

PennantPark Floating Rate Capital Ltd.
Form 10-Q
August 08, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2018

OR

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

COMMISSION FILE NUMBER: 814-00891

PENNANTPARK FLOATING RATE CAPITAL LTD.

(Exact name of registrant as specified in its charter)

MARYLAND
(State or other jurisdiction of incorporation or organization)

27-3794690

(I.R.S. Employer Identification No.)

590 Madison Avenue, 15th Floor

New York, N.Y.
(Address of principal executive offices)

10022
(Zip Code)

(212) 905-1000

(Registrant's Telephone Number, Including Area Code)

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 Web site, 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, 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.

Large accelerated filer

Accelerated filer

Non-accelerated filer

(Do not check if a smaller reporting company)

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.

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

The number of shares of the registrant's common stock, \$0.001 par value per share, outstanding as of August 8, 2018 was 38,772,074.

PENNANTPARK FLOATING RATE CAPITAL LTD.

FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2018

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PART I—CONSOLIDATED FINANCIAL INFORMATION

We are filing this Quarterly Report on Form 10-Q, or the Report, in compliance with Rule 13a-13 promulgated by the Securities and Exchange Commission, or the SEC, under the Securities Exchange Act of 1934, as amended, or the Exchange Act. In this Report, except where the context suggests otherwise, the terms “Company,” “we,” “our” or “us” refer to PennantPark Floating Rate Capital Ltd. and its wholly-owned consolidated subsidiaries; “Funding I” refers to PennantPark Floating Rate Funding I, LLC; “Taxable Subsidiary” refers to PFLT Investment Holdings, LLC; “PSSL” refers to PennantPark Senior Secured Loan Fund I LLC, an unconsolidated joint venture; “PennantPark Investment Advisers” or “Investment Adviser” refers to PennantPark Investment Advisers, LLC; “PennantPark Investment Administration” or “Administrator” refers to PennantPark Investment Administration, LLC; “Credit Facility” refers to our multi-currency, senior secured revolving credit facility, as amended and restated; “2023 Notes” refers to our 3.83% Series A notes due 2023; “1940 Act” refers to the Investment Company Act of 1940, as amended; “Code” refers to the Internal Revenue Code of 1986, as amended; “RIC” refers to a regulated investment company under the Code; and “BDC” refers to a business development company under the 1940 Act. References to our portfolio, our investments, our Credit Facility, and our business include investments we make through our subsidiaries.

Item 1. Consolidated Financial Statements

PENNANTPARK FLOATING RATE CAPITAL LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES

	June 30, 2018 (unaudited)	September 30, 2017
Assets		
Investments at fair value		
Non-controlled, non-affiliated investments (cost—\$786,884,573 and \$665,514,821, respectively)	\$787,566,315	\$666,973,639
Controlled, affiliated investments (cost—\$118,125,000 and \$43,000,000, respectively)	119,586,472	43,525,143
Total of investments (cost—\$905,009,573 and \$708,514,821, respectively)	907,152,787	710,498,782
Cash and cash equivalents (cost—\$31,303,697 and \$18,847,673, respectively)	31,178,070	18,910,756
Interest receivable	2,846,350	2,520,506
Receivable for investments sold	—	14,185,850
Prepaid expenses and other assets	704,720	1,229,505
Total assets	941,881,927	747,345,399
Liabilities		
Distributions payable	3,683,347	3,085,607
Payable for investments purchased	4,430,012	21,730,512
Credit Facility payable (cost—\$255,673,311 and \$253,783,301, respectively) (See Notes 5 and 10)	255,862,159	256,858,457
2023 Notes payable (cost—\$138,579,858 and zero, respectively) (See Notes 5 and 10)	134,921,350	—
Interest payable on debt	1,152,999	693,787
Base management fee payable (See Note 3)	2,180,258	1,784,806
Performance-based incentive fee payable (See Note 3)	3,077,059	5,061,217
Accrued other expenses	696,427	224,739
Total liabilities	406,003,611	289,439,125
Commitments and contingencies (See Note 11)		
Net assets		
Common stock, 38,772,074 and 32,480,074 shares issued and outstanding, respectively		
Par value \$0.001 per share and 100,000,000 shares authorized	38,772	32,480
Paid-in capital in excess of par value	539,462,336	451,448,872
(Distributions in excess of) undistributed net investment income	(10,065,794)	3,163,645
Accumulated net realized gain on investments	1,175,847	4,289,389
Net unrealized appreciation on investments	1,797,495	2,047,044
Net unrealized depreciation (appreciation) on debt	3,469,660	(3,075,156)
Total net assets	\$535,878,316	\$457,906,274

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Total liabilities and net assets	\$941,881,927	\$747,345,399
Net asset value per share	\$13.82	\$14.10

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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PENNANTPARK FLOATING RATE CAPITAL LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended		Nine Months Ended	
	June 30,	2017	June 30,	2017
	2018		2018	
Investment income:				
From non-controlled, non-affiliated investments:				
Interest	\$ 16,718,163	\$ 14,695,276	\$ 45,225,422	\$ 39,564,205
Other income	559,708	451,597	1,255,766	1,434,834
From controlled, affiliated investments:				
Interest	1,551,198	43,962	2,985,061	43,962
Dividend	700,000	—	1,400,000	—
Total investment income	19,529,069	15,190,835	50,866,249	41,043,001
Expenses:				
Base management fee (See Note 3)	2,180,258	1,790,695	5,932,024	5,117,839
Performance-based incentive fee (See Note 3)	329,567	1,444,896	852,678	3,367,931
Interest and expenses on debt (See Note 10)	3,862,037	2,398,520	9,957,719	6,197,592
Administrative services expenses (See Note 3)	500,000	561,250	1,500,000	1,683,750
Other general and administrative expenses	622,025	607,499	1,859,526	1,322,499
Expenses before amendment costs, debt issuance costs and provision for taxes	7,493,887	6,802,860	20,101,947	17,689,611
Credit Facility amendment costs and debt issuance costs (See Notes 5 and 10)	—	112,736	10,869,098	112,736
Provision for taxes	200,000	90,000	600,000	205,000
Total expenses	7,693,887	7,005,596	31,571,045	18,007,347
Net investment income	11,835,182	8,185,239	19,295,204	23,035,654
Realized and unrealized (loss) gain on investments and debt:				
Net realized (loss) gain on investments	(1,790,048)	2,451,169	(3,113,542)	4,961,180
Net change in unrealized (depreciation) appreciation on:				
Non-controlled, non-affiliated investments	(3,370,875)	625,872	(1,185,879)	426,906
Controlled, affiliated investments	182,630	22,425	936,330	22,425
Debt (appreciation) depreciation (See Notes 5 and 10)	(1,888,502)	(1,942,856)	6,544,816	(2,972,262)
Net change in unrealized (depreciation) appreciation on investments and debt	(5,076,747)	(1,294,559)	6,295,267	(2,522,931)
Net realized and unrealized (loss) gain from investments and debt	(6,866,795)	1,156,610	3,181,725	2,438,249
Net increase in net assets resulting from operations	\$ 4,968,387	\$ 9,341,849	\$ 22,476,929	\$ 25,473,903
Net increase in net assets resulting from operations per common share (See Note 7)	\$ 0.13	\$ 0.29	\$ 0.59	\$ 0.86
Net investment income per common share	\$ 0.31	\$ 0.25	\$ 0.51	\$ 0.78

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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PENNANTPARK FLOATING RATE CAPITAL LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

(Unaudited)

	Nine Months Ended June 30,	
	2018	2017
Net increase in net assets resulting from operations:		
Net investment income	\$ 19,295,204	\$ 23,035,654
Net realized (loss) gain on investments	(3,113,542)	4,961,180
Net change in unrealized appreciation on investments	(249,549)	449,331
Net change in unrealized depreciation (appreciation) on debt	6,544,816	(2,972,262)
Net increase in net assets resulting from operations	22,476,929	25,473,903
Distributions to stockholders	(32,524,643)	(25,585,463)
Capital transactions		
Public offering (See Note 1)	89,031,800	80,986,450
Offering costs	(1,012,044)	(470,000)
Net increase in net assets resulting from capital transactions	88,019,756	80,516,450
Net increase in net assets	77,972,042	80,404,890
Net assets:		
Beginning of period	457,906,274	375,906,828
End of period	\$ 535,878,316	\$ 456,311,718
(Distributions in excess of) undistributed net investment income, end of period	\$ (10,065,794)	\$ 2,009,837
Capital share activity:		
Shares issued from public offering	6,292,000	5,750,000

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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PENNANTPARK FLOATING RATE CAPITAL LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Nine Months Ended June 30,	
	2018	2017
Cash flows from operating activities:		
Net increase in net assets resulting from operations	\$22,476,929	\$25,473,903
Adjustments to reconcile net increase in net assets resulting from operations to net cash used in operating activities:		
Net change in unrealized appreciation on investments	249,549	(449,331)
Net change in unrealized (depreciation) appreciation on debt	(6,544,816)	2,972,262
Net realized loss (gain) on investments	3,113,542	(4,961,180)
Net accretion of discount and amortization of premium	(1,160,019)	(1,375,901)
Purchases of investments	(480,647,540)	(407,800,909)
Payment-in-kind interest	(536,132)	(389,796)
Proceeds from dispositions of investments	283,586,945	314,807,488
Increase in interest receivable	(325,844)	(689,411)
Decrease (increase) in receivable for investments sold	14,185,850	(24,940,277)
Decrease (increase) in prepaid expenses and other assets	524,785	(121,042)
(Decrease) increase in payable for investments purchased	(17,300,500)	3,485,909
Increase in interest payable on debt	459,212	320,026
Increase in base management fee payable	395,452	332,070
Decrease in performance-based incentive fee payable	(1,984,158)	(417,973)
Increase (decrease) in accrued other expenses	471,688	(111,775)
Net cash used in operating activities	(183,035,057)	(93,865,937)
Cash flows from financing activities:		
Public offering	89,031,800	80,986,450
Offering costs	(1,012,044)	(470,000)
Distributions paid to stockholders	(31,926,903)	(25,039,213)
Proceeds from 2023 Notes issuance (See Notes 5 and 10)	138,579,858	—
Borrowings under Credit Facility (See Notes 5 and 10)	143,985,010	259,802,000
Repayments under Credit Facility (See Notes 5 and 10)	(142,095,000)	(201,500,000)
Net cash provided by financing activities	196,562,721	113,779,237
Net increase in cash and cash equivalents	13,527,664	19,913,300
Effect of exchange rate changes on cash	(1,260,350)	127,473
Cash and cash equivalents, beginning of period	18,910,756	28,910,973
Cash and cash equivalents, end of period	\$31,178,070	\$48,951,746
Supplemental disclosure of cash flow information:		
Interest paid	\$20,367,605	\$5,990,302
Taxes paid	\$377,706	\$256,575

Non-cash exchanges and conversions	\$53,200,000	\$35,659,395
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SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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PENNANTPARK FLOATING RATE CAPITAL LTD. AND SUBSIDIARIES

CONSOLIDATED SCHEDULE OF INVESTMENTS

JUNE 30, 2018

(Unaudited)

Name	Maturity	Industry	Coupon	Basis Point		Shares	Cost	Fair Value
				Current	Above Par / Spread			
Investments in Non-Controlled, Non-Affiliated Portfolio Companies—147.0% ⁽⁴⁾								
Open Secured Debt—137.6%								
Group Intermediate Holdings, Inc.	12/30/2022	Banking, Finance, Insurance and Real Estate	7.48 %	1M L+550		15,318,805	\$15,246,773	\$15,318,805
Group Intermediate Holdings, Inc. (Revolver) ⁽⁷⁾	12/30/2021	Banking, Finance, Insurance and Real Estate	—	—		1,771,962	—	—
Group Intermediate Holdings, Inc. ^{(7), (8)}	12/30/2022	Banking, Finance, Insurance and Real Estate	—	—		1,078,893	—	—
America, Inc.	08/08/2022	Business Services	9.34 %	3M L+700		1,689,717	1,689,717	1,698,000
an Auto Auction Group, LLC	11/30/2021	Transportation: Consumer	7.25 %	1M L+525		5,887,689	5,825,207	5,799,000
an Scaffold	03/31/2022	Aerospace and Defense	8.83 %	3M L+650		4,562,500	4,514,483	4,516,000
an Teleconferencing Services, Ltd.	12/08/2021	Telecommunications	8.58 %	2M L+650		10,252,173	10,119,663	9,880,000
Technologies Corp.	04/22/2024	Aerospace and Defense	8.10 %	1M L+600		5,000,000	4,938,457	4,950,000
Technologies Corp. (Revolver) ^{(7), (8)}	04/22/2024	Aerospace and Defense	—	—		1,968,504	—	(9,840,000)
Industry Group Opco, LLC	04/06/2023	Consumer Goods: Non-Durable	6.85 %	1M L+475		3,255,844	32,923,285	32,920,000
cision Systems & Space Company, Inc.	04/28/2023	Aerospace and Defense	7.84 %	3M L+550		1,880,000	11,777,888	11,760,000
nt Professional IT Services, LLC	05/16/2022	High Tech Industries	9.58 %	3M L+725		15,454,395	15,139,879	15,450,000

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nt Professional IT Services, LLC (Revolver) ⁽⁷⁾ ,	05/16/2022	High Tech Industries	—	—	2,311,784	—	—
e Aerospace, LLC	11/14/2023	Aerospace and Defense	8.86	%	L+65M	10,945,000	10,846,816
Cargo Control, Inc.	06/30/2021	Transportation: Cargo	6.84	%	L+47M	2,425,000	2,411,577
as Markets LLC	11/29/2023	Beverage, Food and Tobacco	7.84	%	L+57M	3,884,175	3,892,081
TZ Purchaser, Inc.	07/21/2023	Consumer Goods: Durable	8.33	%	L+60M	16,202,420	15,889,366
oldings, Inc. ⁽⁷⁾	04/10/2025	Environmental Industries	6.58	%	L+45M	6,160,714	6,130,344
oldings, Inc. ^{(7), (8)}	04/10/2025	Environmental Industries	—	—	1,339,286	—	—
n Soup for the Soul Publishing, LLC	01/08/2019	Media: Advertising, Printing and Publishing	8.23	%	L+62M	4,564,286	4,557,894
y Fresh Holdings, LLC	03/31/2023	Beverage, Food and Tobacco	7.33	%	L+50M	19,111,481	19,071,142
infonet, Inc.	03/13/2023	High Tech Industries	8.41	%	L+60M	27,799,338	27,598,591
infonet, Inc. (Revolver) ^{(7), (8)}	03/13/2023	High Tech Industries	—	—	1,000,000	—	—
olding, LLC	08/02/2021	Business Services	7.35	%	L+52M	17,439,105	17,330,765
oldings, Inc.	10/31/2023	Consumer Goods: Non-Durable	8.34	%	L+62M	27,362,500	26,862,478
oldings, Inc. (Revolver) ^{(7), (8)}	10/31/2022	Consumer Goods: Non-Durable	—	—	2,115,000	—	—
Room Holdings, Inc. ⁽⁷⁾	12/29/2023	Media: Advertising, Printing and Publishing	7.10	%	L+50M	16,417,500	16,261,987
s Products and Packaging Company LLC	03/29/2022	Chemicals, Plastics and Rubber	8.08	%	L+57M	14,522,426	14,275,040
s Products and Packaging Company LLC	03/29/2022	Chemicals, Plastics and Rubber	—	—	2,941,176	—	(51,4
ver) ^{(7), (8)}							
Performance Brands, Inc.	09/30/2022	Consumer Goods: Durable	6.78	%	L+47M	10,219,140	10,195,344
Performance Brands, Inc. (Revolver) ^{(7), (8)}	09/30/2022	Consumer Goods: Durable	—	—	1,000,000	—	—
lley Tourist Development Authority	03/07/2022	Hotel, Gaming and Leisure	10.33	%	L+80M	19,684,749	19,512,675
on Networks of America, Inc.	05/06/2021	Telecommunications	9.09	%	L+70M	21,011,872	20,907,817
on Networks of America, Inc. (Revolver) ⁽⁷⁾	05/06/2021	Telecommunications	9.36	%	L+70M	608,696	608,696
on Networks of America, Inc. (Revolver) ^{(7), (8)}	05/06/2021	Telecommunications	—	—	1,565,217	—	—
nt Collaborative Retail Marketing Company, LLC	06/15/2022	Media: Diversified and Production	9.08	%	L+67M	9,331,620	9,265,111
olding Corporation ^{(7), (8)}	05/30/2025	Transportation: Cargo	—	—	628,571	—	—

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Software LLC (Revolver) ⁽⁷⁾	11/14/2022	High Tech Industries	10.50%	P+550	333,333	333,333	333,333
Software LLC (Revolver) ^{(7), (8)}	11/14/2022	High Tech Industries	—	—	2,333,333	—	—
Holdings, Inc. (Revolver) ⁽⁷⁾	06/03/2024	Consumer Goods: Durable	6.81 %	3M L+450	2,256,725	2,256,725	2,234,000
Holdings, Inc. (Revolver) ^{(7), (8)}	06/03/2024	Consumer Goods: Durable	—	—	2,494,275	—	(24,900)
der Sleep Products, LLC	06/09/2023	Consumer Goods: Non-Durable	10.33%	3M L+800	10,952,132	10,762,553	10,952,132
zer Limited and Aptara, Inc. ^{(5), (9)}	05/01/2019	Business Services	8.10 %	1M L+600	5,800,543	5,782,383	5,782,383
FEI B.V. ^{(5), (9), (10)}	10/12/2021	Chemicals, Plastics and Rubber	8.00 %	3M E+800	7,234,028	7,234,028	8,125,000
Group, LLC ⁽⁷⁾	06/27/2023	Wholesale	8.84 %	3M L+650	20,427,156	20,183,566	20,183,566
Group, LLC ^{(7), (8)}	06/27/2023	Wholesale	—	—	14,572,844	—	—
ucture Supply Operations Pty Ltd. ^{(5), (9), (10)}	12/12/2023	Wholesale	6.72 %	1M L+475	3,500,000	3,652,609	3,680,000
Medical Ophthalmics Inc. ^{(5), (9)}	04/13/2022	Capital Equipment	9.08 %	3M L+675	3,348,129	3,309,453	3,331,000
Medical Ophthalmics Inc. (Revolver) ^{(5), (7), (8), (9)}	04/13/2022	Capital Equipment	—	—	530,973	—	(2,650,000)
ks, Inc.	11/14/2024	Business Services	6.10 %	1M L+400	14,925,000	14,854,381	14,854,381
s Power, Inc.	04/30/2020	Consumer Goods: Durable	8.59 %	1M L+650	4,242,523	4,226,669	3,943,000
e Solutions NoCal, L.P. ⁽⁷⁾	02/19/2021	Chemicals, Plastics and Rubber	10.98%	1M L+900	4,002,471	3,938,921	4,002,471
oldings, Inc.	10/31/2022	Wholesale	8.33 %	3M L+600	12,117,016	11,973,335	12,117,016
oldings, Inc. (Revolver) ⁽⁷⁾	10/30/2020	Wholesale	6.35 %	1M L+425	443,548	443,548	443,548
oldings, Inc. (Revolver) ^{(7), (8)}	10/30/2020	Wholesale	—	—	766,129	—	—
esort & Casino, LLC	03/07/2022	Hotel, Gaming and Leisure	11.83%	3M L+950	10,123,500	9,983,615	9,718,000
egal Software Pty Ltd ^{(5), (9), (10)}	09/12/2022	High Tech Industries	7.86 %	3M L+575	7,925,000	7,670,856	7,333,000
e Holdings LLC ⁽⁷⁾	11/30/2018	Healthcare and Pharmaceuticals	7.58 %	3M L+525	4,954,937	4,946,530	3,220,000
t Brothers, Inc.	04/13/2022	Capital Equipment	9.08 %	3M L+675	6,197,292	6,133,861	6,160,000
t Brothers, Inc. (Revolver) ^{(7), (8)}	04/13/2022	Capital Equipment	—	—	1,238,938	—	(6,190,000)
Drugs Incorporated	08/19/2022	Healthcare and Pharmaceuticals	7.05 %	1M L+500	10,000,000	9,911,196	9,900,000
Drugs Incorporated (Revolver) ⁽⁷⁾	08/19/2022	Healthcare and Pharmaceuticals	9.00 %	P+400	300,000	300,000	294,000
Drugs Incorporated (Revolver) ^{(7), (8)}	08/19/2022	Healthcare and Pharmaceuticals	—	—	2,700,000	—	(54,000)
atlantis Holdings, LLC	05/01/2023	Retail	8.00 %	1M L+600	14,137,500	14,017,811	13,960,000
Pro Products, LLC ⁽⁷⁾	12/08/2023	Consumer Goods: Non-Durable	8.06 %	1M L+600	6,997,500	6,920,870	6,983,000
Pro Products, LLC ^{(7), (8)}	12/08/2023		—	—	975,000	—	(1,960,000)

Consumer Goods:

Non-Durable

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8

PENNANTPARK FLOATING RATE CAPITAL LTD. AND SUBSIDIARIES

CONSOLIDATED SCHEDULE OF INVESTMENTS—(Continued)

JUNE 30, 2018

(Unaudited)

Issuer Name	Maturity	Industry	Coupon	Basis Point		Cost	Fair Value ⁽²⁾
				Current	Spread		
				Above Par /	Shares		
Marketplace Events LLC	01/27/2021	Media: Diversified and Production	7.58	%	3M	\$3,318,636	\$3,351,825
Marketplace Events LLC ⁽¹⁰⁾	01/27/2021	Media: Diversified and Production	6.89	%	P+275	\$16,516,789	12,555,997
Marketplace Events LLC (Revolver) ⁽⁷⁾	01/27/2021	Media: Diversified and Production	7.75	%	P+275	1,481,752	1,481,752
Marketplace Events LLC (Revolver) ⁽⁷⁾ , ⁽⁸⁾	01/27/2021	Media: Diversified and Production	—	—	—	—	—
Mission Critical Electronics, Inc. (Revolver) ⁽⁷⁾ , ⁽⁸⁾	09/28/2021	Capital Equipment	—	—	—	221,411	883,392 (1,480)
Montreign Operating Company, LLC	01/24/2023	Hotel, Gaming and Leisure	10.34	%	1M L+825	26,229,135	26,603,676 25,442,261
Morphe, LLC	02/10/2023	Consumer Goods: Non-Durable	8.33	%	3M L+600	25,418,750	24,985,195 25,291,656
New Trident HoldCorp, Inc.	08/01/2022	Healthcare and Pharmaceuticals	8.09	%	1M L+600	7,044,891	6,975,189 5,988,157
Olde Thompson, LLC	05/14/2024	Beverage, Food and Tobacco	6.56	%	1M L+450	1,857,143	1,838,571 1,838,571
Olde Thompson, LLC - Revolver ⁽⁷⁾	05/14/2024	Beverage, Food and Tobacco	6.56	%	1M L+450	660,714	660,714 654,107

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Olde Thompson, LLC - Revolver (7), (8)	05/14/2024	Beverage, Food and Tobacco	—	—	—	1,982,143	(19,821))
Ox Two, LLC	02/27/2023	Construction and Building	12.25	%	P+725	4,968,750	4,875,411	4,919,063
Ox Two, LLC (Revolver) (7)	02/27/2023	Construction and Building	12.25	%	P+725	166,667	166,667	166,667
Ox Two, LLC (Revolver) (7), (8)	02/27/2023	Construction and Building	—	—	—	388,889	—	—
Profile Products LLC	01/31/2023	Environmental Industries	7.33	%	3M	L+500	10,144,017	10,144,017
Profile Products LLC (Revolver) (7)	01/31/2022	Environmental Industries	9.00	%	P+400	116,996	116,996	116,996
Profile Products LLC (Revolver) (7), (8)	01/31/2022	Environmental Industries	—	—	—	2,342,021	—	—
Quick Weight Loss Centers, LLC	08/23/2021	Beverage, Food and Tobacco	7.08	%	3M	L+475	9,281,872	8,296,875
Research Horizons, LLC (7)	06/28/2022	Media: Advertising, Printing and Publishing	8.35	%	3M	L+625	5,145,101	5,145,000
Research Horizons, LLC (7), (8)	06/28/2022	Media: Advertising, Printing and Publishing	—	—	—	2,128,378	—	—
Research Horizons, LLC (Revolver) (7)	06/28/2022	Media: Advertising, Printing and Publishing	8.35	%	3M	L+625	416,216	416,216
Research Horizons, LLC (Revolver) (7), (8)	06/28/2022	Media: Advertising, Printing and Publishing	—	—	—	529,730	—	—
Research Now Group, Inc. and Survey Sampling International LLC	12/20/2024	Business Services	7.86	%	6M	L+550	23,699,958	24,377,500
Salient CRGT Inc.	02/28/2022	High Tech Industries	7.84	%	1M	L+575	18,349,448	18,829,286
Snak Club, LLC (Revolver) (7)	07/19/2021	Beverage, Food and Tobacco	7.98	%	1M	L+550	483,333	483,333
Snak Club, LLC (Revolver) (7), (8)	07/19/2021	Beverage, Food and Tobacco	—	—	—	183,333	—	—
Snak Club, LLC (Revolver)	02/22/2019	Beverage, Food and Tobacco	—	—	—	133,333	—	(667)

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(7), (8)							
Softvision, LLC	05/21/2021	High Tech Industries			1M		
			7.59	%	L+5508,622,271	8,566,032	8,622,271
Sonny's Enterprises, LLC (7)	12/01/2022	Capital Equipment			1M		
			6.59	%	L+450	5,468,527	5,468,527
TeleGuam Holdings, LLC	07/25/2023	Telecommunications			1M		
			7.09	%	L+5007,940,000	7,834,215	7,940,000
Tensar Corporation	07/09/2021	Construction and Building			3M		
			7.08	%	L+47522,620,696	22,459,891	22,337,938
The Infosoft Group, LLC	12/02/2021	Media: Broadcasting and Subscription			3M		
			7.57	%	L+5257,036,444	6,985,802	7,036,444
The Original Cakerie, Co. (5), (9)	07/20/2022	Consumer Goods: Non-Durable			1M		
			7.09	%	L+500	7,741,092	7,674,306
							7,741,092
The Original Cakerie Ltd. (5), (9)	07/20/2022	Consumer Goods: Non-Durable			1M		
			6.59	%	L+450	5,500,217	5,458,050
							5,500,217
The Original Cakerie Ltd. (Revolver) (5), (7), (9)	07/20/2022	Consumer Goods: Non-Durable			1M		
			6.57	%	L+450	255,327	255,327
							255,327
The Original Cakerie Ltd. (Revolver) (5), (7), (8), (9)	07/20/2022	Consumer Goods: Non-Durable	—		—	—	—
							1,163,157
Triad Manufacturing, Inc.	12/28/2020	Capital Equipment			1M		
			13.34	%	L+1,125	8,374,680	8,259,078
UBEO, LLC (7)	04/03/2024	Capital Equipment			1M		
			6.50	%	L+4502,000,000	1,980,677	1,980,000
UBEO, LLC (Revolver) (7)	04/03/2024	Capital Equipment			3M		
			6.81	%	L+450293,333	293,333	293,333
UBEO, LLC (Revolver) (7), (8)	04/03/2024	Capital Equipment	—		—	—	—
							1,906,667
							-
UniTek Global Services, Inc. (7)	01/14/2019	Telecommunications	10.60	%	1M	557,923	
					L+850566,915		583,922
UniTek Global Services, Inc. (Revolver) (7), (8)	01/14/2019	Telecommunications	—		—	—	—
							151,090
							-
US Med Acquisition, Inc. (7)	08/13/2021	Healthcare and Pharmaceuticals			1M		
			11.33	%	L+900	3,035,156	3,035,156
Veterinary Specialists of North America, LLC	07/15/2021	Healthcare and Pharmaceuticals			3M		
			7.79	%	L+550	15,227,555	15,227,555
Veterinary Specialists of North America,	07/15/2021	Healthcare and Pharmaceuticals	—		—	2,225,180	—
							11,126

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LLC ^{(7), (8)}									
Veterinary Specialists of North America, LLC (Revolver) ^{(7), (8)}	07/15/2021	Healthcare and Pharmaceuticals	—	—	—	880,000	4,400		
VIP Cinema Holdings, Inc.	03/01/2023	Consumer Goods: Durable	8.34	%	3M L+6007,031,250	7,002,063	7,075,195		
Winchester Electronics Corporation	06/30/2022	Capital Equipment			1M L+650				
			8.59	%		10,191,523	10,140,435	10,191,523	
Total First Lien Secured Debt							738,022,050	737,251,004	
Second Lien Secured Debt—6.6%									
Condor Borrower, LLC ⁽⁷⁾	04/25/2025	High Tech Industries	11.11	%	3M L+875	2,000,000	1,962,503	2,000,000	
DecoPac, Inc. ⁽⁷⁾	03/31/2025	Beverage, Food and Tobacco	10.58	%	3M L+825	11,341,463	11,130,636	11,341,463	
Howard Berger Co. LLC	09/30/2020	Wholesale	12.34	%	3M L+1,000	11,900,000	11,598,556	11,305,000	
				(PIK 4.99 %)					
MailSouth, Inc.	10/23/2024	Media: Advertising, Printing and Publishing	12.00	%	3M L+925	3,775,000	3,701,228	3,699,500	
McAfee, LLC ⁽⁷⁾	09/29/2025	High Tech Industries	10.59	%	1M L+850	2,500,000	2,463,778	2,535,000	
PT Network, LLC ⁽⁷⁾	04/12/2023	Healthcare and Pharmaceuticals	12.34	%	3M L+1,000	1,666,667	1,637,517	1,650,000	
Veritext Corp.	01/30/2023	Business Services	11.33	%	3M L+900	2,690,625	2,630,876	2,690,625	
Total Second Lien Secured Debt							35,125,094	35,221,588	
Subordinated Debt/Corporate Notes—0.0%									
UniTek Global Services, Inc. ⁽⁷⁾	07/15/2019	Telecommunications	15.00	%	—	190,664	190,664	196,384	
				(PIK 15.00 %)					
Total Subordinated Debt/Corporate Notes							190,664	196,384	

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PENNANTPARK FLOATING RATE CAPITAL LTD. AND SUBSIDIARIES

CONSOLIDATED SCHEDULE OF INVESTMENTS—(Continued)

JUNE 30, 2018

(Unaudited)

Issuer Name	Maturity	Industry	Coupon	Basis Point		Shares	Cost	Fair Value ⁽²⁾
				Current	AbovePar / Spread			
Preferred Equity—0.4% (6), (7)								
CI (PTN) Investment Holdings II, LLC (PT Network, LLC) ⁽¹¹⁾		Healthcare and Pharmaceuticals				1,458	\$21,870	\$22,166
Condor Holdings Limited ^{(5), (9)}	—	High Tech Industries	—	—	88,000		10,173	10,173
Condor Top Holdco Limited ^{(5), (9)}	—	High Tech Industries	—	—	88,000		77,827	77,827
UniTek Global Services, Inc. - Senior Preferred Equity	—	Telecommunications	18.00 %	—	448,851		448,851	544,319
UniTek Global Services, Inc.	—	Telecommunications	13.50 %	—	1,047,317		670,283	1,669,307
Total Preferred Equity							1,229,004	2,323,792
Common Equity/Warrants—2.3% (6), (7)								
Affinion Group Holdings, Inc.	—	Consumer Goods: Durable	—	—	99,029		3,514,571	1,913,805
Affinion Group Holdings, Inc., Series C and Series D	—	Consumer Goods: Durable	—	—	4,298		1,186,649	3,333
By Light Investco LP ⁽¹¹⁾	—	High Tech Industries	—	—	21,908		2,190,771	4,202,797
By Light Investco LP ^{(8), (11)}	—	High Tech Industries	—	—	5,592		—	—
CI (Allied) Investment Holdings, LLC	—	Business Services	—	—	84,000		840,004	1,089,223

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(Allied America, Inc.) (11)							
CI (PTN) Investment Holdings II, LLC (PT Network, LLC) (11)	—	Healthcare and Pharmaceuticals	—	—	13,333	200,000	200,000
DecoPac Holdings Inc.	—	Beverage, Food and Tobacco	—	—	1,633	1,632,744	1,871,662
Faraday Holdings, LLC	—	Construction and Building	—	—	1,141	58,045	339,576
Gauge InfoSoftCoInvest, LLC (The InfoSoft Group, LLC)	—	Media: Broadcasting and Subscription	—	—	500	500,000	692,846
GCOM InvestCo LP (11)	—	High Tech Industries	—	—	1,281,433	1,281,433	1,096,760
GCOM InvestCo LP (8), (11)	—	High Tech Industries	—	—	718,567	—	(103,556)
Patriot National, Inc. (12)	—	Banking, Finance, Insurance and Real Estate	—	—	11,867	27,995	398
TPC Broadband Investors, LP (11)	—	Telecommunications	—	—	742,692	742,692	788,995
TPC Broadband Investors, LP (8), (11)	—	Telecommunications	—	—	257,308	—	—
UniTek Global Services, Inc.	—	Telecommunications	—	—	213,739	—	276,279
UniTek Global Services, Inc. (Warrants)	—	Telecommunications	—	—	23,889	—	—
WBB Equity, LLC (11)	—	Aerospace and Defense	—	—	142,857	142,857	201,429
Total Common Equity/Warrants						12,317,761	12,573,547
Total Investments in Non-Controlled, Non-Affiliated Portfolio Companies						786,884,573	787,566,315
Investments in Controlled, Affiliated Portfolio Companies—22.3% (4)							
First Lien Secured Debt—15.4%							
PennantPark Senior Secured Loan Fund I LLC (7), (9)	05/06/2014	Financial Services	8.83 %	3M L+650	82,687,500	82,687,500	82,687,500
Equity Interests—6.9%							
PennantPark Senior Secured Loan Fund I LLC (7), (9)	—	Financial Services	—	—	—	35,437,500	36,898,972
Total Investments in Controlled, Affiliated Portfolio Companies						118,125,000	119,586,472
Total Investments—169.3%						905,009,573	907,152,787
Cash and Cash Equivalents—5.8%							
						18,609,590	18,609,590

BlackRock Federal FD Institutional 30		
BNY Mellon Cash	12,694,107	12,568,480
Total Cash and Cash Equivalents	31,303,697	31,178,070
Total Investments and Cash Equivalents—175.1%	\$936,313,270	\$938,330,857
Liabilities in Excess of Other Assets—(75.1)%		(402,452,541)
Net Assets—100.0%		\$535,878,316

- (1) Represents floating rate instruments that accrue interest at a predetermined spread relative to an index, typically the applicable London Interbank Offered Rate, or LIBOR or “L,” the Euro Interbank Offered Rate, or EURIBOR or “E,” or Prime rate, or “P.” The spread may change based on the type of rate used. The terms in the Schedule of Investments disclose the actual interest rate in effect as of the reporting period. LIBOR loans are typically indexed to a 30-day, 60-day, 90-day or 180-day LIBOR rate (1M L, 2M L, 3M L, or 6M L, respectively), and EURIBOR loans are typically indexed to a 90-day EURIBOR rate (3M E), at the borrower’s option. All securities are subject to a LIBOR or Prime rate floor where a spread is provided, unless noted. The spread provided includes payment-in-kind, or PIK, interest and other fee rates, if any.
- (2) Valued based on our accounting policy (See Note 2).
- (3) The provisions of the 1940 Act classify investments based on the level of control that we maintain in a particular portfolio company. As defined in the 1940 Act, a company is generally presumed to be “non-controlled” when we own 25% or less of the portfolio company’s voting securities and “controlled” when we own more than 25% of the portfolio company’s voting securities.
- (4) The provisions of the 1940 Act classify investments further based on the level of ownership that we maintain in a particular portfolio company. As defined in the 1940 Act, a company is generally deemed as “non-affiliated” when we own less than 5% of a portfolio company’s voting securities and “affiliated” when we own 5% or more of a portfolio company’s voting securities.
- (5) Non-U.S. company or principal place of business outside the United States.
- (6) Non-income producing securities.
- (7) The securities, or a portion thereof, are not pledged as collateral under the Credit Facility. All other securities are pledged as collateral under the Credit Facility and held through Funding I.
- (8) Represents the purchase of a security with delayed settlement or a revolving line of credit that is currently an unfunded investment. This security does not earn a basis point spread above an index while it is unfunded.
- (9) The investment is treated as a non-qualifying asset under Section 55(a) of the 1940 Act. Under the 1940 Act, we may not acquire any non-qualifying asset unless, at the time the acquisition is made, qualifying assets represent at least 70% of our total assets. As of June 30, 2018, qualifying assets represent 83% of our total assets and non-qualifying assets represent 17% of our total assets.
- (10) Par amount is denominated in Australian Dollars (A\$), Canadian Dollars (C\$) or in Euros (€) as denoted.
- (11) Investment is held through our Taxable Subsidiary (See Note 1).
- (12) The security was not valued using significant unobservable inputs. The value of all other securities was determined using significant unobservable inputs (See Note 5).

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PENNANTPARK FLOATING RATE CAPITAL LTD. AND SUBSIDIARIES

CONSOLIDATED SCHEDULE OF INVESTMENTS

SEPTEMBER 30, 2017

Issuer Name	Maturity	Industry	Coupon	Basis Point		Cost	Fair Value ⁽²⁾
				Current	Spread		
Investments in Non-Controlled, Non-Affiliated Portfolio Companies—145.7% ⁽⁴⁾				Index	Shares		
First Lien Secured Debt—133.1%							
Advanced Cable Communications, LLC	08/09/2021	Telecommunications	7.08	%	L+57516,225,000	\$16,029,514	\$16,225,000
Alera Group Holdings, Inc.	12/30/2022	Banking, Finance, Insurance and Real Estate	6.74	%	L+5509,177,637	9,098,312	9,177,637
Alera Group Holdings, Inc. (Revolver) ^{(8), (9)}	12/30/2021	Banking, Finance, Insurance and Real Estate	—	—	1,771,962	—	—
Alera Group Holdings, Inc. ^{(8), (9)}	12/30/2022	Banking, Finance, Insurance and Real Estate	—	—	2,983,500	—	—
American Auto Auction Group, LLC	11/30/2021	Transportation: Consumer	6.48	%	L+52510,945,000	10,805,812	10,780,825
American Gilsonite Company ⁽⁸⁾	12/31/2021	Metals and Mining	15.00	%	— 128,248	124,746	141,073
American Scaffold	03/31/2022	Aerospace and Defense	7.83	%	L+6504,750,000	4,691,657	4,702,500
American Teleconferencing Services, Ltd.	12/08/2021	Telecommunications	7.78	%	L+65010,741,453	10,574,347	10,338,648
Anesthesia Consulting & Management, LP	10/31/2022	Healthcare and Pharmaceuticals	6.58	%	L+5253,970,000	3,935,087	3,890,600

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Anesthesia Consulting & Management, LP (8), (9)	10/31/2022	Healthcare and Pharmaceuticals	—	—	1,000,000	—	(20,000)
API Technologies Corp.	04/22/2022	Aerospace and Defense	7.83	%	L+6504,881,581	4,803,856	4,832,765
BEI Precision Systems & Space Company, Inc.	04/28/2023	Aerospace and Defense	6.84	%	L+55011,970,000	11,854,093	11,850,300
Broder Bros., Co., Tranche A	06/03/2021	Consumer Goods: Non-Durable	7.08	%	L+5752,239,494	2,207,741	2,239,494
Broder Bros., Co., Tranche B	06/03/2021	Consumer Goods: Non-Durable	13.58	%	L+1,225,326,329	2,291,698	2,326,329
By Light Professional IT Services, LLC	05/16/2022	High Tech Industries	8.57	%	L+72515,630,360	15,263,130	15,630,360
By Light Professional IT Services, LLC (Revolver) (8), (9)	05/16/2022	High Tech Industries	—	—	2,311,784	—	—
Camin Cargo Control, Inc.	06/30/2021	Transportation: Cargo	6.08	%	L+4752,443,750	2,427,358	2,346,000
Canyon Valor Companies, Inc. (10)	06/16/2023	Media: Broadcasting and Subscription	5.58	%	L+4257,000,000	6,982,500	7,084,560
Cardenas Markets LLC	11/29/2023	Beverage, Food and Tobacco	7.08	%	L+5753,913,750	3,923,223	3,874,613
CD&R TZ Purchaser, Inc.	07/21/2023	Consumer Goods: Durable	7.33	%	L+60012,375,000	12,094,894	12,359,531