING STATEMENTS

This report contains information that may constitute “forward-looking statements.” Generally, the words “believe,” “expect,” “intend,” “estimate,” “anticipate,” “project,” “will” and similar expressions identify forward-looking statements, which generally are not historical in nature. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future—including statements relating to volume growth, share of sales and earnings per share growth, and statements expressing general views about future operating results—are forward-looking statements. Management believes that these forward-looking statements are reasonable as and when made. However, caution should be taken not to place undue reliance on any such forward-looking statements because such statements speak only as of the date when made. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations or projections. These risks and uncertainties include, but are not limited to, those described in Part II, “Item 1A. Risk Factors” and elsewhere in this report and in our Annual Report on Form 10-K for the year ended June 30, 2017, and those described from time to time in our future reports filed with the Securities and Exchange Commission.

PART I

Item 1. Financial Statements

PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES

(in thousands, except share and per share data)

	March 31, 2018 (Unaudited)	June 30, 2017 (Audited)
Assets		
Investments at fair value:		
Control investments (amortized cost of \$1,857,698 and \$1,840,731, respectively)	\$ 1,986,984	\$ 1,911,775
Affiliate investments (amortized cost of \$55,482 and \$22,957, respectively)	52,288	11,429
Non-control/non-affiliate investments (amortized cost of \$3,951,787 and \$4,117,868, respectively)	3,680,532	3,915,101
Total investments at fair value (amortized cost of \$5,864,967 and \$5,981,556, respectively)	5,719,804	5,838,305
Cash	97,563	318,083
Receivables for:		
Interest, net	29,511	9,559
Other	836	924
Prepaid expenses	566	1,125
Due from Broker	—	—
Due from Prospect Capital Management (Note 13)	60	—
Due from Affiliate (Note 13)	88	14
Deferred financing costs on Revolving Credit Facility (Note 4)	2,717	4,779
Total Assets	5,851,145	6,172,789
Liabilities		
Revolving Credit Facility (Notes 4 and 8)	86,000	—
Convertible Notes (less unamortized debt issuance costs of \$11,908 and \$15,512, respectively) (Notes 5 and 8)	805,092	937,641
Prospect Capital InterNotes® (less unamortized debt issuance costs of \$12,342 and \$14,240, respectively) (Notes 7 and 8)	743,729	966,254
Public Notes (less unamortized discount and debt issuance costs of \$9,445 and \$10,981, respectively) (Notes 6 and 8)	739,836	738,300
Due to Prospect Capital Management (Note 13)	47,009	48,249
Interest payable	29,588	38,630
Due to Broker	24,457	50,371
Dividends payable	21,759	30,005
Due to Prospect Administration (Note 13)	2,148	1,910
Accrued expenses	4,320	4,380
Other liabilities	811	2,097
Total Liabilities	2,504,749	2,817,837
Commitments and Contingencies (Note 3)	—	—
Net Assets	\$ 3,346,396	\$ 3,354,952
Components of Net Assets		
Common stock, par value \$0.001 per share (1,000,000,000 common shares authorized; 362,657,362 and 360,076,933 issued and outstanding, respectively) (Note 9)	\$ 363	\$ 360
Paid-in capital in excess of par (Note 9)	4,009,704	3,991,317

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Accumulated overdistributed net investment income	(59,174)	(54,039)
Accumulated net realized loss	(459,334)	(439,435)
Net unrealized loss	(145,163)	(143,251)
Net Assets	\$3,346,396	\$3,354,952
Net Asset Value Per Share (Note 16)	\$9.23	\$9.32

See notes to consolidated financial statements.

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

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2018	2017	2018	2017
Investment Income				
Interest income:				
Control investments	\$45,944	\$41,353	\$139,392	\$135,543
Affiliate investments	271	—	476	—
Non-control/non-affiliate investments	68,376	83,794	216,639	257,919
Structured credit securities	31,271	36,564	90,822	114,690
Total interest income	145,862	161,711	447,329	508,152
Dividend income:				
Control investments	5,639	728	5,639	4,250
Non-control/non-affiliate investments	648	89	1,518	330
Total dividend income	6,287	817	7,157	4,580
Other income:				
Control investments	6,188	2,953	12,317	9,749
Non-control/non-affiliate investments	4,498	5,551	17,011	11,863
Total other income (Note 10)	10,686	8,504	29,328	21,612
Total Investment Income	162,835	171,032	483,814	534,344
Operating Expenses				
Base management fee (Note 13)	29,268	30,549	88,990	92,227
Income incentive fee (Note 13)	17,612	18,270	51,843	59,101
Interest and credit facility expenses	37,479	41,464	117,861	123,981
Allocation of overhead from Prospect Administration (Note 13)	3,195	3,581	5,899	9,771
Audit, compliance and tax related fees	1,130	1,223	4,084	3,676
Directors' fees	113	113	338	338
Excise tax	—	—	—	(1,100)
Other general and administrative expenses	3,592	2,752	7,429	9,946
Total Operating Expenses	92,389	97,952	276,444	297,940
Net Investment Income	70,446	73,080	207,370	236,404
Net Realized and Net Change in Unrealized Gains (Losses) from Investments				
Net realized gains (losses)				
Control investments	2	1	13	184
Affiliate investments	(14,197)	—	(13,351)	137
Non-control/non-affiliate investments	(23)	177	(5,116)	489
Net realized (losses) gains	(14,218)	178	(18,454)	810
Net change in unrealized gains (losses)				
Control investments	1,380	(33,235)	46,898	(30,937)
Affiliate investments	12,952	(581)	19,678	(1,854)
Non-control/non-affiliate investments	(18,188)	(19,930)	(68,488)	(2,480)
Net change in unrealized gains (losses)	(3,856)	(53,746)	(1,912)	(35,271)
Net Realized and Net Change in Unrealized Gains (Losses) from Investments	(18,074)	(53,568)	(20,366)	(34,461)
Net realized losses on extinguishment of debt	(513)	(20)	(1,445)	(205)
Net Increase in Net Assets Resulting from Operations	\$51,859	\$19,492	\$185,559	\$201,738

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Net increase in net assets resulting from operations per share	\$0.14	\$0.05	\$0.51	\$0.56
Dividends declared per share	\$(0.18)	\$(0.25)	\$(0.59)	\$(0.75)

See notes to consolidated financial statements.

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

(in thousands, except share data)

(Unaudited)

	Nine Months Ended March 31,	
	2018	2017
Operations		
Net investment income	\$207,370	\$236,404
Net realized (losses) gains	(19,899)	605
Net change in net unrealized losses	(1,912)	(35,271)
Net Increase in Net Assets Resulting from Operations	185,559	201,738
Distributions to Shareholders		
Distribution from net investment income	(211,733)	(268,989)
Net Decrease in Net Assets Resulting from Distributions to Shareholders	(211,733)	(268,989)
Common Stock Transactions		
Value of shares issued through reinvestment of dividends	17,618	23,502
Net Increase in Net Assets Resulting from Common Stock Transactions	17,618	23,502
Total Decrease in Net Assets	(8,556)	(43,749)
Net assets at beginning of period	3,354,952	3,435,917
Net Assets at End of Period (Accumulated Overdistributed Net Investment Income of \$59,174 and \$33,719, respectively)	\$3,346,396	\$3,392,168
Common Stock Activity		
Shares issued through reinvestment of dividends	2,580,429	2,778,472
Shares issued and outstanding at beginning of period	360,076,933	357,107,231
Shares Issued and Outstanding at End of Period	362,657,362	359,885,703

See notes to consolidated financial statements.

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

	Nine Months Ended March 31,	
	2018	2017
Operating Activities		
Net increase in net assets resulting from operations	\$ 185,559	\$ 201,738
Net realized losses on extinguishment of debt	1,445	205
Net realized losses (gains) on investments	18,454	(810)
Net change in net unrealized (gains) losses on investments	1,912	35,271
Amortization of discounts and (accretion of premiums), net	17,706	42,937
Accretion of discount on Public Notes (Note 6)	212	200
Amortization of deferred financing costs	9,168	10,128
Payment-in-kind interest	(6,128)	(14,326)
Structuring fees	(9,135)	(11,674)
Change in operating assets and liabilities:		
Payments for purchases of investments	(1,375,555)	(1,240,294)
Proceeds from sale of investments and collection of investment principal	1,471,247	1,061,839
Decrease in due to Broker	(25,914)	(957)
Decrease in due to Prospect Capital Management	(1,240)	(5,051)
(Increase) decrease in interest receivable, net	(19,952)	1,872
Decrease in interest payable	(9,042)	(7,041)
(Decrease) increase in accrued expenses	(60)	2,033
Decrease in other liabilities	(1,286)	(1,615)
Decrease in other receivables	88	68
Increase in due from Prospect Administration	(60)	—
Increase in due from affiliate	(74)	—
Decrease in prepaid expenses	559	139
Increase in due to Prospect Administration	238	82
Net Cash Provided by Operating Activities	258,142	74,744
Financing Activities		
Borrowings under Revolving Credit Facility (Note 4)	427,000	557,000
Principal payments under Revolving Credit Facility (Note 4)	(341,000)	(557,000)
Issuances of Public Notes, net of original issue discount (Note 6)	—	37,466
Redemptions of Convertible Notes (Note 5)	(136,153)	(167,500)
Issuances of Prospect Capital InterNotes® (Note 7)	69,428	109,221
Redemptions of Prospect Capital InterNotes®, net (Note 7)	(293,851)	(12,170)
Financing costs paid and deferred	(1,724)	(2,500)
Dividends paid	(202,362)	(245,255)
Net Cash Used in Financing Activities	(478,662)	(280,738)
Net Decrease in Cash	(220,520)	(205,994)
Cash at beginning of period	318,083	317,798
Cash at End of Period	\$ 97,563	\$ 111,804
Supplemental Disclosures		
Cash paid for interest	\$ 117,523	\$ 120,694
Non-Cash Financing Activities		
Value of shares issued through reinvestment of dividends	\$ 17,618	\$ 23,502

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Cost basis of investments written off as worthless	\$20,235	\$2,535
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See notes to consolidated financial statements.

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

Portfolio Company	Locale / Industry	Investments(1)(44)(47)	March 31, 2018 (Unaudited)		
			Principal Value	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS					
Control Investments (greater than 25.00% voting control)(47)					
Arctic Energy Services, LLC(37)	Wyoming / Energy Equipment & Services	Class D Units (12.00%, 32,915 units)(16)	\$31,640	\$27,017	0.8%
		Class E Units (14.00%, 21,080 units)(16)	—23,800	—	—%
		Class A Units (14.00%, 700 units)(16)	—9,006	—	—%
		Class C Units (10 units)(16)	—	—	—%
CCPI Inc.(19)	Ohio / Electronic Equipment, Instruments & Components	Senior Secured Term Loan A (10.00%, due 12/31/2020)(3)	2,881	2,881	0.1%
		Senior Secured Term Loan B (12.00% plus 7.00% PIK, due 12/31/2020)(3)(46)	17,819	17,819	0.5%
		Common Stock (14,857 shares)	—6,759	15,557	0.5%
			27,459	36,257	1.1%
CP Energy Services Inc.(20)	Oklahoma / Energy Equipment & Services	Senior Secured Term Loan (12.69% (LIBOR + 11.00% with 1.00% LIBOR floor), due 12/29/2022)(11)	35,048	35,048	1.0%
		Series B Convertible Preferred Stock (16.00%, 790 shares)(16)	—63,225	55,135	1.7%
		Common Stock (2,924 shares)(16)	—15,227	—	—%
Credit Central Loan Company, LLC(21)	South Carolina / Consumer Finance	Subordinated Term Loan (20.00% (10.00% plus 10.00% PIK, due 6/26/2019)(14)(46)	51,855	51,855	1.5%
		Class A Units (10,640,642 units)(14)(16)	—13,731	22,353	0.7%
		Net Revenues Interest (25% of Net Revenues)(14)(16)	—	2,249	0.1%
			60,519	76,457	2.3%
Echelon Transportation, LLC (f/k/a Echelon Aviation LLC)	New York / Aerospace & Defense	Senior Secured Term Loan (11.75% (LIBOR + 9.75% with 2.00% LIBOR floor) plus 2.25% PIK, due 3/31/2022)(13)(46)	31,055	31,055	0.9%
		Senior Secured Term Loan (11.00% (LIBOR + 9.00% with 2.00% LIBOR floor) plus 1.00% PIK, due 12/7/2024)(13)(46)	16,044	16,044	0.5%
		Membership Interest (100%)(16)	—22,738	32,202	1.0%

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			69,837	79,301	2.4%
		Subordinated Term Loan to First Tower, LLC (10.00% plus 7.00% PIK, due 6/24/2019)(14)(46)	272,170	272,170	8.1%
First Tower Finance Company LLC(23)	Mississippi / Consumer Finance	Class A Units (95,709,910 units)(14)(16)	-81,146	162,981	4.9%
			353,316	435,151	13.0%
Freedom Marine Solutions, LLC(24)	Louisiana / Energy Equipment & Services	Membership Interest (100%)(16)	-43,292	13,188	0.4%
			43,292	13,188	0.4%
		Senior Secured Note A (10.00% (LIBOR + 7.00% with 3.00% LIBOR floor), due 1/30/2020)(3)(11)	26,250	26,250	0.8%
MITY, Inc.(25)	Utah / Commercial Services & Supplies	Senior Secured Note B (10.00% (LIBOR + 7.00% with 3.00% LIBOR floor) plus 10.00% PIK, due 1/30/2020)(3)(11)(46)	24,442	24,442	0.7%
		Subordinated Unsecured Note to Broad Enterprises ULC (10.00%, due on demand)(14)	5,716	5,716	0.2%
		Common Stock (42,053 shares)(16)	-6,849	5,715	0.2%
			64,741	62,123	1.9%

See notes to consolidated financial statements.

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

Portfolio Company	Locale / Industry Investments(1)(44)(47)	March 31, 2018 (Unaudited)			% of Net Assets	
		Principal Value	Amortized Cost	Fair Value(2)		
LEVEL 3 PORTFOLIO INVESTMENTS						
Control Investments (greater than 25.00% voting control)(47)						
National Property REIT Corp.(26)	Various / Equity Real Estate Investment Trusts (REITs) / Online Lending	Senior Secured Term Loan A (6.00% (LIBOR + 4.00% with 2.00% LIBOR floor) plus 10.50% PIK, due 4/1/2019)(11)(46)	\$293,203	\$293,203	\$293,203	8.8%
		Senior Secured Term Loan E (11.00% (LIBOR + 9.00% with 2.00% LIBOR floor) plus 5.00% PIK, due 4/1/2019)(11)(46)	276,549	276,549	276,549	8.2%
		Common Stock (2,748,812 shares)	—	257,527	369,123	11.0%
		Net Operating Income Interest (5% of Net Operating Income)	—	—	92,275	2.8%
					827,279	1,031,150
Nationwide Loan Company LLC(27)	Illinois / Consumer Finance	Senior Subordinated Term Loan to Nationwide Acceptance LLC (10.00% plus 10.00% PIK, due 6/18/2019)(14)(46)	17,410	17,410	17,410	0.5%
		Class A Units (32,456,159 units)(14)(16)	—	21,962	13,580	0.4%
				39,372	30,990	0.9%
NMMB, Inc.(28)	New York / Media	Senior Secured Note (14.00%, due 5/6/2021)(3)	3,714	3,714	3,714	0.1%
		Senior Secured Note to Armed Forces Communications, Inc. (14.00%, due 5/6/2021)(3)	6,900	6,900	6,900	0.2%
		Series A Preferred Stock (7,200 shares)(16)	—	7,200	5,503	0.2%
		Series B Preferred Stock (5,669 shares)(16)	—	5,669	4,332	0.1%
				23,483	20,449	0.6%
R-V Industries, Inc.	Pennsylvania / Machinery	Senior Subordinated Note (11.31% (LIBOR + 9.00% with 1.00% LIBOR floor), due 3/31/2022)(3)(11)	28,622	28,622	28,622	0.8%
		Common Stock (745,107 shares)(16)	—	6,866	2,403	0.1%
				35,488	31,025	0.9%
				1,011	—%	

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SB Forging Company II, Inc. (f/k/a Gulf Coast Machine & Supply Company)(29)	Texas / Energy Equipment & Services	Series A Convertible Preferred Stock (6.50%, 99,000 shares)(16) Common Stock (100 shares)(16)	—	—	—	—%
					1,011	—%
		Senior Secured Term Loan A (9.00% PIK, in non-accrual status effective 4/1/2016, due 7/22/2020)	36,127	31,601	9,672	0.3%
USES Corp.(30)	Texas / Commercial Services & Supplies	Senior Secured Term Loan B (15.50% PIK, in non-accrual status effective 4/1/2016, due 7/22/2020) Common Stock (268,962 shares)(16)	46,019	35,568	—	—%
				67,169	9,672	0.3%
		Senior Secured Note to Valley Electric Co. of Mt. Vernon, Inc. (8.00% (LIBOR + 5.00% with 3.00% LIBOR floor) plus 2.50% PIK, due 12/31/2024)(3)(11)(46)	10,430	10,430	10,430	0.3%
Valley Electric Company, Inc.(31)	Washington / Construction & Engineering	Senior Secured Note (10.00% plus 8.50% PIK, due 6/23/2024)(46) Common Stock (50,000 shares)(16)	27,292	27,292	27,292	0.8%
				63,926	42,462	1.3%
		Membership Interest (100%)(16)	—	—	—	—%
Wolf Energy, LLC(32)	Kansas / Energy Equipment & Services	Membership Interest in Wolf Energy Services Company, LLC (100%)(16) Net Profits Interest (8% of Equity Distributions)(4)(16)	—	3,871	537	—%
					11	—%
				3,871	548	—%
Total Control Investments (Level 3)				\$ 1,857,698	\$ 1,986,984	59.4%

See notes to consolidated financial statements.

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Portfolio Company	Locale / Industry	Investments(1)(44)(48)	March 31, 2018 (Unaudited)			
			Principal Value	Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS						
Affiliate Investments (5.00% to 24.99% voting control)(48)						
		Second Lien Revolving Credit Facility to Edmentum, Inc. – \$7,834 Commitment (5.00% PIK, due 12/9/2021)(15)	\$7,834	\$7,834	\$7,834	0.2%
Edmentum Ultimate Holdings, LLC(22)	Minnesota / Diversified Consumer Services	Unsecured Senior PIK Note (8.50% PIK, due 12/9/2021)(46)	7,365	7,365	7,365	0.2%
		Unsecured Junior PIK Note (10.00% PIK, in non-accrual status effective 1/1/2017, due 12/9/2021)	34,377	23,828	17,728	0.5%
		Class A Units (370,964 units)(16)	—	6,577	—	—%
				45,604	32,927	0.9%
Nixon, Inc.(39)	California / Textiles, Apparel & Luxury Goods	Common Stock (857 units)(16)	—	—	—	—%
					—	—%
Targus Cayman HoldCo Limited(33)	California / Textiles, Apparel & Luxury Goods	Common Stock (7,383,395 shares)(16)	—	9,878	19,361	0.6%
				9,878	19,361	0.6%
Total Affiliate Investments (Level 3)				\$55,482	\$52,288	1.5%

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

Portfolio Company	Locale / Industry	Investments(1)(44)	March 31, 2018 (Unaudited)			
			Principal Value	Amortized Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS						
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)						
Ability Network Inc.	Minnesota / Health Care Technology	Second Lien Term Loan (9.54% (LIBOR + 7.75% with 0.00% LIBOR floor), due 12/13/2025)(8)(13)	\$ 15,000	\$ 14,928	\$ 15,300	0.5%
				14,928	15,300	0.5%
ACE Cash Express, Inc.	Texas / Consumer Finance	Senior Secured Note (12.00%, due 12/15/2022)(8)(14)	20,000	19,717	22,400	0.7%
				19,717	22,400	0.7%
AgaMatrix, Inc.	New Hampshire / Healthcare Equipment and Supplies	Senior Secured Term Loan (11.06% (LIBOR + 8.75% with 1.25% LIBOR floor), due 9/29/2022)(3)(11)	31,250	31,250	31,250	0.9%
				31,250	31,250	0.9%
American Gilsonite Company(34)	Utah / Chemicals	Membership Interest (0.05%, 131 shares)(16)	—	—	—	—%
				—	—	—%
Apidos CLO IX	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 0.00%, due 7/15/2023)(5)(14)(17)	23,525	21	74	—%
				21	74	—%
Apidos CLO XI	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 8.54%, due 10/17/2028)(5)(14)	40,500	31,872	25,091	0.8%
				31,872	25,091	0.8%
Apidos CLO XII	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 16.49%, due 4/15/2031)(5)(14)	52,203	33,708	26,824	0.8%
				33,708	26,824	0.8%
Apidos CLO XV	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 13.56%, due 4/20/2031)(5)(14)	48,515	35,161	27,452	0.8%
				35,161	27,452	0.8%
Apidos CLO XXII	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 14.40%, due 10/20/2027)(5)(6)(14)	31,350	27,638	25,150	0.8%
				27,638	25,150	0.8%
Ark-La-Tex Wireline Services, LLC	Louisiana / Energy Equipment & Services	Senior Secured Term Loan B (14.50% (LIBOR + 13.50% with 1.00% LIBOR floor), in non-accrual status effective 4/1/2016, due	25,595	1,145	787	—%

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		4/8/2019)(13)				
			1,145	787	—%	
Armor Holding II LLC	New York / Commercial Services & Supplies	Second Lien Term Loan (11.30% (LIBOR + 9.00% with 1.25% LIBOR floor), due 12/26/2020)(3)(8)(11)	7,000	7,000	0.2%	
			6,943	7,000	0.2%	
Atlantis Health Care Group (Puerto Rico), Inc.	Puerto Rico / Health Care Providers & Services	Revolving Line of Credit – \$7,000 Commitment (10.19% (LIBOR + 8.50% with 1.50% LIBOR floor), due 8/21/2019)(11)(15)	7,000	7,000	6,934	0.2%
		Senior Term Loan (10.19% (LIBOR + 8.50% with 1.50% LIBOR floor), due 2/21/2020)(3)(11)	78,949	78,949	78,200	2.3%
			85,949	85,134	2.5%	
ATS Consolidated, Inc.	Arizona / Electronic Equipment, Instruments & Components	Second Lien Term Loan (9.40% (LIBOR + 7.75%, due 2/27/2026)(8)(13)	15,000	14,851	14,866	0.4%
			14,851	14,866	0.4%	
Autodata, Inc./ Autodata Solutions, Inc.(9)	Canada / Software	Second Lien Term Loan (9.01% (LIBOR + 7.25% with 1.00% LIBOR floor), due 12/14/2025)(8)(13)	6,000	5,971	5,971	0.2%
			5,971	5,971	0.2%	

See notes to consolidated financial statements.

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

Portfolio Company	Locale / Industry	Investments(1)(44)	March 31, 2018 (Unaudited)			% of Net Assets
			Principal Value	Amortized Cost	Fair Value(2)	
LEVEL 3 PORTFOLIO INVESTMENTS						
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)						
Babson CLO Ltd. 2014-III	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 12.43%, due 1/15/2026)(5)(6)(14)	\$52,250	\$40,709	\$34,638	1.0%
				40,709	34,638	1.0%
Broder Bros., Co.	Pennsylvania / Textiles, Apparel & Luxury Goods	Senior Secured Note (10.31% (LIBOR + 8.00% with 1.25% LIBOR floor), due 12/02/2022)(3)(11)	455,400	455,400	455,400	13.6%
				455,400	455,400	13.6%
Brookside Mill CLO Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 10.50%, due 1/18/2028)(5)(14)	36,300	18,873	13,613	0.4%
				18,873	13,613	0.4%
California Street CLO IX Ltd. (f/k/a Symphony CLO IX Ltd.)	Cayman Islands / Structured Finance	Preference Shares (Residual Interest, current yield 14.21%, due 10/16/2028)(5)(14)	58,915	41,236	36,145	1.1%
				41,236	36,145	1.1%
Candle-Lite Company, LLC	Ohio / Household & Personal Products	Senior Secured Term Loan A (7.48% (LIBOR + 5.50% with 1.25% LIBOR floor), due 1/23/2023)(3)(11)	12,500	12,500	12,500	0.4%
		Senior Secured Term Loan B (11.48% (LIBOR + 9.50% with 1.25% LIBOR floor), due 1/23/2023)(3)(11)	12,500	12,500	12,500	0.4%
				25,000	25,000	0.8%
Capstone Logistics Acquisition, Inc.	Georgia / Commercial Services & Supplies	Second Lien Term Loan (10.13% (LIBOR + 8.25% with 1.00% LIBOR floor), due 10/7/2022)(3)(8)(13)	101,517	101,135	99,329	3.0%
				101,135	99,329	3.0%
Carlyle Global Market Strategies CLO 2014-4, Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 21.22%, due 10/15/2026)(5)(6)(14)	25,534	20,031	19,340	0.6%
				20,031	19,340	0.6%
Carlyle Global Market Strategies CLO 2016-3, Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 16.87%, due 10/20/2029)(5)(6)(14)	32,200	32,146	29,102	0.9%
				32,146	29,102	0.9%

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Cent CLO 17 Limited	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 0.00%, due 1/30/2025)(5)(14)(17)	24,870	17,644	15,445	0.5%
				17,644	15,445	0.5%
Cent CLO 20 Limited	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 15.78%, due 1/25/2026)(5)(14)	40,275	31,811	28,471	0.9%
				31,811	28,471	0.9%
Cent CLO 21 Limited	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 19.00%, due 7/27/2026)(5)(6)(14)	48,528	36,585	34,166	1.0%
				36,585	34,166	1.0%
Centerfield Media Holding Company(35)	California / Internet Software and Services	Senior Secured Term Loan A (8.69% (LIBOR + 7.00% with 1.00% LIBOR floor), due 1/17/2022)(3)(8)(11) Senior Secured Term Loan B (14.19% (LIBOR + 12.50% with 1.00% LIBOR floor), due 1/17/2022)(8)(11)	66,640	66,640	66,640	2.0%
			68,000	68,000	68,000	2.0%
				134,640	134,640	4.0%
CIFC Funding 2013-III-R, Ltd. (f/k/a CIFC Funding 2013-III, Ltd.)	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 12.89%, due 4/24/2031)(5)(14)	44,100	29,946	25,853	0.8%
				29,946	25,853	0.8%

See notes to consolidated financial statements.

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

Portfolio Company	Locale / Industry	Investments(1)(44)	March 31, 2018 (Unaudited)			
			Principal Value	Amortized Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS						
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)						
CIFC Funding 2013-IV, Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 8.34%, due 11/27/2024)(5)(14)	\$45,500	\$ 31,530	\$ 28,084	0.8%
				31,530	28,084	0.8%
CIFC Funding 2014-IV Investor, Ltd.	Cayman Islands / Structured Finance	Income Notes (Residual Interest, current yield 7.39%, due 10/17/2026)(5)(6)(14)	41,500	28,832	23,982	0.7%
				28,832	23,982	0.7%
CIFC Funding 2016-I, Ltd.	Cayman Islands / Structured Finance	Income Notes (Residual Interest, current yield 12.61%, due 10/21/2028)(5)(6)(14)	34,000	31,268	28,106	0.8%
				31,268	28,106	0.8%
Cinedigm DC Holdings, LLC	New York / Media	Senior Secured Term Loan (11.00% (LIBOR + 9.00% with 2.00% LIBOR floor) plus 2.50% PIK, due 3/31/2021)(11)(46)	39,710	39,660	39,710	1.2%
				39,660	39,710	1.2%
Class Appraisal, LLC	Michigan / Real Estate Management & Development	Revolving Line of Credit – \$1,500 Commitment (5%, due 3/12/2020)(11)(15)	—	—	—	—%
		Senior Secured Term Loan (10.56% (LIBOR + 8.25% with 1.50% LIBOR floor), due 3/10/2023)(11)	42,000	42,000	42,000	1.3%
				42,000	42,000	1.3%
Coverall North America, Inc.	Florida / Commercial Services & Supplies	Senior Secured Term Loan A (7.69% (LIBOR + 6.00% with 1.00% LIBOR floor), due 11/02/2020)(3)(11)	21,720	21,720	21,720	0.7%
		Senior Secured Term Loan B (12.69% (LIBOR + 11.00% with 1.00% LIBOR floor), due 11/02/2020)(3)(11)	24,875	24,875	24,875	0.8%
				46,595	46,595	1.5%
CP VI Bella Midco	Pennsylvania / IT Services	Second Lien Term Loan (8.63% (LIBOR + 6.75%, due 12/29/2025)(8)(13)	2,000	1,990	1,990	0.1%
				1,990	1,990	0.1%
CURO Financial Technologies Corp.	Canada / Consumer Finance	Senior Secured Notes (12.00%, due 3/1/2022)(8)(14)	10,896	10,833	10,896	0.3%
				10,833	10,896	0.3%

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Digital Room, LLC	California / Commercial Services & Supplies	First Lien Term Loan (6.88% (LIBOR + 5.00% with 1.00% LIBOR floor), due 12/29/2023)(8)(13)	9,975	9,878	9,878	0.3%
		Second Lien Term Loan (10.63% (LIBOR + 8.75% with 1.00% LIBOR floor), due 12/29/2024)(3)(8)(13)	57,100	56,264	56,264	1.7%
				66,142	66,142	2.0%
Dunn Paper, Inc.	Georgia / Paper & Forest Products	Second Lien Term Loan (10.63% (LIBOR + 8.75% with 1.00% LIBOR floor), due 8/26/2023)(3)(8)(13)	11,500	11,320	11,500	0.3%
				11,320	11,500	0.3%
Easy Gardener Products, Inc.	Texas / Household Durables	Senior Secured Term Loan (11.69% (LIBOR + 10.00% with 0.25% LIBOR floor), due 09/30/2020)(3)(11)	17,106	17,106	16,155	0.5%
				17,106	16,155	0.5%
Engine Group, Inc.(7)	California / Media	Senior Secured Term Loan (7.05% (LIBOR + 4.75% with 1.00% LIBOR floor), due 9/15/2022)(8)(11)	4,875	4,875	4,875	0.2%
		Second Lien Term Loan (11.05% (LIBOR + 8.75% with 1.00% LIBOR floor), due 9/15/2023)(3)(8)(11)	35,000	35,000	35,000	1.0%
				39,875	39,875	1.2%

See notes to consolidated financial statements.

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

Portfolio Company	Locale / Industry	Investments(1)(44)	March 31, 2018 (Unaudited)			
			Principal Value	Amortized Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS						
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)						
EXC Holdings III Corp.	Massachusetts / Technology Hardware, Storage & Peripherals	Second Lien Term Loan (9.71% (LIBOR + 7.50% with 1.00% LIBOR floor), due 12/01/2025)(8)(10)	\$12,500	\$12,380	\$12,500	0.4%
				12,380	12,500	0.4%
Fleetwash, Inc.	New Jersey / Commercial Services & Supplies	Senior Secured Term Loan B (10.69% (LIBOR + 9.00% with 1.00% LIBOR floor), due 4/30/2022)(3)(11)	21,544	21,544	21,544	0.6%
		Delayed Draw Term Loan – \$15,000 Commitment (9.84% (LIBOR + 8.00% with 1.00% LIBOR floor), expires 4/30/2022)(11)(15)	—	—	—	—%
				21,544	21,544	0.6%
Galaxy XV CLO, Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 11.81%, due 10/15/2030)(5)(14)	50,525	34,430	30,734	0.9%
				34,430	30,734	0.9%
Galaxy XVI CLO, Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 4.64%, due 11/16/2025)(5)(14)	24,575	16,933	13,965	0.4%
				16,933	13,965	0.4%
Galaxy XVII CLO, Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 5.40%, due 7/15/2026)(5)(6)(14)	39,905	27,977	22,618	0.7%
				27,977	22,618	0.7%
Halcyon Loan Advisors Funding 2012-1 Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 0.00%, due 8/15/2023)(5)(14)(17)	23,188	3,955	4,680	0.1%
				3,955	4,680	0.1%
Halcyon Loan Advisors Funding 2013-1 Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 0.00%, due 4/15/2025)(5)(14)(17)	40,400	23,045	16,134	0.5%
				23,045	16,134	0.5%
Halcyon Loan Advisors Funding 2014-1 Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 5.03%, due 4/18/2026)(5)(14)	24,500	14,476	12,075	0.4%
				14,476	12,075	0.4%
			41,164	25,092	19,801	0.6%

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Halcyon Loan Advisors Funding 2014-2 Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 8.31%, due 4/28/2025)(5)(6)(14)		25,092	19,801	0.6%
Halcyon Loan Advisors Funding 2015-3 Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 19.19%, due 10/18/2027)(5)(6)(14)	39,598	34,934	32,959	1.0%
				34,934	32,959	1.0%
Harbortouch Payments, LLC	Pennsylvania / Commercial Services & Supplies	Escrow Receivable	—	—	900	—%
				—	900	—%
HarbourView CLO VII, Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 20.59%, due 11/18/2026)(5)(6)(14)	19,025	15,549	13,823	0.4%
				15,549	13,823	0.4%
Harley Marine Services, Inc.	Washington / Marine	Second Lien Term Loan (12.00% (LIBOR + 10.25% with 1.25% LIBOR floor), due 12/20/2019)(3)(8)(11)	9,000	8,943	8,879	0.3%
				8,943	8,879	0.3%
Ingenio, LLC	California / Internet Software and Services	Senior Secured Term Loan (9.50% (LIBOR + 7.50% with 1.25% LIBOR floor), due 9/26/2022)(3)(8)(11)	10,000	10,000	10,000	0.3%
				10,000	10,000	0.3%

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

Portfolio Company	Locale / Industry	Investments(1)(44)	March 31, 2018 (Unaudited)			
			Principal Value	Amortized Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS						
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)						
Inpatient Care Management Company, LLC	Florida / Health Care Providers & Services	Senior Secured Term Loan (9.69% (LIBOR + 8.00% with 1.00% LIBOR floor), due 6/8/2021)(3)(11)	\$24,657	\$ 24,657	\$ 24,657	0.7%
			24,657	24,657	24,657	0.7%
		Senior Secured Term Loan A (7.39% (LIBOR + 5.50% with 0.75% LIBOR floor), due 12/31/2017, past due)(13)	77,994	77,994	77,950	2.3%
InterDent, Inc.	California / Health Care Providers & Services	Senior Secured Term Loan B (12.39% (LIBOR + 10.50% with 0.75% LIBOR floor), due 12/31/2017, past due)(13)	131,125	131,125	128,039	3.8%
		Senior Secured Term Loan C (18.00% PIK, due on demand)(46)	3,012	3,012	2,560	0.1%
		Warrants (to purchase 4,900 shares of Common Stock, expires 3/22/2030)	—	—	—	—%
			212,131	212,131	208,549	6.2%
Janus International Group, LLC	Georgia / Building Products	Second Lien Term Loan (9.49% (LIBOR + 7.75% with 1.00% LIBOR floor), due 2/12/2026)(13)	10,000	9,902	10,000	0.3%
			9,902	9,902	10,000	0.3%
JD Power and Associates	California / Capital Markets	Second Lien Term Loan (10.38% (LIBOR + 8.50% with 1.00% LIBOR floor), due 9/7/2024)(3)(8)(13)	20,000	19,792	20,000	0.6%
			19,792	19,792	20,000	0.6%
Jefferson Mill CLO Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 7.70%, due 7/20/2027)(5)(6)(14)	19,500	16,286	12,489	0.4%
			16,286	16,286	12,489	0.4%
K&N Parent, Inc.	California / Auto Components	Second Lien Term Loan (10.63% (LIBOR + 8.75% with 1.00% LIBOR floor), due 10/21/2024)(3)(8)(13)	13,000	12,786	12,948	0.4%
			12,786	12,786	12,948	0.4%
Keystone Acquisition Corp.(36)	Pennsylvania / Health Care Providers & Services	Second Lien Term Loan (11.55% (LIBOR + 9.25% with 1.00% LIBOR floor), due 5/1/2025)(3)(8)(11)	50,000	50,000	50,000	1.5%
			50,000	50,000	50,000	1.5%
LCM XIV Ltd.			30,500	19,520	13,337	0.4%

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	Cayman Islands / Structured Finance	Income Notes (Residual Interest, current yield 0.00%, due 7/15/2025)(5)(14)(17)		19,520	13,337	0.4%
Madison Park Funding IX, Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 28.65%, due 8/15/2022)(5)(14)	43,110	1,829	1,890	0.1%
				1,829	1,890	0.1%
Maverick Healthcare Equity, LLC	Arizona / Health Care Providers & Services	Preferred Units (10.00%, 1,250,000 units)(16) Class A Common Units (1,250,000 units)(16)	—	1,252	507	—%
				—	—	—%
				1,252	507	—%
MedMark Services, Inc. (51)	Texas / Health Care Providers & Services	Second Lien Term Loan (10.27% (LIBOR + 8.25% with 1.00% LIBOR floor), due 3/1/2025)(8)(11)	7,000	6,930	6,952	0.2%
				6,930	6,952	0.2%
Memorial MRI & Diagnostic, LLC	Texas / Health Care Providers & Services	Senior Secured Term Loan (10.81% (LIBOR + 8.50% with 1.00% LIBOR floor), due 3/16/2022)(11)	37,240	37,240	37,240	1.1%
				37,240	37,240	1.1%
Mountain View CLO 2013-I Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 15.87%, due 10/12/2030)(5)(14)	43,650	27,873	23,699	0.7%
				27,873	23,699	0.7%

See notes to consolidated financial statements.

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

Portfolio Company	Locale / Industry	Investments(1)(44)	March 31, 2018 (Unaudited)			
			Principal Value	Amortized Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS						
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)						
Mountain View CLO IX Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 13.94%, due 7/15/2027)(5)(6)(14)	\$47,830	\$40,436	\$37,445	1.1%
				40,436	37,445	1.1%
National Home Healthcare Corp.	Michigan / Health Care Providers & Services	Second Lien Term Loan (10.74% (LIBOR + 9.00% with 1.00% LIBOR floor), due 12/8/2022)(3)(8)(13)	15,407	15,228	15,407	0.5%
				15,228	15,407	0.5%
Octagon Investment Partners XV, Ltd.	Cayman Islands / Structured Finance	Income Notes (Residual Interest, current yield 14.76%, due 7/19/2030)(5)(14)	42,064	31,433	26,490	0.8%
				31,433	26,490	0.8%
Octagon Investment Partners 18-R Ltd. (f/k/a Octagon Investment Partners XVIII, Ltd.)	Cayman Islands / Structured Finance	Income Notes (Residual Interest, current yield 15.86%, due 4/16/2031)(5)(6)(14)	46,016	26,236	23,418	0.7%
				26,236	23,418	0.7%
		Revolving Line of Credit – \$21,000 Commitment (9.06% (LIBOR + 7.25% with 1.00% LIBOR floor), due 9/26/2020)(13)(15)	20,825	20,825	20,825	0.6%
Pacific World Corporation	California / Personal Products	Senior Secured Term Loan A (7.06% (LIBOR + 5.25% with 1.00% LIBOR floor), due 9/26/2020)(3)(13)	96,500	96,500	93,856	2.8%
		Senior Secured Term Loan B (11.06% (LIBOR + 9.25% with 1.00% LIBOR floor), due 9/26/2020)(3)(13)	96,500	96,500	68,470	2.1%
		Common Stock (6,778,414 units)(16)	—	—	—	—%
				213,825	183,151	5.5%
Pearl Intermediate Parent LLC	Connecticut / Health Care Providers & Services	Second Lien Term Loan (8.03% (LIBOR + 6.25%, due 2/15/2026)(8)(13)	5,000	4,975	5,000	0.1%
				4,975	5,000	0.1%
Pelican Products, Inc.			17,500	17,491	17,500	0.5%

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	California / Chemicals	Second Lien Term Loan (10.13% (LIBOR + 8.25% with 1.00% LIBOR floor), due 4/9/2021)(3)(8)(13)		17,491	17,500	0.5%
		Revolving Line of Credit – \$1,000 Commitment (11.20% (LIBOR + 9.50% with 1.00% LIBOR floor), due 7/1/2020)(11)(15)	500	500	500	—%
PeopleConnect Intermediate, LLC (f/k/a Intelius, Inc.)	Washington / Internet Software & Services	Senior Secured Term Loan A (8.20% (LIBOR + 6.50% with 1.00% LIBOR floor), due 7/1/2020)(3)(11)	19,069	19,069	19,069	0.6%
		Senior Secured Term Loan B (14.20% (LIBOR + 12.50% with 1.00% LIBOR floor), due 7/1/2020)(3)(11)	20,284	20,284	20,284	0.6%
				39,853	39,853	1.2%
PGX Holdings, Inc.(40)	Utah / Diversified Consumer Services	Second Lien Term Loan (10.89% (LIBOR + 9.00% with 1.00% LIBOR floor), due 9/29/2021)(3)(13)	118,289	118,289	118,289	3.5%
				118,289	118,289	3.5%
PharMerica Corporation	Kentucky / Pharmaceuticals	Second Lien Term Loan (9.46% (LIBOR + 7.75% with 1.00% LIBOR floor), due 12/7/2025)(8)(13)	12,000	11,881	12,000	0.4%
				11,881	12,000	0.4%
Photonis Technologies SAS	France / Electronic Equipment, Instruments & Components	First Lien Term Loan (9.80% (LIBOR + 7.50% with 1.00% LIBOR floor), due 9/18/2019)(8)(11)(14)	12,872	12,407	11,518	0.3%
				12,407	11,518	0.3%

See notes to consolidated financial statements.

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

Portfolio Company	Locale / Industry	Investments(1)(44)	March 31, 2018 (Unaudited)			
			Principal Value	Amortized Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS						
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)						
PlayPower, Inc.	North Carolina / Leisure Products	Second Lien Term Loan (11.05% (LIBOR + 8.75% with 1.00% LIBOR floor), due 6/23/2022)(3)(8)(11)	\$11,000	\$10,898	\$11,000	0.3%
				10,898	11,000	0.3%
Research Now Group, Inc.	Connecticut / Professional Services	First Lien Term Loan (7.86% (LIBOR + 5.50% with 1.00% LIBOR floor), due 12/20/2024)(8)(10)	10,000	9,518	9,649	0.3%
		Second Lien Term Loan (11.86% (LIBOR + 9.50% with 1.00% LIBOR floor), due 12/20/2025)(8)(10)	50,000	46,610	47,229	1.4%
				56,128	56,878	1.7%
RGIS Services, LLC	Michigan / Commercial Services & Supplies	Senior Secured Term Loan (9.38% (LIBOR + 7.50% with 1.00% LIBOR floor), due 3/31/2023)(3)(8)(13)	30,172	29,558	28,499	0.9%
				29,558	28,499	0.9%
RME Group Holding Company	Florida / Media	Senior Secured Term Loan A (8.31% (LIBOR + 6.00% with 1.00% LIBOR floor), due 5/4/2022)(3)(11)	36,938	36,938	36,938	1.1%
		Senior Secured Term Loan B (13.31% (LIBOR + 11.00% with 1.00% LIBOR floor), due 5/4/2022)(3)(11)	24,813	24,813	24,813	0.7%
				61,751	61,751	1.8%
Rocket Software, Inc.	Massachusetts / Software	Second Lien Term Loan (11.38% (LIBOR + 9.50% with 1.00% LIBOR floor), due 10/14/2024)(3)(8)(11)	50,000	49,188	50,000	1.5%
				49,188	50,000	1.5%
Romark WM-R Ltd. (f/k/a Washington Mill CLO Ltd.)	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 12.49%, due 4/20/2031)(5)(6)(14)	27,725	20,865	17,771	0.5%
				20,865	17,771	0.5%
Rosa Mexicano	New York / Hotels, Restaurants &	Revolving Line of Credit – \$2,500 Commitment (9.80% (LIBOR +	—	—	—	—%

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	Leisure	7.50% with 1.50% LIBOR floor), due 3/29/2023(8)(11)(15)	30,000	30,000	30,000	0.9%
		Senior Secured Term Loan (9.80% (LIBOR + 7.50% with 1.50% LIBOR floor), due 3/29/2023(8)(11)		30,000	30,000	0.9%
SCS Merger Sub, Inc.	Texas / IT Services	Second Lien Term Loan (11.38% (LIBOR + 9.50% with 1.00% LIBOR floor), due 10/30/2023)(3)(8)(13)	20,000	19,586	20,000	0.6%
				19,586	20,000	0.6%
Securus Technologies Holdings, Inc.	Texas / Communications Equipment	Second Lien Term Loan (10.13% (LIBOR + 8.25% with 1.00% LIBOR floor), due 11/01/2025)(8)(13)	40,000	39,855	40,000	1.2%
				39,855	40,000	1.2%
SESAC Holdco II LLC	Tennessee / Media	Second Lien Term Loan (9.13% (LIBOR + 7.25% with 1.00% LIBOR floor), due 2/23/2025)(8)(13)	3,000	2,974	2,974	0.1%
				2,974	2,974	0.1%
Small Business Whole Loan Portfolio(41)	New York / Online Lending	124 Small Business Loans purchased from On Deck Capital, Inc.	288	288	199	—%
				288	199	—%
SMG US Midco	Pennsylvania / Hotels, Restaurants & Leisure	Second Lien Term Loan (8.88% (LIBOR + 7.00%, due 1/23/2026)(8)(13)	7,500	7,482	7,482	0.2%
				7,482	7,482	0.2%

See notes to consolidated financial statements.

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

Portfolio Company	Locale / Industry	Investments(1)(44)	March 31, 2018 (Unaudited)			
			Principal Value	Amortized Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS						
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)						
Spartan Energy Services, Inc.	Louisiana / Energy Equipment & Services	Senior Secured Term Loan A (7.65% (LIBOR + 6.00% with 1.00% LIBOR floor), due 12/28/2018)(13)	\$ 13,156	\$ 12,232	\$ 12,988	0.4%
		Senior Secured Term Loan B (13.65% PIK (LIBOR + 12.00% with 1.00% LIBOR floor)13.65% PIK, due 12/28/2018)(13)(46)	17,608	15,615	17,250	0.5%
				27,847	30,238	0.9%
Spectrum Holdings III Corp.	Georgia / Health Care Equipment & Supplies	Second Lien Term Loan (8.88% (LIBOR + 7.00% with 1.00% LIBOR floor), due 1/31/2026)(8)(13)	7,500	7,463	7,500	0.2%
				7,463	7,500	0.2%
Strategic Materials	Texas / Household Durables	Second Lien Term Loan (9.52% (LIBOR + 7.75% with 1.00% LIBOR floor), due 11/1/2025)(11)	7,000	6,934	6,934	0.2%
				6,934	6,934	0.2%
Sudbury Mill CLO Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 8.10%, due 1/17/2026)(5)(14)	28,200	18,700	14,514	0.4%
				18,700	14,514	0.4%
Symphony CLO XIV Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 6.70%, due 7/14/2026)(5)(6)(14)	49,250	34,875	28,075	0.8%
				34,875	28,075	0.8%
Symphony CLO XV, Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 11.01%, due 10/17/2026)(5)(14)	50,250	40,170	32,967	1.0%
				40,170	32,967	1.0%
TGP HOLDINGS III LLC	Oregon / Household Durables	Second Lien Term Loan (10.80% (LIBOR + 8.50% with 1.00% LIBOR floor), due 9/25/2025)(8)(11)	3,000	2,958	3,000	0.1%
				2,958	3,000	0.1%
TouchTunes Interactive Networks, Inc.	New York / Internet Software & Services	Second Lien Term Loan (9.94% (LIBOR + 8.25% with 1.00% LIBOR floor), due 5/29/2022)(3)(8)(13)	14,000	13,921	14,000	0.4%
				13,921	14,000	0.4%
Town & Country Holdings, Inc.	New York / Distributors	First Lien Term Loan (10.98% (LIBOR + 9.00% with 1.25% LIBOR floor), due 1/26/2023)(3)(8)(11)	70,000	70,000	70,000	2.1%

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			70,000	70,000	2.1%
Transplace Holdings, Inc.	Texas / Transportation Infrastructure	Second Lien Term Loan (10.46% (LIBOR + 8.75% with 1.00% LIBOR floor), due 10/6/2025)(8)(13)	30,923	30,291	30,923 0.9%
			30,291	30,923	0.9%
Turning Point Brands, Inc.(42)	Kentucky / Tobacco	Second Lien Term Loan (8.70% (LIBOR + 7.00% with 0.00% LIBOR floor), due 3/7/2024)(3)(8)(13)	14,500	14,386	13,933 0.4%
			14,386	13,933	0.4%
United Sporting Companies, Inc.(18)	South Carolina / Distributors	Second Lien Term Loan (12.89% (LIBOR + 11.00% with 1.75% LIBOR floor) plus 2.00% PIK, in non-accrual status effective 4/1/2017, due 11/16/2019)(3)(13)	143,717	131,699	47,780 1.4%
		Common Stock (24,967 shares)(16)	—	—	— —%
				131,699	47,780 1.4%
Universal Fiber Systems, LLC	Virginia / Textiles, Apparel & Luxury Goods	Second Lien Term Loan (11.29% (LIBOR + 9.50% with 1.00% LIBOR floor), due 10/02/2022)(3)(8)(12)	37,000	36,525	37,000 1.1%
			36,525	37,000	1.1%

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

Portfolio Company	Locale / Industry	Investments(1)(44)	March 31, 2018 (Unaudited)			
			Principal Value	Amortized Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS						
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)						
Universal Turbine Parts, LLC	Alabama / Trading Companies & Distributors	Senior Secured Term Loan A (7.32% (LIBOR + 5.75% with 1.00% LIBOR floor), due 7/22/2021)(3)(13)	\$31,525	\$31,525	\$29,080	0.9%
		Senior Secured Term Loan B (13.32% (LIBOR + 11.75% with 1.00% LIBOR floor), due 7/22/2021)(3)(13)	32,500	32,500	28,530	0.9%
				64,025	57,610	1.8%
USG Intermediate, LLC	Texas / Leisure Products	Revolving Line of Credit – \$2,500 Commitment (11.14% (LIBOR + 9.25% with 1.50% LIBOR floor), due 8/24/2018)(13)(15)	2,500	2,500	2,500	0.1%
		Senior Secured Term Loan A (8.64% (LIBOR + 6.75% with 1.00% LIBOR floor), due 8/24/2022)(3)(13)	14,070	14,070	14,070	0.4%
		Senior Secured Term Loan B (13.64% (LIBOR + 11.75% with 1.00% LIBOR floor), due 8/24/2022)(3)(13)	21,537	21,537	21,537	0.6%
UTZ Quality Foods, LLC	Pennsylvania / Food Products	Equity(16)	—	1	—	—%
				38,108	38,107	1.1%
		Second Lien Term Loan (9.10% (LIBOR + 7.25%, due 11/21/2025)(8)(13)	10,000	9,880	9,880	0.3%
VC GB Holdings, Inc.	Illinois / Household Durables			9,880	9,880	0.3%
		Subordinated Secured Term Loan (9.88% (LIBOR + 8.00% with 1.00% LIBOR floor), due 2/28/2025)(3)(8)(13)	18,667	18,407	18,667	0.6%
				18,407	18,667	0.6%
Venio LLC	Pennsylvania / Professional Services	Second Lien Term Loan (4.00% plus PIK 10.00% (LIBOR + 7.50% with 2.50% LIBOR floor), due 2/19/2020)(11)(46)	21,510	17,122	18,285	0.5%
				17,122	18,285	0.5%
Voya CLO 2012-2, Ltd.	Cayman Islands / Structured Finance	Income Notes (Residual Interest, current yield 0.00%, due 10/15/2022)(5)(14)(17)	38,070	822	940	—%
				822	940	—%
Voya CLO 2012-3, Ltd.	Cayman Islands / Structured Finance	Income Notes (Residual Interest, current yield 0.00%, due 10/15/2022)(5)(14)(17)	46,632	201	987	—%

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			201	987	—%	
Voya CLO 2012-4, Ltd.	Cayman Islands / Structured Finance	Income Notes (Residual Interest, current yield 11.84%, due 10/15/2028)(5)(14)	40,613	30,965	28,434	0.8%
				30,965	28,434	0.8%
Voya CLO 2014-1, Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 15.93%, due 4/18/2031)(5)(6)(14)	40,773	28,010	27,489	0.8%
				28,010	27,489	0.8%
Voya CLO 2016-3, Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 11.82%, due 10/18/2027)(5)(6)(14)	28,100	27,178	22,980	0.7%
				27,178	22,980	0.7%
Voya CLO 2017-3, Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 14.32%, due 7/20/2030)(5)(6)(14)	44,885	46,010	43,562	1.3%
				46,010	43,562	1.3%
		Senior Subordinated Secured Note (11.00% (LIBOR + 7.00% with 4.00% LIBOR floor), due 6/29/2020)(3)(11)	15,300	15,300	15,300	0.5%
Wheel Pros, LLC	Colorado / Auto Components	Senior Subordinated Secured Note (11.00% (LIBOR + 7.00% with 4.00% LIBOR floor), due 6/29/2020)(3)(11)	5,460	5,460	5,460	0.2%
				20,760	20,760	0.7%

See notes to consolidated financial statements.

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

Portfolio Company	Locale / Industry	Investments(1)(44)	March 31, 2018 (Unaudited)			% of Net Assets
			Principal Value	Amortized Cost	Fair Value(2)	
LEVEL 3 PORTFOLIO INVESTMENTS						
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)						
Wink Holdco, Inc.	Texas / Insurance	Second Lien Term Loan (8.24% (LIBOR + 6.75% with 1.00% LIBOR floor), due 12/1/2025)(8)(13)	\$3,000	\$2,986	\$2,986	0.1%
				2,986	2,986	0.1%
		Total Non-Control/Non-Affiliate Investments (Level 3)	\$3,951,787	\$3,680,532	\$3,680,532	110.0%
		Total Portfolio Investments (Level 3)	\$5,864,967	\$5,719,804	\$5,719,804	170.9%

See notes to consolidated financial statements.

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

Portfolio Company	Locale / Industry	Investments(1)(45)(49)	June 30, 2017		% of Net
			Principal Value	Fair Value(2)	
LEVEL 3 PORTFOLIO INVESTMENTS					
Control Investments (greater than 25.00% voting control)(49)					
		Class D Units (12.00%, 32,915 units)(16)	\$31,640	\$17,370	0.5%
Arctic Energy Services, LLC(37)	Wyoming / Energy Equipment & Services	Class E Units (14.00%, 21,080 units)(16)	20,230	—	—%
		Class A Units (14.00%, 700 units)(16)	9,006	—	—%
		Class C Units (10 units)(16)			