

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

FORM 10-K

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

For the fiscal year ended December 31 , 2023

OR

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

For the transition period from to

Commission File No. 000-54899

Carlyle Secured Lending, Inc.

(Exact name of Registrant as specified in its charter)

Maryland

(State or other jurisdiction of
incorporation or organization)

80-0789789

(I.R.S. Employer
Identification Number)

One Vanderbilt Avenue , Suite 3400 , New York , NY 10017

(Address of principal executive office) (Zip Code)

(212) 813-4900

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	CGBD	The Nasdaq Global Select Market
8.20% notes due 2028	CGBDL	The Nasdaq Global Select Market

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

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

Indicate by check mark whether the Registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b). ☐

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

The aggregate market value of the registrant's common stock at June 30, 2023, based on the closing price of the common stock on that date of \$14.56 on The Nasdaq Global Select Market, held by those persons deemed by the registrant to be non-affiliates was approximately \$ 735,141,345 .

The number of shares of the registrant's common stock, \$0.01 par value per share, outstanding at February 23, 2024 was 50,794,941 .

Documents Incorporated by Reference: Portions of the registrant's Proxy Statement for its 2024 Annual Meeting of Stockholders to be filed not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K are incorporated by reference into Part III of this Form 10-K.

[Table of Contents](#)

CARLYLE SECURED LENDING, INC.
INDEX

Part I		
Item 1.	Business	3
Item 1A.	Risk Factors	24
Item 1B.	Unresolved Staff Comments	54
Item 1C.	Cybersecurity	54
Item 2.	Properties	55
Item 3.	Legal Proceedings	55
Item 4.	Mine Safety Disclosures	55
Part II		
Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	56
Item 6.	[Reserved]	58
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	58
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	77
Item 8.	Financial Statements and Supplementary Data	79
Item 9.	Changes and Disagreements with Accountants on Accounting and Financial Disclosure	162
Item 9A.	Controls and Procedures	162
Item 9B.	Other Information	162
Item 9C.	Disclosure Regarding Foreign Jurisdictions That Prevent Inspections	163
Part III		
Item 10.	Directors, Executive Officers and Corporate Governance	164
Item 11.	Executive Compensation	164
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	164
Item 13.	Certain Relationships and Related Transactions, and Director Independence	164
Item 14.	Principal Accountant Fees and Services	164
Part IV		
Item 15.	Exhibits and Financial Statement Schedules	165
Item 16.	Form 10-K Summary	168

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

- our, or our portfolio companies', future business, operations, operating results or prospects, including our and their ability to achieve our respective objectives;
- the return or impact of current and future investments;
- the general economy and its impact on the industries in which we invest;
- the impact of any protracted decline in the liquidity of credit markets on our business;
- the impact of fluctuations in interest rates on our business;
- the valuation of our investments in portfolio companies, particularly those having no liquid trading market;
- the impact of supply chain constraints on our portfolio companies and the global economy;
- the current inflationary environment, and its impact on our portfolio companies and on the industries in which we invest;
- the impact on our business of changes in laws, policies or regulations (including the interpretation thereof) affecting our operations or the operations of our portfolio companies;
- our ability to recover unrealized losses;
- market conditions and our ability to access alternative debt markets and additional debt and equity capital;
- our contractual arrangements and relationships with third parties;
- uncertainty surrounding the financial stability of the United States, Europe and China, including a possible shutdown of the U.S. federal government;
- uncertainty surrounding Russia's military invasion of Ukraine and the impact of geopolitical tensions in other regions such as the Middle East, and developing tensions between China and the United States;
- competition with other entities and our affiliates for investment opportunities;
- the speculative and illiquid nature of our investments;
- the use of borrowed money to finance a portion of our investments;
- our expected financings and investments;
- the adequacy of our cash resources and working capital;
- the timing, form and amount of any dividend distributions;
- the timing of cash flows, if any, from the operations of our portfolio companies;
- the ability to consummate acquisitions;
- the impact of information technology system failures, data security breaches, data privacy compliance, network disruptions, and cybersecurity attacks;
- the ability of Carlyle Global Credit Investment Management L.L.C., our investment adviser (the "Investment Adviser"), to locate suitable investments for us and to monitor and administer our investments;
- currency fluctuations and the adverse effect such fluctuations could have on the results of our investments in foreign companies, particularly to the extent that we receive payments denominated in foreign currency rather than U.S. dollars;
- the ability of The Carlyle Group Employee Co., L.L.C. to attract and retain highly talented professionals that can provide services to our investment adviser and administrator;
- our ability to maintain our status as a business development company ("BDC"); and

[Table of Contents](#)

- our intent to satisfy the requirements of a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended (together with the rules and regulations promulgated thereunder, the "Code").

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

We have based the forward-looking statements included in this Form 10-K on information available to us on the date of this Form 10-K, and we assume no obligation to update any such forward-looking statements. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that we may make directly to you or through reports that we have filed or in the future may file with the Securities and Exchange Commission (the "SEC"), including our annual reports on Form 10-K, registration statements on Form N-2, quarterly reports on Form 10-Q and current reports on Form 8-K.

PART I

In this Annual Report on Form 10-K, except where the context suggests otherwise:

- the terms “we,” “us,” “our,” “Company” and “CSL” refer to Carlyle Secured Lending, Inc. (formerly TCG BDC, Inc.), a Maryland corporation, and its consolidated subsidiaries;
- the term “SPV” refers to TCG BDC SPV LLC, a wholly owned and consolidated subsidiary;
- the term “2015-1 Issuer” refers to Carlyle Direct Lending CLO 2015-1R LLC, a wholly owned and consolidated subsidiary;
- the term “Carlyle” refers to The Carlyle Group Inc. (NASDAQ: CG) and its affiliates and its consolidated subsidiaries (other than portfolio companies of its affiliated funds);
- the term “Administrator” refers to Carlyle Global Credit Administration L.L.C., our administrator, a wholly owned and consolidated subsidiary of Carlyle;
- the term “Investment Adviser” refers to Carlyle Global Credit Investment Management L.L.C., a Delaware limited liability company and an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”) and a wholly owned and consolidated subsidiary of Carlyle, which serves as our investment adviser;
- the term “Credit Fund” refers to Middle Market Credit Fund, LLC, an unconsolidated limited liability company, in which we own a 50% economic interest and co-manage with Credit Partners USA LLC, and its wholly owned and consolidated subsidiaries;
- the term “Credit Fund II” refers to Middle Market Credit Fund II, LLC, an unconsolidated limited liability company, in which we own an 84.13% economic interest and co-manage with Cliffwater Corporate Lending Fund (“CCLF”), and its wholly owned and consolidated subsidiary; and
- references to “this Form 10-K” are to our Annual Report on Form 10-K for the year ended December 31, 2023.

Item 1. Business

Carlyle Secured Lending, Inc., a Maryland corporation, is a specialty finance company that is a closed-end, externally managed, non-diversified management investment company. We have elected to be regulated as a BDC under the Investment Company Act of 1940, as amended (together with the rules and regulations promulgated thereunder, the “Investment Company Act” or the “1940 Act”). For U.S. federal income tax purposes, we have elected to be treated as a RIC under Subchapter M of the Code. We were formed in February 2012, commenced investment operations in May 2013 and began trading on the Nasdaq Global Select Market, under the symbol “CGBD,” upon completion of our initial public offering in June 2017. Our 8.20% notes due 2028 (the “2028 Notes”) began trading on the Nasdaq Global Select Market, under the symbol “CGBDL” in November 2023. Our principal executive offices are located at One Vanderbilt Avenue, Suite 3400, New York, New York 10017.

Our investment objective is to generate current income and, to a lesser extent, capital appreciation primarily through assembling a portfolio of secured debt investments in U.S. middle market companies. Our core investment strategy focuses on lending to U.S. middle market companies, which we define as companies with approximately \$25 million to \$100 million of earnings before interest, taxes, depreciation and amortization (“EBITDA”), supported by financial sponsors. This core strategy is opportunistically supplemented with differentiated and complementary lending and investing strategies, which take advantage of the broad capabilities of Carlyle’s Global Credit platform while offering risk-diversifying portfolio benefits. We seek to achieve our investment objective primarily through direct origination of secured debt instruments, including first lien senior secured loans (which may include stand-alone first lien loans, first lien/last out loans and “unitranche” loans) and second lien senior secured loans (collectively, “Middle Market Senior Loans”), with a minority of our assets invested in higher yielding investments (which may include unsecured debt, subordinated debt and investments in equities and structured products). The Middle Market Senior Loans are generally made to private U.S. middle market companies that are, in many cases, controlled by private equity firms.

We invest primarily in loans to middle market companies whose debt has been rated below investment grade, or would likely be rated below investment grade if such debt was rated. These securities, which are often referred to as “junk,” have predominantly speculative characteristics with respect to the issuer’s capacity to pay interest and repay principal. See Part I, Item 1A of this Form 10-K “*Risk Factors— Risks Related to Our Investments— Our investments are risky and speculative.*”

Our investment approach is focused on capital preservation based on long-term fundamental credit performance. Our Investment Adviser’s investment team utilizes a rigorous, systematic, and consistent investment process, refined over Carlyle’s

[Table of Contents](#)

36-year history investing in private markets across multiple cycles, designed to achieve enhanced risk-adjusted returns. In conducting our investment activities, we believe that we benefit from the significant scale and resources of Carlyle, including our Investment Adviser and its affiliates.

Our Investment Adviser

Our Investment Adviser manages our investment activities, including sourcing potential investments, conducting research and due diligence on prospective investments, analyzing and structuring our investments and monitoring our investments on an ongoing basis.

Our Investment Adviser is part of Carlyle's Global Credit segment, and benefits from the more than 200 experienced investment professionals across the origination, capital markets, underwriting and portfolio management teams. Our Investment Adviser's investment committee that oversees our investment activities comprises several of the most senior credit professionals within the Global Credit segment, with backgrounds and expertise across multiple asset classes with significant industry experience and tenure. The investment committee is responsible for reviewing and approving our investment opportunities. The members of the investment committee have experience investing through different credit cycles. The investment committee is led by Mark Jenkins, a Managing Director and Head of Global Credit at Carlyle.

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

On April 3, 2013, the Company's Board of Directors, including a majority of the directors who are not "interested persons" as defined in Section 2(a)(19) of the Investment Company Act (the "Independent Directors"), approved an investment advisory agreement (the "Original Investment Advisory Agreement") between the Company and the Investment Adviser in accordance with, and on the basis of an evaluation satisfactory to such directors as required by, Section 15(c) of the Investment Company Act. The Original Investment Advisory Agreement was amended on September 15, 2017 and on August 6, 2018, after the approval of the Company's Board of Directors, including a majority of the Independent Directors, at in-person meetings of the Board of Directors held on May 30, 2017 and on August 6, 2018, and the approval of the Company's stockholders at special meetings of stockholders held on September 15, 2017 and August 6, 2018 (as amended, the "Investment Advisory Agreement").

Unless terminated earlier, the Investment Advisory Agreement renews automatically for successive annual periods, provided that such continuance is specifically approved at least annually by the vote of the Board of Directors and by the vote of a majority of the Independent Directors. On May 4, 2023, the Company's Board of Directors, including a majority of the Independent Directors, approved at an in-person meeting the continuance of the Investment Advisory Agreement with the Investment Adviser for an additional one year term. The Investment Advisory Agreement will automatically terminate in the event of an assignment and may be terminated by either party without penalty upon at least 60 days' written notice to the other party. Subject to the overall supervision of the Board of Directors, the Investment Adviser provides investment advisory services to the Company. For providing these services, the Investment Adviser receives fees from the Company consisting of two components—a base management fee and an incentive fee.

Our base management fee is calculated at an annual rate of 1.50% of the average value of the Company's gross assets at the end of the two most recently completed fiscal quarters; provided, however, the base management fee is calculated at an annual rate of 1.00% of the Company's gross assets as of the end of the two most recently completed calendar quarters that exceeds the product of (A) 200% and (B) the average value of the Company's net asset value at the end of the two most recently completed calendar quarters. "Gross assets" is determined on a consolidated basis in accordance with generally accepted accounting principles in the United States, includes assets acquired through the incurrence of debt (see Note 8, Borrowings, to the consolidated financial statements in Part II, Item 8 of this Form 10-K), and excludes cash and any temporary investments in cash-equivalents, including U.S. government securities and other high-quality investment grade debt investments that mature in 12 months or less from the date of investment. The base management fee is payable quarterly in arrears, will be appropriately adjusted for any share issuances or repurchases during such applicable fiscal quarters, and will be appropriately pro-rated for any partial month or quarter.

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

Pre-incentive fee net investment income means interest income, dividend income and any other income (including any other fees (other than fees for providing managerial assistance), such as commitment, origination, structuring, diligence and

[Table of Contents](#)

consulting fees or other fees that the Company receives from portfolio companies) accrued during the calendar quarter, minus the operating expenses accrued for the quarter (including the base management fee, expenses payable under the administration agreement, and any interest expense or fees on any credit facilities or outstanding debt and dividends paid on any issued and outstanding preferred stock, but excluding the incentive fee). Pre-incentive fee net investment income includes, in the case of investments with a deferred interest feature, accrued income that the Company has not yet received in cash. Pre-incentive fee net investment income does not include any realized capital gains, realized capital losses or unrealized capital appreciation or depreciation.

Pre-incentive fee net investment income, expressed as a rate of return on the value of our net assets at the end of the immediately preceding calendar quarter, is compared to a “hurdle rate” of 1.50% per quarter (6.00% annualized) or a “catch-up rate” of 1.82% per quarter (7.28% annualized), as applicable.

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

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

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

Our Administrator

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

Unless terminated earlier, the Administration Agreement renews automatically for successive annual periods, provided that such continuance is specifically approved at least annually by (i) the vote of the Board of Directors or by a majority vote of the outstanding voting securities of the Company and (ii) the vote of a majority of the Company’s Independent Directors. On May 4, 2023, the Company’s Board of Directors, including a majority of the Independent Directors, approved the continuance of the Administration Agreement for a one year period. The Administration Agreement may not be assigned by a party without the consent of the other party and may be terminated by either party without penalty upon at least 60 days’ written notice to the other party.

[Table of Contents](#)

On April 3, 2013, the Administrator entered into a sub-administration agreement with Carlyle Employee Co. (the "Carlyle Sub-Administration Agreement"). Pursuant to the Carlyle Sub-Administration Agreement, Carlyle Employee Co. provides our Administrator with access to Carlyle's finance, operations, legal, compliance and administrative professionals.

On April 3, 2013, the Administrator entered into a sub-administration agreement with State Street Bank and Trust Company ("State Street"), which was amended on March 11, 2015 (as amended, the "State Street Sub-Administration Agreement" and, together with the Carlyle Sub-Administration Agreement, the "Sub-Administration Agreements"). Pursuant to the State Street Sub-Administration Agreement, State Street provides certain administrative and professional services. State Street also serves as our custodian. Unless terminated earlier, the State Street Sub-Administration Agreement renews automatically for successive annual periods, provided that such continuance is specifically approved at least annually by (i) the vote of the Board of Directors or by the vote of a majority of the outstanding voting securities of the Company and (ii) the vote of a majority of the Company's Independent Directors. On May 4, 2023, the Company's Board of Directors, including a majority of the Independent Directors, approved the continuance of the State Street Sub-Administration Agreement for a one year period. The State Street Sub-Administration Agreement may be terminated upon at least 60 days' written notice and without penalty by the vote of a majority of the outstanding securities of the Company, or by the vote of the Board of Directors or by either party to the State Street Sub-Administration Agreement.

Carlyle

Our Investment Adviser and Administrator are affiliates of Carlyle. Carlyle is a global investment firm with deep industry expertise that deploys private capital across three business segments: Global Private Equity, Global Credit and Global Investment Solutions. With \$426.0 billion of assets under management ("AUM") as of December 31, 2023, Carlyle's teams invest across a range of strategies that leverage its deep industry expertise, local insights, and global resources to deliver attractive returns throughout an investment cycle. Carlyle employs more than 2,200 employees, including more than 720 investment professionals in 28 offices across four continents, and serves more than 3,000 active carry fund investors from 87 countries.

Carlyle's Global Credit segment, which had \$187.8 billion in AUM as of December 31, 2023, advises products that pursue investment strategies across the credit spectrum, including: liquid credit, private credit, and real assets credit, as well as platform initiatives such as Carlyle Tactical Private Credit Fund and Carlyle Credit Solutions. Global Credit, which also includes Carlyle's Insurance Solutions and Global Capital Markets businesses, has been Carlyle's fastest-growing segment in the past five years, with total AUM increasing over four times in that period. Since the establishment of Global Credit in 1999, these various capital sources have provided the opportunity for Carlyle to offer highly customizable and creative financing solutions to borrowers to meet their specific capital needs. Carlyle draws on the expertise and underwriting capabilities of the 205 investment professionals dedicated to the Carlyle Global Credit segment and leverages the resources and industry expertise of Carlyle's global network to provide creative solutions for borrowers. Primary areas of focus for Carlyle's Global Credit segment include Liquid Credit, consisting of Loans and Structured Credit; Private Credit, consisting of Direct Lending and Opportunistic Credit; Real Asset Credit, consisting of Aircraft Finance and Infrastructure Debt; Platform Initiatives, consisting of Cross-Platform Credit Products and Credit Strategic Solutions; Insurance Solutions; and Global Capital Markets.

Strategic Relationships

We have established, and may in the future establish, strategic relationships that may diversify our product offering, increase our scale, enhance our origination capabilities or provide other benefits.

To this end, in February 2016, we and Credit Partners USA LLC ("Credit Partners"), a wholly owned subsidiary of PSP Investments Holding USA LLC, an affiliate of a large Canadian pension fund, agreed to co-invest through Credit Fund, a joint venture primarily focused on investing in senior secured loans to middle market companies. Since its inception and through December 31, 2023, Credit Fund has invested in over \$3.2 billion, before any repayments or exits, of senior secured loans. We and Credit Partners each have 50% economic ownership of Credit Fund and have commitments to fund, from time to time, capital of up to \$250 million each.

Additionally, in November 2020, we and Cliffwater Corporate Lending Fund ("CCLF"), an investment vehicle managed by Cliffwater LLC, agreed to co-invest through Credit Fund II, a joint venture primarily focused on investing in senior secured loans of middle market companies. Since its inception and through December 31, 2023, Credit Fund II has invested in over \$542.1 million, before any repayments or exits, of senior secured loans, including the initial portfolio of senior secured loans contributed by CSL. We and CCLF have 84.13% and 15.87% ownership in Credit Fund II, respectively.

Board of Directors

The Company's Board of Directors currently consists of seven members, four of whom are Independent Directors. The Board of Directors has established an Audit Committee, a Nominating and Governance Committee of the Board of Directors and a Compensation Committee, and may establish additional committees in the future.

Competitive Strengths

Carlyle Global Credit's key competitive strengths are based on Carlyle's integrated platform – with a breadth of capabilities, scale of capital and depth of expertise – which Carlyle believes allows it to mitigate competition and thereby improve our ability to deliver on the expectations of shareholders. We believe the following characteristics distinguish Carlyle's capabilities in private credit:

- *Proven Direct Origination Approach.* The Carlyle Direct Lending platform is Carlyle's direct lending business unit that operates within the broader Carlyle Global Credit Segment. Carlyle Direct Lending's business directly originates nearly 100% of its investments, sourced from both the dedicated direct lending origination team as well as from the many adjacent capabilities across the Carlyle Global Credit platform. This origination approach has resulted in a strong and diversified flow of opportunities, approximately 1,200 per annum, from which Carlyle believes it can select investments with the best potential risk/reward characteristics.
- *Breadth of Capabilities.* Carlyle believes it has one of the broadest credit investment capabilities in the market today. As a global private credit platform, Carlyle has the ability to invest across the capital structure in first lien, unitranche, second lien, junior debt and preferred equity. Carlyle Global Credit can potentially serve as a one-stop shop, providing creative and holistic solutions for borrowers across the capital structure, which allows it to pursue investment opportunities with limited competition.
- *Scale of Capital.* With \$187.8 billion of AUM as of December 31, 2023 across its platform, Carlyle Global Credit maintains a significant capital base that can provide a full capital solution, delivering certainty of execution for borrowers and mitigating opportunities for competitive disintermediation.
- *Depth of Expertise.* Carlyle is a market leading global platform with \$426.0 billion of AUM, an experienced and tenured bench of more than 720 investment professionals with well-established, long-standing relationships with sponsors, management teams, and industry experts, as of December 31, 2023. Carlyle believes that it brings differentiated diligence insights and extensive experience to inform credit selection. As a firm, Carlyle seeks to bring the collective power of the global platform with respect to individual investments, including sector credit analysts, Carlyle Private Equity's deep knowledge and relationships with potential customers, suppliers or competitors of a given company, and internal dedicated diligence groups (e.g., government affairs and environment, social and corporate governance ("ESG")). Carlyle believes this integrated and collaborative approach allows it to move faster and with higher conviction than its competitors in many scenarios.
- *Rigorous Credit Selection.* Carlyle employs a robust, iterative and heavily documented underwriting process for its Direct Lending business, which consists of four "gates" where a credit is reviewed and requires sign-off, including (i) at the point of origination, (ii) by the underwriting team, (iii) by Carlyle Direct Lending's screening committee (the "Direct Lending Screening Committee" or the "Screening Committee") and finally (iv) by Carlyle's Private Credit Investment Committee at our Investment Adviser that oversees our investment activities. This rigorous diligence approach has allowed for a less than 3% closing rate on the approximately 1,200 transactions that were reviewed by the deal team over the past 12 months.
- *Defensive Approach.* Carlyle approaches the direct lending business with a defensive mindset that permeates all aspects of investment selection. On a strategic level, Carlyle seeks to construct well diversified portfolios, heavily weighted towards non-cyclical industries, and applies only moderate leverage at the portfolio level in order to seek to generate sustainable income levels. In addition, in individual asset selection, Carlyle favors sponsored over non-sponsored borrowers, seeks to transact with sponsors it knows well (approximately 80% of Carlyle Direct Lending's business is with repeat sponsors), works with companies it knows well via its significant incumbencies, seeks opportunities at the top of the capital structure, and primarily invests in transactions where Carlyle maintains leadership or roles with significant influence (approximately 90% of originations having a titled role in recent years).

Market Opportunity

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

[Table of Contents](#)

- *Favorable Market Environment.* We believe the middle market remains one of the most attractive investment areas due to its large size, superior value relative to the broadly syndicated loan market, and supply-demand imbalance that continues to favor non-bank lenders. We believe market yields remain attractive and leverage levels at middle market companies are stable, creating a favorable investment environment.
- *Large and Growing U.S. Middle Market.* The middle market direct lending asset class has undergone tremendous growth and maturation over the past decade and is one of the largest sub-segments of private credit, a now \$1,500+ billion market. Carlyle believes this growth has been driven by fundamentally sound, secular drivers, including the expansion of private market activity, increased bank regulation and consolidation and structural changes in liquid credit markets, all of which create a significant opportunity for private credit investing.
- *Benefits of Traditional Middle Market Focus.* Carlyle believes that there are meaningful benefits to investing in middle market directly originated assets, which allows the strategy to generate excess return as compared to traditional fixed income asset classes, with comparable risk performance. The excess return is generated by prudently taking incremental complexity and illiquidity risk. Traditional middle market companies offer more attractive economics in the form of upfront fees, spreads and prepayment penalties. In addition, senior secured middle market loans typically have strong defensive characteristics and structural protections, including priority in the capital structure and covenants, with a majority of middle market loans structured with financial covenants relative to the broadly syndicated markets. Additional protection may be gained through better credit documentation and control, enhanced management and diligence access, monitoring of assets, and significantly more influence in the instance of a workout scenario.
- *Market Environment Favors Non-Traditional Lenders.* The direct lending asset class has also benefited from an ongoing secular trend in the banking industry. Post Great Financial Crisis in 2008, as tougher regulations have reshaped the landscape, traditional banks have reduced their lending capabilities. As banks have retreated due to a number of new laws, regulations and regulatory guidance, including the Dodd-Frank Wall Street Reform and Consumer Protection Act, the federal bank regulatory agencies' leveraged lending guidelines and Basel III regulatory capital framework, institutional investors have increased their lending capabilities to fill the void. Post Great Financial Crisis, institutional investors on average now originate over 80% of primary leveraged loan issuances in the U.S., generating an incremental capital opportunity for the asset class.
- *Favorable Capital Markets Trends.* Over the past two decades, Carlyle has witnessed a secular trend with respect to the shift in economic activity from public to privately owned businesses due to less appetite for public market exposure. The number of public companies in the U.S. has dropped by approximately 50% from its peak, with a mirror image increase in the rise of private equity-backed companies. Overall public listing activity has declined by approximately two-thirds over the past forty years. These privately owned companies often prefer to finance themselves through the private markets, which has allowed for a natural expansion of the market opportunity for direct lenders on a secular basis for over a decade. Given current market dynamics, Carlyle believes that the asset class will continue to expand.

Investment Strategy

We primarily target loans to U.S.-based middle market companies that require capital for growth, acquisitions, recapitalizations, and refinancings, with a focus on companies controlled by private equity investment firms. In addition, we may also make investments in non-private equity owned public or private companies of various sizes, as well as invest in certain non-U.S.-based borrowers. We seek to partner with strong management teams executing long-term, value-maximizing strategies. Target investments typically exhibit some or all of the following characteristics:

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

[Table of Contents](#)

- A North American base of operations.

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

Our Investment Adviser's investment team intends to use a disciplined, credit-driven investment strategy, including:

- pursuing investments in senior secured loans, and aiming to maintain the appropriate allocation among the various types of senior secured loans, as well as junior debt to allow us to achieve its return while maintaining its desired credit risk profile;
- performing in-depth due diligence on companies, management teams and sponsors and conducting fundamental credit and valuation analyses;
- seeking to structure investments to provide us with security, current cash pay interest and additional upside through original issuance discount or other fees; and
- active management of portfolio investments through ongoing dialogue with equity owners and management, monitoring of operational results, financial reports and compliance with covenants, company visits and periodic evaluation of potential exit alternatives for part or all of each investment.

Investment Criteria and Transactional Structures

We invest primarily in transactions supported by private equity sponsors. We seek to invest in the following types of assets, with an emphasis on senior debt:

- traditional cash flow senior secured debt;
- unitranche senior secured debt financings;
- "last out" unitranche debt;
- second lien senior debt;
- traditional subordinated debt;
- preferred and common equity co-investments;
- secondary and other opportunistic asset purchases; and
- structured products.

As noted above, we may also from time to time participate in traditional subordinated debt financings and preferred and common equity co-investments. We may also make secondary purchases of all of the above types of investments and other securities on an opportunistic basis.

Investment Process

Origination

The Carlyle Direct Lending investment team's multi-channel origination model generates attractive investment opportunities through a variety of sources, including over 250 private equity firms, financial institutions, other middle market lenders, strategic relationships and arrangements, financial advisors, and experienced management teams. The origination team supplements these relationships through personal visits and marketing campaigns focused on maximizing investment deal flow. It is their responsibility to identify specific opportunities, refine opportunities through candid exploration of the underlying facts and circumstances and to apply creative and flexible solutions to solve a borrower or sponsor's financing needs. The team of origination professionals are located in New York, Chicago, Boston and Los Angeles. Each originator maintains long-standing relationships with potential sources of deal flow and is responsible for covering a specified target market, organized by geography and secondarily by sector. Carlyle believes the originators' strengths and breadth of relationships across a wide range of markets generate numerous financing opportunities, which enable it to be highly selective through its diligence and investment process, with less than 3% of total deals screened over the past 12 months closing. The investment team of Carlyle Direct Lending has cultivated very strong relationships with private equity sponsors with whom it works closely in sourcing and

executing transactions. Carlyle believes that borrowers benefit from full financing solutions, access to the vast Carlyle network, and reliable execution.

Underwriting

The underwriting process is led by an experienced team of senior underwriters that are organized by sector and benefit from a deep base of shared information enabled by platform integration, as well as Carlyle resources. The typical deal timeline is sixty to ninety days and follows a multi-faceted four-step process:

1. **Screening.** The deal team reviews marketing materials and industry reports, compiles debt and equity comparables, reaches out to industry experts within the Carlyle network, identifies key credit strengths and risks and formulates a view on structure. The deal team then presents an initial analysis through a screening memo to the Screening Committee for high-level feedback and a decision to move forward with additional credit work. The Screening Committee is comprised of the Head of Direct Lending, the Investment Adviser's Chief Investment Officer, Chief Risk Officer, Head of Sponsor Coverage, Deputy Chief Investment Officer, and two additional senior Managing Directors. Based on feedback from the committee, the deal team will prepare and disseminate an outcomes email that documents the takeaways from the meeting, including preferred financing structure as well as terms, key diligence items and next steps.
2. **Formal Review.** Following an indication from the Screening Committee to move forward in the diligence process, the deal team will compile a detailed diligence list and prepare for in-depth credit analysis. During this process, the deal team works closely with the private equity sponsor / borrower in all aspects of due diligence. Formal due diligence includes meeting with the management team, reviewing the data room and performing key financial analyses, creating a detailed financial model with sensitivities assuming various market environments, reviewing sell-side and third-party research, which includes industry reports and financial diligence, following up with industry experts within the Carlyle network for additional feedback, and drafting the commitment papers and term sheet.

As part of the extensive due diligence process, the deal team fully leverages all internal Carlyle resources to aid in investment decisions. In addition, the deal team may utilize third-party expert networks to supplement their work to gain further insight into company and industry factors from various thought leaders across the company's markets.

Our Investment Adviser incorporates formal ESG reviews into its investment process. All deals are thoroughly vetted leveraging sector- and sub-sector-specific Sustainability Accounting Standards Board standards. ESG diligence incorporates country risk assessments for corruption and anti-money laundering concerns as well. The underwriters are responsible for assessing these ESG risks and including their assessment in the deal memo that the Screening and Investment Committees will review.

The formal review part of the process is iterative and involves re-screening with members of the Screening Committee, typically two to four times over the course of the deal, to produce a fulsome investment memo and provide a full term sheet and commitment papers, subject to outstanding diligence items.

3. **Final Investment Committee Approval.** After the Screening Committee has signed off on the investment memo, the deal team prepares for the Investment Committee approval process. The deal team reviews and summarizes final third-party industry work, performs outstanding ESG and regulatory due diligence, and begins drafting the definitive legal documentation for the transaction. Once the credit work for the transaction has been finalized, the deal team will finalize the investment memo and present the investment to the Investment Committee, where approval by a majority of the committee is required to approve a transaction. The Investment Committee has delegated approval of certain amendments, follow-on investments with existing borrowers, investments below certain size thresholds (existing or new platforms), and other matters as determined by the Investment Committee to the Screening Committee.
4. **Closing.** Once the investment has been approved and prior to funding, the deal team will prepare a closing memo documenting any updates since approval, changes to key legal terms, and the final financial covenant analysis. Once the sponsor / borrower legal diligence, and the know your customer, anti-money laundering and legal documentation have been finalized, the transaction will close and fund.

The deal team focuses on lending to companies that it believes are performing, high quality businesses with a focus on strong fundamentals, market leadership with unique competitive advantages and high barriers to entry, positive cash flow generation on a historical and pro-forma basis including downside scenarios, and modest loan-to-value across economic cycles. The deal team crafts a fulsome memo with pages including diligence completed on a variety of topics. This includes, but is not limited to, information on the industry, financial and legal topics and company-specific considerations.

Portfolio and Risk Management

The investment team views proactive portfolio monitoring as a vital part of its investment process, which includes the ongoing review of a borrower by portfolio management, underwriting and workout professionals, with multiple layers of risk review and oversight. The investment team follows a rigorous monitoring strategy that utilizes a proprietary dashboard template for each transaction, which tracks financial performance, covenant compliance, follow-on transactions and amendments, and real-time updates to internal risk ratings based on qualitative and quantitative factors. The portfolio management process involves a variety of ongoing and scheduled reviews that allow for early detection of issues and escalation to the Investment Committee and workout team to avoid credit losses. This process includes detailed portfolio dashboard updates, weekly credit events meetings, monthly reviews of certain investments, quarterly meetings to conduct formal portfolio reviews, focused on technical analysis of financial performance and portfolio diversification, and ongoing ad-hoc meetings to handle borrower-specific requests, including follow-on transactions and amendments.

In connection with the quarterly portfolio reviews, the investment team also compiles a quarterly risk report that examines, among other things, migration in the portfolio and loan level investment mix, industry diversification, internal risk ratings, revenue, EBITDA, and leverage.

Frequency of review of individual loans is determined on a case-by-case basis, based on internal risk ratings as laid out below, total exposure and other criteria set forth by the Investment Committee. The Carlyle Direct Lending team has developed an internal risk policy which regularly assesses the risk profile of each investment and rates them based on the following categories, which are referred to as internal risk ratings.

<u>Rating</u>	<u>Definition</u>
1	Borrower is operating above expectations, and the trends and risk factors are generally favorable.
2	Borrower is operating generally as expected or at an acceptable level of performance. The level of risk to our initial cost basis is similar to the risk to our initial cost basis at the time of origination. This is the initial risk rating assigned to all new borrowers.
3	Borrower is operating below expectations and level of risk to our cost basis has increased since the time of origination. The borrower may be out of compliance with debt covenants. Payments are generally current although there may be higher risk of payment default.
4	Borrower is operating materially below expectations and the loan's risk has increased materially since origination. In addition to the borrower being generally out of compliance with debt covenants, loan payments may be past due, but generally not by more than 120 days. It is anticipated that we may not recoup our initial cost basis and may realize a loss of our initial cost basis upon exit.
5	Borrower is operating substantially below expectations and the loan's risk has increased substantially since origination. Most or all of the debt covenants are out of compliance and payments are substantially delinquent. It is anticipated that we will not recoup our initial cost basis and may realize a substantial loss of our initial cost basis upon exit.

Beyond the policies detailed above, our Investment Adviser's investment team performs analyses and projections to assess potential exposure of the portfolio to variable macroeconomic factors and market conditions. Sample analyses include assessing (i) the impact of rising operating costs on our borrowers and end consumers due to inflationary pressures, particularly in food and energy, (ii) volatility in foreign exchange rates, (iii) impact of geopolitical tensions, (iv) interest rate sensitivity and (v) disruptions in our supply chain. These analyses can take the form of periodic (weekly/monthly/quarterly) reports as well as ad hoc analysis based on current market conditions .

Portfolio Composition

As of December 31, 2023, the fair value of our investments was approximately \$1,841.9 million in 128 portfolio companies/investment funds. The type, geography and industry composition of our investments, each as a percentage of the fair value of our investments as of December 31, 2023, were as follows:

Type—% of Fair Value	As of December 31, 2023
First Lien Debt	71.3 %
Second Lien Debt	10.2
Equity Investments	5.0
Investment Funds	13.5
Total	100.0 %

Type—% of Fair Value of First and Second Lien Debt	As of December 31, 2023
Floating Rate	98.8 %
Fixed Rate	1.2
Total	100.0 %

Geography—% of Fair Value	As of December 31, 2023
Australia	0.3 %
Canada	2.8
Luxembourg	2.2
Sweden	0.0
United Kingdom	4.0
United States	90.7
Total	100.0 %

Table of Contents

Industry—% of Fair Value	As of	
	December 31, 2023	
Aerospace & Defense	5.6	%
Automotive	4.0	
Beverage & Food	3.3	
Business Services	5.9	
Capital Equipment	2.5	
Chemicals, Plastics & Rubber	3.7	
Construction & Building	1.4	
Consumer Goods: Durable	0.3	
Consumer Goods: Non-Durable	0.4	
Consumer Services	4.4	
Containers, Packaging & Glass	2.2	
Diversified Financial Services	5.0	
Energy: Oil & Gas	0.7	
Environmental Industries	2.2	
Healthcare & Pharmaceuticals	11.6	
High Tech Industries	7.5	
Investment Funds	13.4	
Leisure Products & Services	7.2	
Media: Advertising, Printing & Publishing	2.4	
Retail	1.6	
Software	9.1	
Sovereign & Public Finance	0.0	
Telecommunications	4.0	
Transportation: Cargo	0.5	
Utilities: Electric	0.0	
Wholesale	1.1	
Total	100.0	%

See the Consolidated Schedule of Investments as of December 31, 2023 in our consolidated financial statements in Part II, Item 8 of this Form 10-K for more information on these investments, including a list of companies and type, cost and fair value of investments.

Allocation of Investment Opportunities and Potential Conflicts of Interest

Our Investment Adviser, its investment professionals, our executive officers and directors, and other current and future principals of our Investment Adviser serve or may serve as investment advisers, officers, directors or principals of entities or investment funds that operate in the same line of business as we do or a related line of business and/or investment funds, accounts and other similar arrangements advised by Carlyle.

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

For example, Carlyle sponsors several investment funds, accounts and other similar arrangements, including, without limitation, structured credit funds, closed-end registered investment companies, BDCs, carry funds, and managed accounts and it may sponsor others in the future. The SEC has granted us exemptive relief that permits us and certain of our affiliates to co-invest in suitable negotiated investments (the "Exemptive Relief"). If Carlyle is presented with investment opportunities that generally fall within our investment objective and other board-established criteria and those of other Carlyle funds, accounts or

[Table of Contents](#)

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

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

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

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

For potential conflicts of interest in allocating investment opportunities among the Company and other investment funds, accounts or similar arrangements advised by Carlyle, see Part I, Item 1A of this Form 10-K "*Risk Factors—Risks Related to Our Business and Structure—There are significant potential conflicts of interest, including the management of other*

investment funds and accounts by our Investment Adviser, which could impact our investment returns and the holders of our common stock. "

Regulation

General - Election to be Taxed as a RIC

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

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

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

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

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

[Table of Contents](#)

A RIC is limited in its ability to deduct expenses in excess of its "investment company taxable income" (which is, generally, ordinary income plus net realized short-term capital gains in excess of net realized long-term capital losses). If our expenses in a given year exceed gross taxable income, we would have a net operating loss for that year. However, a RIC is not permitted to carry forward net operating losses to subsequent years. In addition, expenses can be used only to offset investment company taxable income, not net capital gain. Due to these limits on the deductibility of expenses, we may for U.S. federal income tax purposes have aggregate taxable income for several years that we distribute and that is taxable to our stockholders even if such income is greater than the aggregate net income we actually earned during those years. Such distributions may be made from our cash assets or by liquidation of investments, if necessary. We may realize gains or losses from such liquidations. In the event we realize net capital gains from such transactions, a holder may receive a larger capital gain distribution than the holder would have received in the absence of such transactions.

General—Regulation as a Business Development Company

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

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

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

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

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

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

[Table of Contents](#)

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

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

On April 12, 2022, we changed our name from TCG BDC, Inc. to Carlyle Secured Lending, Inc. In connection therewith, we have adopted a policy to invest, under normal circumstances, at least 80% of our total assets (net assets plus borrowings for investment purposes) in secured debt investments or instruments that provide investment exposure to secured debt investments, including through investment vehicles that typically invest at least 80% of their total assets in secured debt investments. This policy may be changed with 60 days' prior notice to our shareholders. None of our investment policies are fundamental, and thus may be changed without shareholder approval.

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

We are generally not able to issue and sell our common stock at a price below net asset value ("NAV") per share. We may, however, sell our common stock, or warrants, options or rights to acquire our common stock, at a price below the then-current NAV of our common stock if our Independent Directors determine that such sale is in our best interests and the best interests of our stockholders, and our stockholders approve such sale. In any such case, the price at which our common stock is to be issued and sold may not be less than a price that, in the determination of our Independent Directors, closely approximates the market value of such shares (less any distributing commission or discount). In addition, we may generally issue new shares of our common stock at a price below NAV in rights offerings to existing stockholders, in payment of dividends and in certain other limited circumstances. Pursuant to approval granted at a special meeting of stockholders held on July 26, 2023, we are authorized, with the approval of the Board of Directors, to sell or otherwise issue shares of our common stock at a price below the then-current NAV per share, subject to certain limitations (including that the number of shares issued does not exceed 25% of our then-outstanding common stock immediately prior to each such offering). Such stockholder approval expires on July 26, 2024. See Part I, Item 1A of this Form 10-K "*Risk Factors—Risks Related to Our Business and Structure—Regulations governing our operation as a BDC affect our ability to, and the way in which we will, raise additional capital. As a BDC, the necessity of raising additional capital may expose us to risks, including the typical risks associated with leverage*" and "*—The NAV per share of our common stock may be diluted if we sell shares of our common stock in one or more offerings at prices below the then current NAV per share of our common stock.*"

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

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

Qualifying Assets

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

[Table of Contents](#)

Company Act, and publicly traded entities whose public equity market capitalization exceeds the levels provided for under the Investment Company Act.

Managerial Assistance to Portfolio Companies

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

Temporary Investments

Pending investment in other types of "qualifying assets," as described above, our investments may consist of cash, cash equivalents, U.S. government securities or high-quality debt securities maturing in one year or less from the time of investment, which we refer to, collectively, as "temporary investments," so that 70% of our assets are qualifying assets. We may also invest in U.S. Treasury bills or in repurchase agreements, provided that such agreements are fully collateralized by cash or securities issued by the U.S. government or its agencies. A repurchase agreement involves the purchase by an investor, such as us, of a specified security and the simultaneous agreement by the seller to repurchase it at an agreed-upon future date and at a price which is greater than the purchase price by an amount that reflects an agreed-upon interest rate. There is no percentage restriction on the proportion of our assets that may be invested in such repurchase agreements. However, if more than 25% of our gross assets constitute repurchase agreements from a single counterparty, we would not meet the diversification tests in order to qualify as a RIC. Thus, we do not intend to enter into repurchase agreements with a single counterparty in excess of this limit. Our Investment Adviser will monitor the creditworthiness of the counterparties with which we enter into repurchase agreement transactions.

Indebtedness and Senior Securities

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

Codes of Ethics

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

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

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

Compliance Policies and Procedures

We and our Investment Adviser have each adopted and implemented written policies and procedures reasonably designed to detect and prevent violation of the federal securities laws and are required to review these compliance policies and

[Table of Contents](#)

procedures annually for their adequacy and the effectiveness of their implementation. Our Chief Compliance Officer is responsible for administering these policies and procedures.

Sarbanes-Oxley Act of 2002

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

- pursuant to Rule 13a-14 of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), our Chief Executive Officer and Chief Financial Officer must certify the accuracy of the financial statements contained in our periodic reports;
- pursuant to Item 307 of Regulation S-K, our periodic reports must disclose our conclusions about the effectiveness of our disclosure controls and procedures;
- pursuant to Rule 13a-15 of the Exchange Act, our management must prepare a report regarding its assessment of our internal control over financial reporting and must obtain an audit of the effectiveness of internal control over financial reporting performed by our independent registered public accounting firm; and
- pursuant to Item 308 of Regulation S-K and Rule 13a-15 of the Exchange Act, our periodic reports must disclose whether there were significant changes in our internal controls over financial reporting or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to material weaknesses.

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

Proxy Voting Policies and Procedures

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

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

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

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

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

Stockholders may obtain information regarding how we voted proxies by making a written request for proxy voting information to: Carlyle Secured Lending, Inc., c/o Carlyle Global Credit Investment Management L.L.C., One Vanderbilt Avenue, Suite 3400, New York, New York 10017.

Privacy Principles

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

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

Compliance with Listing Requirements

Our shares of common stock and the 2028 Notes are trading on the Nasdaq Global Select Market under the symbols "CGBD" and "CGBDL", respectively. As a listed company on the Nasdaq Global Select Market, we are subject to various listing standards including corporate governance listing standards. We monitor our compliance with all listing standards and take actions necessary to ensure that we are in compliance therewith.

Reporting Obligations and Available Information

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

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

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

Competition

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

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

Staffing

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

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

Item 1A. Risk Factors

Summary of Risk Factors

The following is only a summary of the principal risks that may materially adversely affect our business, financial condition, results of operations and cash flows. The following should be read in conjunction with the complete discussion of risk factors we face, which are set forth below under “*Risk Factors*”.

Risks Related to Our Business and Structure

- We are currently operating in a period of capital markets disruption and economic uncertainty, and capital markets may experience periods of disruption and instability in the future. These market conditions may materially and adversely affect debt and equity capital markets in the United States and abroad, which have had and may continue to have a negative impact on our business and operations.
- Inflation has adversely affected and may continue to adversely affect the business, results of operations and financial condition of our portfolio companies.
- Economic recessions or downturns could impair our portfolio companies and harm our operating results.
- We are dependent upon our Investment Adviser for our future success, and there are significant potential conflicts of interest that could impact our investment returns.
- Our financial condition, results of operations and ability to achieve our investment objective depend on our ability to source investments, access financing and manage future growth effectively.
- We may need to raise additional capital to grow because we must distribute most of our income.
- Any failure on our part to maintain our status as a BDC or RIC would reduce our operating flexibility, may hinder our achievement of our investment objective, may limit our investment choices and may subject us to greater regulation.
- Regulations governing our operation as a BDC affect our ability to, and the way in which we will, raise additional capital. As a BDC, the necessity of raising additional capital may expose us to risks, including the typical risks associated with leverage.
- The NAV per share of our common stock may be diluted if we sell shares of our common stock in one or more offerings at prices below the then current NAV per share of our common stock.
- We borrow money, which magnifies the potential for gain or loss on amounts invested and may increase the risk of investing in us.
- Our indebtedness could adversely affect our business, financial conditions or results of operations.
- Changes in interest rates have increased, and may in the future increase, our cost of capital, reduce the ability of our portfolio companies to service their debt obligations and decrease our net investment income.
- We may experience fluctuations in our quarterly results.
- We will be subject to corporate-level income tax if we are unable to maintain our qualification as a RIC for U.S. federal income tax purposes under Subchapter M of the Code.
- If we are not treated as a “publicly offered regulated investment company,” as defined in the Code, certain U.S. stockholders will be treated as having received a dividend from us.
- Our Board of Directors is authorized to reclassify any unissued shares of common stock into one or more classes of preferred stock, which could convey special rights and privileges to its owners.
- Provisions of the Maryland General Corporation Law (“MGCL”) and of our Charter and bylaws could deter takeover attempts and have an adverse impact on the price of our common stock.
- Our Board of Directors may change our investment objective, operating policies and strategies without prior notice and without stockholder approval.
- We are highly dependent on information systems, and systems failures could significantly disrupt our business.
- Cybersecurity risks and cyber incidents may adversely affect our business, results of operations or those of our portfolio companies.
- Changes in laws or regulations governing our business or the businesses of our portfolio companies, changes in the interpretation thereof or newly enacted laws or regulations, and any failure by us or our portfolio companies to comply with these laws or regulations may adversely affect our business and the businesses of our portfolio companies.
- We are subject to certain risks as a result of our direct interest in the 2015-1 Issuer Preferred Interests.

Risks Related to Our Investments

- Our investments are risky and speculative, generally illiquid and typically do not have a readily available market price.
- We operate in a highly competitive market for investment opportunities, and compete with investment vehicles sponsored or advised by our affiliates.
- Our portfolio companies may be highly leveraged and may incur debt that ranks equally with, or senior to, some of our investments in such companies, and our investment portfolio may be concentrated in a limited number of portfolio companies and industries.
- Declines in the prices of corporate debt securities and illiquidity in the corporate debt markets may adversely affect the fair value of our portfolio investments, reducing our NAV through increased net unrealized depreciation.
- To the extent we make investments in restructurings and reorganizations they may be subject to greater regulatory and legal risks than other traditional direct investments in portfolio companies.
- The financial projections of our portfolio companies could prove inaccurate, and the due diligence investigation that our Investment Adviser carries out with respect to an investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity.
- Our portfolio companies prepay loans from time to time, which may have the effect of reducing our investment income if the returned capital cannot be invested in transactions with equal or greater yields.
- We invest through joint ventures, partnerships or other special purpose vehicles and our investments through these vehicles may entail greater risks, or risks that we otherwise would not incur, if we otherwise made such investments directly.
- Our ability to enter into transactions with Carlyle and our other affiliates is restricted.
- Our failure to make follow-on investments in our portfolio companies could impair the value of our investments.
- Because we generally do not hold controlling equity interests in our portfolio companies, we may not be in a position to exercise control over our portfolio companies.
- There are certain risks associated with holding debt obligations that have original issue discount or payment-in-kind interest.

Risks Related to an Investment in Our Securities

- Investing in our securities involves a high degree of risk and the market price of our securities may fluctuate significantly.
- Our shares of common stock have traded at a discount to NAV and may do so again.
- We issued the Preferred Stock (as defined below) in May 2020 and we may in the future determine to issue additional preferred stock, which could adversely affect the market value of our common stock.
- Holders of the Preferred Stock have the right to elect members of the board of directors and class voting rights on certain matters.
- Purchases of our common stock under our stock repurchase program, including a Company 10b5-1 Plan, may have resulted in the price of our common stock being higher than the price that otherwise might have existed in the open market.
- Sales of substantial amounts of our common stock in the public market may have an adverse effect on the market price of our common stock.
- Our stockholders will experience dilution in their ownership percentage if they opt out of our dividend reinvestment plan.
- If current economic and market conditions continue to contribute to capital market disruption and instability, there is a risk that our stockholders may not receive distributions or that our distributions may not grow over time and a portion of our distributions to our stockholders may be a return of capital for U.S. federal income tax purposes.
- Our stockholders may receive shares of our common stock as dividends, which could result in adverse tax consequences to them. Non-U.S. stockholders may be subject to withholding of U.S. federal income tax on dividends we pay.
- We may have difficulty paying our required distributions if we recognize taxable income before or without receiving cash representing such income.
- We cannot assure that an active trading market for the 2028 Notes (as defined below) will develop or be maintained.
- We may choose to redeem the 2028 Notes when prevailing interest rates are relatively low.

Risk Factors

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

Risks Related to Our Business and Structure

We are currently operating in a period of capital markets disruption and economic uncertainty, and capital markets may experience periods of disruption and instability in the future. These market conditions may materially and adversely affect debt and equity capital markets in the United States and abroad, which have had and may continue to have a negative impact on our business and operations.

U.S. capital markets continue to experience disruptions and volatility. Over the last several years, markets have been affected by a rising interest rate environment as a result of inflation and continued geopolitical tensions (including Russia's military invasion of Ukraine and the war between Israel and Hamas). These events have contributed to unpredictable general economic conditions that are materially and adversely impacting the broader financial and credit markets. These and future market disruptions and/or illiquidity would be expected to have an adverse effect on our business, financial condition, results of operations and cash flows, as well as the businesses of our portfolio companies, and the broader financial and credit markets.

At various times, such disruptions have resulted in, and may in the future result in, a lack of liquidity in parts of the debt capital markets, significant write-offs in the financial services sector and the repricing of credit risk. Such conditions may occur for a prolonged period of time again, and may materially worsen in the future, including as a result of U.S. government shutdowns, or future downgrades to the U.S. government's sovereign credit rating, including as a result of a default or the threat of default on its debt, or the perceived credit worthiness of the U.S. or other large global economies. In addition, the current U.S. political environment and the resulting uncertainties regarding actual and potential shifts in U.S. foreign investment, trade, taxation, economic, environmental and other policies under the current Administration, as well as the impact of geopolitical tension, such as a deterioration in the bilateral relationship between the U.S. and China or in the ongoing conflict between Russia and Ukraine, could lead to disruption, instability and volatility in the global markets. Unfavorable economic conditions also would be expected to increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events have limited and could continue to limit our investment originations, and limit our ability to grow and could have a material negative impact on our operating results, financial condition, results of operations and cash flows and the fair values of our debt and equity investments.

In addition, the U.S. and global capital markets have in the past, and may in the future, experience periods of extreme volatility and disruption during economic downturns and recessions. Trade wars and volatility in the U.S. repo market, the U.S. high yield bond markets, the Chinese stock markets and global markets for commodities may affect other financial markets worldwide. Increases to budget deficits or direct and contingent sovereign debt may create concerns about the ability of certain nations to service their sovereign debt obligations and any risks resulting from any such debt crisis in Europe, the U.S. or elsewhere could have a detrimental impact on the global economy, sovereign and non-sovereign debt in certain countries and the financial condition of financial institutions generally. Austerity measures that certain countries may agree to as part of any debt crisis or disruptions to major financial trading markets may adversely affect world economic conditions, our business and the businesses of our portfolio companies.

Additionally, the Federal Reserve raised the Federal Funds Rate throughout 2022 and 2023 and could further do so if inflation exceeds certain levels in the United States. These developments, along with the United States government's credit and deficit concerns, global economic uncertainties and market volatility, have caused and could continue to cause interest rates to be volatile, which may negatively impact our ability to access the capital markets on favorable terms.

Inflation has adversely affected and may continue to adversely affect the business, results of operations and financial condition of our portfolio companies.

Certain of our portfolio companies are in industries that have been impacted by inflation. Inflationary pressures during 2022 and 2023 have increased the costs of labor, energy and raw materials and have adversely affected consumer spending, economic growth and our portfolio companies' operations. If such portfolio companies are unable to pass any increases in their costs of operations along to their customers, it could adversely affect their operating results and impact their ability to pay interest and principal on our loans, particularly if interest rates were to continue to rise in response to inflation. In addition, any projected future decreases in our portfolio companies' operating results due to inflation could adversely impact the fair value of those investments. Any decreases in the fair value of our investments could result in future realized or unrealized losses and therefore reduce our net assets resulting from operations. Additionally, the Federal Reserve has raised, and could raise again, certain benchmark interest rates in an effort to combat inflation. See "*—Changes in interest rates have increased and may in the future increase our cost of capital, reduce the ability of our portfolio companies to service their debt obligations and decrease our net investment income.*"

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

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

Any deterioration of general economic conditions may lead to significant declines in corporate earnings or loan performance, and the ability of corporate borrowers to service their debt, any of which could trigger a period of global economic slowdown, and have an adverse impact on our performance and financial results, and the value and the liquidity of our investments. In an economic downturn, we could have non-performing assets or an increase in non-performing assets, and we would anticipate that the value of our portfolio would decrease during these periods.

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

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

We do not have any employees. We depend on the diligence, skill, judgment and network of business contacts of our Investment Adviser's investment professionals and the Carlyle Direct Lending platform to source appropriate investments for us. We depend on members of our Investment Adviser's investment team to appropriately analyze our investments and the Investment Committee to approve and monitor our middle market portfolio investments. The Investment Committee, together with the other members of its investment team, evaluate, negotiate, structure, close and monitor our investments. Our future success will depend on the continued availability of the members of the Investment Committee and the other investment professionals available to the Investment Adviser. Neither we nor the Investment Adviser has employment agreements with these individuals or other key personnel, and we cannot provide any assurance that unforeseen business, medical, personal or other circumstances would not lead any such individual to terminate his or her relationship with us. The loss of any senior investment professionals to which our Investment Adviser has access, including members of the Investment Committee, or a significant number of the investment professionals of our Investment Adviser, could have a material adverse effect on our ability to achieve our investment objective as well as on our financial condition and results of operations. The market for qualified professionals is extremely competitive across levels and areas of expertise, and our Investment Adviser may not be successful in its efforts to recruit, retain and motivate these professionals. In addition, our Investment Adviser has seen increased focus by prospective candidates on hybrid work arrangements and arrangements providing more flexibility, including location. If our Investment Adviser's approach to in-office and remote-work arrangements is not perceived as favorable as

compared to the arrangements offered by competitors, it may experience an even further increase in competition for talent and it may be difficult to recruit and retain investment professionals.

In addition, we cannot assure you that our Investment Adviser will remain our investment adviser or that we will continue to have access to Carlyle's investment professionals or its information and deal flow. If, due to extraordinary market conditions or other reasons, we and other funds managed by our Investment Adviser or its affiliates were to incur substantial losses, the revenues of our Investment Adviser and its affiliates may decline substantially. Such losses may hamper our Investment Adviser's and its affiliates' ability to provide the same level of service to us as it would have. Further, there can be no assurance that our Investment Adviser will replicate Carlyle's historical success, and we caution you that our investment returns could be substantially lower than the returns achieved by other Carlyle-managed funds.

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

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

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

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

We may need to raise additional capital to fund growth in our investments, and a reduction in the availability of new capital could limit our ability to grow. If we fail to obtain funds from such sources or from other sources to fund our investments, it could limit our ability to grow, which may have an adverse effect on the value of our securities. We have elected to be treated, and intend to qualify annually, as a RIC for U.S. federal income tax purposes under Subchapter M of the Code. To maintain our status as a RIC, among other requirements, we must distribute on a timely basis at least 90% of our investment company taxable income to our stockholders. As a result, any such cash earnings may not be available to fund investment originations or repay maturing debt.

We expect to issue additional debt and equity securities to fund our growth. We may pursue growth through acquisitions or strategic investments in new businesses. Completion and timing of any such acquisitions or strategic investments may be subject to a number of contingencies and risks. There can be no assurance that the integration of an acquired business will be successful or that an acquired business will prove to be profitable or sustainable.

We have borrowed under the credit facility and through the issuance of debt securities and in the future may borrow under additional debt facilities from financial institutions. As of December 31, 2023, we had issued and outstanding \$984.6 million aggregate principal amount of indebtedness, and \$ 50.0 million aggregate liquidation preference of the Preferred Stock. In addition, as a BDC, our ability to borrow or issue preferred stock may be restricted if our total assets are less than 150% of our total borrowings and preferred stock. Furthermore, equity capital may be difficult to raise because, subject to some limited exceptions, as a BDC, we are generally not able to issue additional shares of our common stock at a price per share less than NAV without first obtaining approval for such issuance from our stockholders and our Independent Directors. Pursuant to approval granted at a special meeting of stockholders held on July 26, 2023, we are authorized, with the approval of the Board of Directors, to sell or otherwise issue shares of our common stock at a price below the then-current NAV per share, subject to certain limitations (including that the number of shares issued does not exceed 25% of our then-outstanding common stock immediately prior to each such offering). Such stockholder approval expires on July 26, 2024.

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

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

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

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

We may issue additional debt securities or preferred stock and/or borrow money from banks or other financial institutions, which we refer to collectively as “senior securities,” up to the maximum amount permitted by the Investment Company Act. In addition, we may continue to securitize certain of our loans. Under the provisions of the Investment Company Act, we are permitted, as a BDC, to issue senior securities only in amounts such that our asset coverage ratio, as defined in the Investment Company Act, equals at least 150% of total assets less all liabilities and indebtedness not represented by senior securities, after each issuance of senior securities. If the value of our assets declines, we may be unable to satisfy this test, which may prohibit us from paying dividends and could prevent us from maintaining our status as a RIC or may prohibit us from repurchasing shares of our common stock. If that happens, we may be required to sell a portion of our investments and, depending on the nature of our leverage, repay a portion of our indebtedness at a time when such sales may be disadvantageous. Accordingly, any failure to satisfy this test could have a material adverse effect on our business, financial condition or results of operations. As of December 31, 2023, our asset coverage calculated in accordance with the Investment Company Act was 183.4 %. Also, any amounts that we use to service our indebtedness would not be available for distributions to our common stockholders. Furthermore, as a result of issuing senior securities, our common stockholders would also be exposed to typical risks associated with increased leverage, including an increased risk of loss resulting from increased indebtedness.

On May 5, 2020, we issued and sold 2,000,000 shares of preferred stock to an affiliate of Carlyle in a private placement at a price of \$25 per share (“Preferred Stock”). The Preferred Stock ranks “senior” to common stock in our capital structure, and preferred stockholders have separate voting rights on certain matters and have other rights, preferences, or privileges more favorable than those of our common stockholders. The issuance of the Preferred Stock and any additional preferred stock could have the effect of delaying, deferring or preventing a transaction or a change of control that might involve a premium price for holders of our common stock or otherwise be in their best interest.

We are not generally able to issue and sell our common stock at a price below the NAV per share. We may, however, sell our common stock, or warrants, options or rights to acquire our common stock, at a price below the then-current NAV per share of our common stock if our Independent Directors determine that such sale is in the best interests of us and our stockholders and our stockholders approve such sale. In any such case, the price at which our common stock is to be issued and sold may not be less than a price that, in the determination of our Independent Directors, closely approximates the market value of such shares (less any distributing commission or discount). We are authorized, with the approval of the Board of Directors, to sell or otherwise issue shares of our common stock at a price below the then-current NAV per share, subject to certain limitations. See “—*The NAV per share of our common stock may be diluted if we sell shares of our common stock in one or more offerings at prices below the then current NAV per share of our common stock.*”

[Table of Contents](#)

If we raise additional funds by issuing more common stock or senior securities convertible into, or exchangeable for, our common stock, then the percentage ownership of our stockholders at that time will decrease, and holders of our common stock might experience dilution.

The NAV per share of our common stock may be diluted if we sell shares of our common stock in one or more offerings at prices below the then current NAV per share of our common stock.

Pursuant to approval granted at a special meeting of stockholders held on July 26, 2023, we are authorized, with the approval of the Board of Directors, to sell or otherwise issue shares of our common stock at a price below the then-current NAV per share, subject to certain limitations (including that the number of shares issued does not exceed 25% of our then-outstanding common stock immediately prior to each such offering). Such stockholder approval expires on July 26, 2024.

Any sale or other issuance of shares of our common stock at a price below NAV per share, including upon conversion of the Preferred Stock, would result in immediate dilution to our common stock and a reduction of our NAV per share. This dilution would occur as a result of the sale of shares at a price below the then current NAV per share of our common stock and a proportionately greater decrease in the stockholders' interest in our earnings and assets and their voting interest in us than the increase in our assets resulting from such issuance. Because the number of shares of common stock that could be so issued and the timing of any issuance is not currently known, the actual dilutive effect cannot be predicted.

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

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

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

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

Our Credit Facility, the Senior Notes and the 2015-1R Notes (each as defined in Note 8, Borrowings, to the consolidated financial statements in Part II, Item 8 of this Form 10-K) impose financial and operating covenants that restrict our business activities, remedies on default and similar matters. As of December 31, 2023, we were in material compliance with the operating and financial covenants of our Credit Facility, the Senior Notes and the 2015-1R Notes. However, our continued compliance with these covenants depends on many factors, some of which are beyond our control. Accordingly, although we believe we will continue to be in compliance, we cannot assure you that we will continue to comply with the covenants in our Credit Facility, the Senior Notes and the 2015-1R Notes. Failure to comply with these covenants could result in a default. If we were unable to obtain a waiver of a default from the lenders or holders of that indebtedness, as applicable, those lenders or holders could accelerate repayment under that indebtedness, which may result in cross-acceleration of other indebtedness. An acceleration could have a material adverse impact on our business, financial condition and results of operations. Lastly, we may be unable to obtain additional leverage, which would, in turn, affect our return on capital.

[Table of Contents](#)

As of December 31, 2023, we had a combined \$984.6 million of outstanding consolidated indebtedness under our Credit Facility, Senior Notes and 2015-1R Notes. As of December 31, 2023, our annualized interest cost was 6.95% excluding fees (such as fees on undrawn amounts and amortization of upfront fees). Since we generally pay interest at a floating rate on our Credit Facility and 2015-1R Notes and the effective rate of our 2028 Notes is floating due to our interest rate swap, an increase in interest rates will generally increase our borrowing costs.

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

Assumed annual returns on the Company's portfolio (net of expenses)	Assumed Return on Our Portfolio (Net of Expenses)				
	(10)%	(5)%	0%	5%	10%
Corresponding return to common stockholder ⁽¹⁾	(28.78)%	(18.14)%	(7.50)%	3.14 %	13.78 %

(1) Assumes, as of December 31, 2023, (i) \$1,942.6 million in total assets, (ii) \$984.6 million in outstanding indebtedness, (iii) \$912.8 million in net assets and (iv) weighted average effective annual interest rate, excluding fees (such as fees on undrawn amounts and amortization of financing costs), of 6.95%.

Based on an outstanding indebtedness of \$984.6 million as of December 31, 2023, and the weighted average effective annual interest rate, excluding fees (such as fees on undrawn amounts and amortization of financing costs), of 6.95% as of that date, our investment portfolio at fair value would have had to produce an annual return of approximately 3.52% to cover annual interest payments on the outstanding debt. For more information on our indebtedness, see Part II, Item 7 of this Form 10-K "Management's Discussion and Analysis of Financial Condition and Results of Operations—Financial Condition, Liquidity and Capital Resources. "

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

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

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

General interest rate fluctuations and changes in credit spreads on floating rate loans may have a substantial negative impact on our investments and investment opportunities and, accordingly, may have a material adverse effect on our rate of return on invested capital, our net investment income and our NAV. Substantially all of our debt investments have variable interest rates that reset periodically based on benchmarks such as the Secured Overnight Financing Rate ("SOFR") and the U.S. Prime Rate ("Prime Rate" or "P"), so an increase in interest rates from their historically low levels may make it more difficult for our portfolio companies to service their obligations under the debt investments that we hold. Rising interest rates could also cause portfolio companies to shift cash from other productive uses to the payment of interest, which may have a material adverse effect on their business and operations and could, over time, lead to increased defaults. To address ongoing concerns about inflation, the Federal Reserve has increased interest rates over the course of 2022 and 2023 and could further do so in 2024 if inflation levels exceed certain levels in the United States.

Furthermore, because we typically borrow money to make investments, our net investment income depends, in part, upon the difference between the rate at which we borrow funds and the rate at which we invest those funds. As a result, we can offer no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income to the extent we use debt to finance our investments. In periods of rising interest rates, our cost of funds would increase, which could reduce our net investment income.

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

[Table of Contents](#)

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

In addition, a rise in the general level of interest rates can be expected to lead to higher interest rates applicable to our debt investments. Accordingly, the recent increases in interest rates have made it easier for us to meet or exceed the incentive fee hurdle rate in our Investment Advisory Agreement and have resulted in increases in the amount of incentive fees payable to our Investment Adviser with respect to our pre-incentive fee net investment income. Also, an increase in interest rates available to investors could make an investment in our common stock less attractive if we are not able to increase our distribution rate, which could reduce the value of our common stock. We have entered and may continue to enter into certain hedging transactions, such as interest rate swap agreements, to mitigate our exposure to adverse fluctuations in interest rates, and we may do so again in the future. However, we cannot assure you that such transactions will be successful in mitigating our exposure to interest rate risk.

We may experience fluctuations in our quarterly results.

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

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

Our executive officers and directors, other current and future principals of our Investment Adviser and certain members of the Investment Committee currently serve, and may continue to serve, as officers, directors or principals of other entities and affiliates of our Investment Adviser and funds managed by our affiliates that operate in the same or a related line of business as we do. Currently, our executive officers, as well as the other principals of our Investment Adviser manage other funds affiliated with Carlyle, including other existing and future affiliated BDCs. In addition, our Investment Adviser's investment team has responsibilities for sourcing and managing investments for certain other investment funds and accounts. Accordingly, they have obligations to investors in those entities, the fulfillment of which may not be in the best interests of, or may be adverse to the interests of, us or our stockholders. Although the professional staff of our Investment Adviser will devote as much time to our management as appropriate to enable our Investment Adviser to perform its duties in accordance with the Investment Advisory Agreement, the investment professionals of our Investment Adviser may have conflicts in allocating their time and services among us, on the one hand, and investment vehicles managed by Carlyle or one or more of its affiliates on the other hand.

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

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

[Table of Contents](#)

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

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

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

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

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

In May 2020, we issued the Preferred Stock to an affiliate of Carlyle in a private placement. The interests of Carlyle as the holder of the Preferred Stock may conflict with the interests of the holders of our common stock (see "*We issued the Preferred Stock in May 2020 and we may in the future determine to issue additional preferred stock, which could adversely affect the market value of our common stock*").

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

Our Investment Adviser is entitled to incentive compensation for each calendar quarter in an amount equal to a percentage of the excess of our pre-incentive fee net investment income for that quarter (before deducting incentive compensation) above a performance threshold for that quarter. In calculating our performance threshold, we use net assets

[Table of Contents](#)

which results in a lower hurdle rate than if we used gross assets like we do for determining our base management fee. Our pre-incentive fee net investment income for incentive compensation purposes excludes realized and unrealized capital losses and depreciation that we may incur in the calendar quarter, even if such capital losses or depreciation result in a net loss on our statement of operations for that quarter. Thus, we may be required to pay our Investment Adviser incentive compensation for a calendar quarter even if there is a decline in the value of our portfolio or we incur a net loss for that quarter.

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

The incentive fees payable by us to our Investment Adviser may create an incentive for our Investment Adviser to pursue investments on our behalf that are riskier or more speculative than would be the case in the absence of such compensation arrangement. The incentive fees payable to our Investment Adviser are calculated based on a percentage of our return on invested capital. This may encourage our Investment Adviser to use leverage to increase the return on our investments. In particular, a portion of the incentive fees payable to the Investment Adviser is calculated based on the Company's pre-incentive fee net investment income, expressed as a rate of return on the value of the Company's net assets at the end of the immediately preceding calendar quarter, subject to a "hurdle rate" of 1.50% per quarter (6.00% annualized) and a "catch-up rate" of 1.82% per quarter (7.28% annualized). See Note 4, Related Party Transactions, to the consolidated financial statements included in Part II, Item 8 of this Form 10-K. Accordingly, an increase in leverage may make it easier for the Company to meet or exceed the hurdle rate applicable to the income-based incentive fee and may result in an increase in the amount of income-based incentive fee payable to the Investment Adviser.

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

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

Additionally, the incentive fees payable by us to our Investment Adviser may create an incentive for our Investment Adviser to cause us to realize capital gains or losses that may not be in the best interests of us or our stockholders. Under the incentive fee structure, our Investment Adviser benefits when we recognize capital gains and, because our Investment Adviser determines when an investment is sold, our Investment Adviser controls the timing of the recognition of such capital gains. Our Board of Directors is charged with protecting our stockholders' interests by monitoring how our Investment Adviser addresses these and other conflicts of interest associated with its management services and compensation.

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

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

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

[Table of Contents](#)

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

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

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

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

We expect to be treated as a “publicly offered regulated investment company” as a result of shares of our common stock being treated as regularly traded on an established securities market. However, we cannot assure you that we will be treated as a publicly offered regulated investment company for all years. If we are not treated as a publicly offered regulated investment company for any calendar year, each U.S. stockholder that is an individual, trust or estate will be treated as having received a dividend from us in the amount of such U.S. stockholder’s allocable share of the management and incentive fees paid to our Investment Adviser and certain of our other expenses for the calendar year, and these fees and expenses will be treated as miscellaneous itemized deductions of such U.S. stockholder. Miscellaneous itemized deductions generally are deductible by a U.S. stockholder that is an individual, trust or estate only for tax years of such U.S. stockholder beginning after 2025 and only to the extent that the aggregate of such U.S. stockholder’s miscellaneous itemized deductions exceeds 2% of such U.S. stockholder’s adjusted gross income for U.S. federal income tax purposes, are not deductible for purposes of the alternative minimum tax and are subject to the overall limitation on itemized deductions under the Code. See Part I, Item 1 of this Form 10-K “*Business—Regulation—General—Election to be Taxed as a RIC*” for additional information.

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

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

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

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

Private funds that are excluded from the definition of “investment company” either pursuant to Section 3(c)(1) or 3(c)(7) of the Investment Company Act are restricted from acquiring directly or through a controlled entity more than 3% of our total outstanding voting stock (measured at the time of the acquisition), unless certain conditions are satisfied. Investment

companies registered under the Investment Company Act and BDCs are also subject to this restriction as well as other limitations under the Investment Company Act that would restrict the amount that they are able to invest in our securities. As a result, certain investors will be limited in their ability to make significant investments in us at a time that they might desire to do so.

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

Under the MGCL and our Charter, our Board of Directors is authorized to classify and reclassify any authorized but unissued shares of stock into one or more classes of stock, including preferred stock. Prior to the issuance of shares of each class or series, the Board of Directors is required by Maryland law and our Charter to set the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each class or series. Thus, the Board of Directors could authorize the issuance of shares of preferred stock with terms and conditions which could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for holders of our common stock or otherwise be in their best interest. The cost of any such reclassification would be borne by our existing common stockholders. Certain matters under the Investment Company Act require the separate vote of the holders of any issued and outstanding preferred stock. For example, holders of preferred stock would vote separately from the holders of common stock on a proposal to cease operations as a BDC. In addition, the Investment Company Act provides that holders of preferred stock are entitled to vote separately from holders of common stock to elect two preferred stock directors. We currently have no plans to issue additional preferred stock, but may determine to issue additional preferred stock in the future. The issuance of preferred stock convertible into shares of common stock might also reduce the net income per share and NAV per share of our common stock upon conversion, provided, that we will only be permitted to issue such convertible preferred stock to the extent we comply with the requirements of Section 61 of the Investment Company Act. In addition, under the Investment Company Act, participating preferred stock and preferred stock constitutes a "senior security" for purposes of the 150% asset coverage test. These effects, among others, could have an adverse effect on an investment in our common stock.

On May 5, 2020 we issued the Preferred Stock. See "*— We issued the Preferred Stock in May 2020 and we may in the future determine to issue additional preferred stock, which could adversely affect the market value of our common stock,*" "*—Our stockholders may experience dilution upon the conversion of the Preferred Stock,*" and "*—Holders of the Preferred Stock have the right to elect members of the board of directors and class voting rights on certain matters .*"

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

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

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

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

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

We are highly dependent on information systems, and systems failures could significantly disrupt our business.

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

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

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

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

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

Third parties with which we do business (including, but not limited to, service providers, such as accountants, custodians, transfer agents and administrators, and the issuers of securities in which we invest) may also be sources or targets of cybersecurity or other technological risks. We outsource certain functions and these relationships allow for the storage and processing of our information and assets, as well as certain investor, counterparty, employee and borrower information. While

we engage in actions to reduce our exposure resulting from outsourcing, we cannot control the cybersecurity plans and systems put in place by these third parties and ongoing threats may result in unauthorized access, loss, exposure or destruction of data, or other cybersecurity incidents, with increased costs and other consequences, including those described above. Privacy and information security laws and regulation changes, and compliance with those changes, may also result in cost increases due to system changes and the development of new administrative processes.

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

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

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

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

Our ability to continue to operate depends on the services provided by our Investment Adviser, Administrator and sub-administrators. Each is able to resign upon 60 days' notice, and we may not be able to find a suitable replacement within that time, resulting in a disruption in our operations that could adversely affect our financial condition, business and results of operations.

Our ability to continue to operate depends on the services provided by our Investment Adviser, Administrator and sub-administrators. Our Investment Adviser, our Administrator, and our sub-administrators each have the right to resign under the Investment Advisory Agreement, the Administration Agreement and the Sub-Administration Agreements, respectively, upon 60 days' written notice, whether a replacement has been found or not. If any of them resigns, it may be difficult to find a replacement with similar expertise and ability to provide the same or equivalent services on acceptable terms within 60 days, or at all. If a replacement is not found quickly, our business, results of operations and financial condition as well as our ability to pay distributions are likely to be adversely affected and the value of our shares may decline. In addition, the coordination of our internal management and investment activities is likely to suffer if we are unable to identify and reach an agreement with a single institution or group of executives having the expertise possessed by our Investment Adviser, our Administrator and their affiliates, including certain of our sub-administrators. Even if a comparable service provider or individuals performing such services are retained, whether internal or external, their integration into our business and lack of familiarity with our investment objective may result in additional costs and time delays that may materially adversely affect our business, results of operations and financial condition. Moreover, it will be an event of default under the Credit Facility if our Investment Adviser or an affiliate of our Investment Adviser ceases to manage us, which could result in the immediate acceleration of the amounts due under the Credit Facility.

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

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

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

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

The 2015-1 Issuer Preferred Interests are subordinated obligations and therefore we may not receive cash from the 2015-1 Issuer.

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

In addition, if the 2015-1 Issuer does not meet the asset coverage tests or the interest coverage test set forth in the documents governing the 2015-1 Debt Securitization Refinancing, cash would be diverted to first pay the 2015-1R Notes in amounts sufficient to cause such tests to be satisfied.

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

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

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

If an event of default has occurred and acceleration occurs in accordance with the terms of the 2015-1 Indenture, the 2015-1R Notes then outstanding will be paid in full before any further payment or distribution to the 2015-1 Issuer Preferred Interests. In addition, if an event of default occurs, holders of a majority of the 2015-1R Notes then outstanding will be entitled to determine the remedies to be exercised under the 2015-1 Indenture, subject to the terms of the 2015-1 Indenture. For

[Table of Contents](#)

example, upon the occurrence of an event of default with respect to the notes issued by the 2015-1 Issuer, the trustee or holders of a majority of the 2015-1R Notes then outstanding may declare the principal, together with any accrued interest, of all the 2015-1R Notes to be immediately due and payable. This would have the effect of accelerating the principal on such notes, triggering a repayment obligation on the part of the 2015-1 Issuer. If at such time the portfolio loans of the 2015-1 Issuer were not performing well, the 2015-1 Issuer may not have sufficient proceeds available to enable the trustee under the 2015-1 Indenture to pay a distribution to holders of the 2015-1 Issuer Preferred Interests.

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

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

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

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

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

If any coverage test with respect to the 2015-1R Notes is not met, proceeds from the portfolio of loans that otherwise would have been distributed to the holders of the 2015-1 Issuer Preferred Interests will instead be used to redeem first the 2015-1R Notes, to the extent necessary to satisfy the applicable asset coverage tests on a pro forma basis after giving effect to all payments made in respect of the 2015-1R Notes, which we refer to as a mandatory redemption, or to obtain the necessary ratings confirmation. There is no guarantee that the 2015-1R Notes will meet either of these coverage tests, and thus, we may not receive distributions as the holders of the 2015-1 Issuer Preferred Interests. Even if we do not receive cash directly from the 2015-1 Issuer, such amount will still be treated as income subject to our requirement to distribute 90% of our net investment income to our stockholders. Therefore, in the event that we fail to receive cash directly from the 2015-1 Issuer, we could be unable to make such distributions in amounts sufficient to maintain our status as a RIC for U.S. federal income tax purposes, or at all.

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

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

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

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

Risks Related to Our Investments

Our investments are risky and speculative.

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

Some of the loans in which we may invest may be "covenant-lite" loans, which means the loans contain fewer covenants than other loans (in some cases, none) and may not include terms which allow the lender to monitor the performance of the borrower and declare a default if certain criteria are breached. An investment by us in a covenant-lite loan may potentially hinder the ability to reprice credit risk associated with the issuer and reduce the ability to restructure a problematic loan and mitigate potential loss. We may also experience delays in enforcing our rights under covenant-lite loans. As a result of these risks, our exposure to losses may be increased, which could result in an adverse impact on our net income and net asset value.

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

- these companies may have limited financial resources and may be unable to meet their obligations under their debt securities that we hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of us realizing on any guarantees or security we may have obtained in connection with our investment;
- they typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns;
- they are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on a portfolio company and, in turn, on us;
- there is generally little public information about these companies. These companies and their financial information are usually not subject to the Exchange Act and other regulations that govern public companies, and we may be unable to uncover all material information about these companies, which may prevent us from making a fully informed investment decision and cause us to lose money on our investments;
- they generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position. In addition, our executive officers, directors and our Investment Adviser may, in the ordinary course of business, be named as defendants in litigation arising from our investments in the portfolio companies;
- changes in laws and regulations, as well as their interpretations, may adversely affect their business, financial structure or prospects; and
- they may have difficulty accessing the capital markets to meet future capital needs, which may limit their ability to grow or to repay their outstanding indebtedness upon maturity.

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

Substantially all of our portfolio investments are in the form of debt investments that are not publicly traded and are illiquid compared to publicly traded securities, and there can be no assurance that we will be able to realize returns on such investments in a timely manner. The fair value of these illiquid portfolio securities is not readily determinable, and the due diligence process that our Investment Adviser undertakes in connection with our investments may not reveal all the facts that may be relevant in connection with such investment. The Investment Adviser, as the valuation designee pursuant to Rule 2a-5 under the Investment Company Act, determines in good faith the fair value of our investment portfolio for which market quotations are not readily available. The Investment Adviser values these investments on at least a quarterly basis in accordance with our valuation policy, which is at all times consistent with accounting principles generally accepted in the United States ("U.S. GAAP"). Our Board of Directors utilizes the services of a third-party valuation firm to aid it in reviewing the determinations of our Investment Adviser's investment professionals, which are based upon the most recent portfolio company financial statements available and projected financial results of each portfolio company. The participation of our Investment Adviser in our valuation process, and the indirect pecuniary interest in our Investment Adviser by the Interested Directors on our Board of Directors, could result in a conflict of interest, because the management fee is based on our gross assets and also because our Investment Adviser is receiving performance-based incentive fees.

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

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

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

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

The activity of identifying, completing and realizing attractive investments is highly competitive and involves a high degree of uncertainty. The availability of investment opportunities generally will be subject to market conditions. In particular, in light of changes in such conditions, including changes in long-term interest rates, certain types of investments may not be available to us on terms that are as attractive as the terms on which opportunities were available to previous investment programs sponsored by Carlyle. A number of entities, including BDCs managed by our Investment Adviser or an affiliate, compete with us to make the types of investments that we target in middle market companies. We compete with other BDCs, public and private funds, commercial and investment banks, commercial finance companies, and, to the extent they provide an alternative form of financing, private equity funds, some of which are affiliates of us. Furthermore, over the past several years, an ever-increasing number of debt and credit opportunities funds have been formed and many such existing funds have grown

substantially in size. Additional funds with similar objectives may be formed in the future by Carlyle or by other unrelated parties. Many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. Consequently, it is possible that competition for appropriate investment opportunities may increase, thus reducing the number of investment opportunities available to us and adversely affecting the terms upon which investments can be made. Furthermore, many of our competitors are not subject to the regulatory restrictions that the Investment Company Act and the Code impose on us. The competitive pressures we face may have a material adverse effect on our business, financial condition and results of operations. As a result of this competition, we may not be able to take advantage of attractive investment opportunities from time to time, and, accordingly, we may incur legal, due diligence and other costs on investments which may not be successful and we may not recover all of our costs, which would adversely affect returns. We can offer no assurance that we will be able to identify and make investments that are consistent with our investment objective.

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

Our portfolio companies may be highly leveraged.

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

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

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

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

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

[Table of Contents](#)

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

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

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

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

As a BDC, we are required to account for our investments at market value or, if no market value is ascertainable, at fair value as determined in good faith by or under the direction of our Board of Directors, which has appointed our Investment Adviser as the valuation designee pursuant to Rule 2a-5 under the Investment Company Act. Decreases in the market values or fair values of our investments are recorded as unrealized depreciation. Depending on market conditions, we could incur substantial realized losses and suffer additional unrealized losses, which would reduce our NAV and have a material adverse impact on our business, financial condition and results of operations.

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

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

The financial projections of our portfolio companies could prove inaccurate.

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

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

The due diligence investigation that our Investment Adviser carries out with respect to an investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity.

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

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

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

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

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

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

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

to our Investment Adviser or its affiliates, or any person who owns more than 25% of our voting securities or is otherwise deemed to control, be controlled by, or be under common control with, us, with such persons, absent the prior approval of the SEC.

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

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

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

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

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

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

The disposition of our investments may result in contingent liabilities.

A significant portion of our investments involve private securities. In connection with the disposition of an investment in private securities, we may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of a business. We may also be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate or with respect to potential liabilities. These arrangements may result in contingent liabilities that ultimately result in funding obligations that we must satisfy through our return of distributions previously made to us.

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

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

Our investments in foreign securities may involve significant risks in addition to the risks inherent in U.S. investments.

Our investment strategy contemplates that a portion of our investments may be in securities of foreign companies. Investing in foreign companies may expose us to additional risks not typically associated with investing in U.S. companies. These risks include changes in exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, less developed bankruptcy laws, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility. These risks are likely to be more pronounced for investments in companies located in emerging markets and particularly for middle-market companies in these economies.

Although most of our investments are denominated in U.S. dollars, our investments that are denominated in a foreign currency are subject to the risk that the value of a particular currency may change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation, and political developments. We may employ hedging techniques to minimize these risks, but we can offer no assurance that we will, in fact, hedge currency risk or, that if we do, such strategies will be effective.

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

We have and may in the future enter into hedging transactions, which may expose ourselves to risks associated with such transactions. We may utilize instruments such as forward contracts, credit default swaps, currency options and interest rate swaps, caps, collars and floors to seek to hedge against fluctuations in the relative values of our portfolio positions from changes in currency exchange rates, credit risk premiums, and market interest rates.

Hedging against a decline in the values of our portfolio positions does not eliminate the possibility of fluctuations in the values of such positions or prevent losses if the values of such positions decline. However, such hedging can establish other positions designed to gain from those same developments, thereby offsetting the decline in the value of such portfolio positions. Such hedging transactions may also limit the opportunity for gain if the values of the underlying portfolio positions should increase. It may not be possible to hedge against an exchange rate or interest rate fluctuation at an acceptable price.

The success of our hedging transactions will depend on our ability to correctly predict movements in currencies and interest rates. Therefore, while we may enter into such transactions to seek to reduce currency exchange rate and interest rate risks, unanticipated changes in currency exchange rates or interest rates may result in poorer overall investment performance than if we had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio positions being hedged may vary. Moreover, for a variety of reasons, we may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Any such imperfect correlation may prevent us from achieving the effect of the intended hedge and expose us to risk of loss. In addition, it may not be possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies because the value of those securities is likely to fluctuate as a result of factors not related to currency fluctuations. Income derived from hedging transactions is generally not eligible to be distributed to non-U.S. stockholders free from U.S. withholding tax. We may be unable or determine not to hedge against particular risks, including if we determine that available hedging transactions are not available at an appropriate price.

[Table of Contents](#)

In August 2022, Rule 18f-4 under the Investment Company Act, regarding the ability of a BDC (or a registered investment company) to use derivatives and other transactions that create future payment or delivery obligations (except reverse repurchase agreements and similar financing transactions), became effective. Under the new rule, BDCs that make significant use of derivatives are required to operate subject to a value-at-risk leverage limit, adopt a derivatives risk management program and appoint a derivatives risk manager, and comply with various testing and board reporting requirements. These new requirements apply unless the BDC qualifies as a "limited derivatives user," as defined under the adopted rules. Under the new rule, a BDC may enter into an unfunded commitment agreement that is not a derivatives transaction, such as an agreement to provide financing to a portfolio company, if the BDC has, among other things, a reasonable belief, at the time it enters into such an agreement, that it will have sufficient cash and cash equivalents to meet its obligations with respect to all of its unfunded commitment agreements, in each case as it becomes due. We currently operate as a "limited derivatives user" which may limit our ability to use derivatives and/or enter into certain other financial contracts.

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

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

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

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

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

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

Our investments may be affected by force majeure events.

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

Risks Related to an Investment in Our Securities

Investing in our securities involves a high degree of risk.

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

The market price of our securities may fluctuate significantly.

The market price and liquidity of the market for our common stock, the 2028 Notes and any other securities that we may issue may be significantly affected by numerous factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include:

- changes or perceived changes in the value of our portfolio investments as a result of changes in market factors, such as interest rate shifts, and also portfolio specific performance, such as portfolio company defaults, among others reasons;
- significant volatility in the market price and trading volume of securities of BDCs or other companies in our sector, which are not necessarily related to the operating performance of these companies;
- price and volume fluctuations in the overall stock market from time to time;
- the inclusion or exclusion of our securities from certain indices;
- changes in law, regulatory policies or tax guidelines, particularly with respect to RICs or BDCs;
- any loss of RIC status;
- changes in our earnings or perceived changes or variations in our operating results;
- changes in accounting guidelines governing valuation of our investments;
- any shortfall in revenue or net income or any increase in losses from levels expected by investors or securities analysts;
- the inability of our Investment Adviser to employ additional experienced investment professionals or the departure of any of our Investment Adviser's key personnel;
- short-selling pressure with respect to shares of our common stock or BDCs generally;
- future sales of our securities convertible into or exchangeable or exercisable for our common stock or the conversion of such securities;
- uncertainty surrounding the strength of the U.S. economy and where the debt market is in the credit cycle;
- uncertainty between the U.S. and other countries with respect to trade policies, treaties, and tariffs;
- the occurrence of one or more natural disasters, pandemic outbreaks or other health crises;
- fluctuations in base interest rates, such as SOFR, EURIBOR, the Federal Funds Rate or the Prime Rate;
- operating performance of companies comparable to us;
- general economic trends and other external factors, including inflation, the current interest rate environment and geopolitical tensions; and
- loss of a major funding source.

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

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

We cannot assure you that a trading market for our common stock can be sustained. In addition, we cannot predict the prices at which our common stock will trade. Shares of closed-end investment companies, including BDCs, frequently trade at a discount to NAV and our common stock may also be discounted in the market. This characteristic of closed-end investment companies is separate and distinct from the risk that our NAV per share may decline. We cannot predict whether our common stock will trade at, above or below NAV. The risk of loss associated with this characteristic of closed-end management investment companies may be greater for investors expecting to sell shares of common stock purchased in the offering soon after an offering. See "*Risk Factors—Risks Related to Our Business and Structure—We are currently operating in a period of capital markets disruption and economic uncertainty, and capital markets may experience periods of disruption and instability*"

in the future. These market conditions may materially and adversely affect debt and equity capital markets in the United States and abroad, which have had and may continue to have a negative impact on our business and operations."

In addition, when our common stock is trading below its NAV, we will generally not be able to sell additional shares of our common stock to the public at its market price without, among other things, first obtaining the requisite approval of our stockholders. Pursuant to approval granted at a special meeting of stockholders held on July 26, 2023, we are authorized, with the approval of the Board of Directors, to sell or otherwise issue shares of our common stock at a price below the then-current net asset value per share, subject to certain limitations (including that the number of shares issued does not exceed 25% of our then-outstanding common stock immediately prior to each such offering). Such stockholder approval expires on July 26, 2024.

We issued the Preferred Stock in May 2020 and we may in the future determine to issue additional preferred stock, which could adversely affect the market value of our common stock.

On May 5, 2020, we issued 2,000,000 shares of the Preferred Stock to an affiliate of Carlyle in a private placement at a price of \$25 per share. The Preferred Stock ranks senior to our common stock with respect to the payment of dividends and distribution of assets upon liquidation. The Preferred Stock has a liquidation preference equal to \$25 per share (the "Liquidation Preference") plus any accumulated but unpaid dividends up to but excluding the date of distribution.

The Preferred Stock is convertible, in whole or in part, at the option of the holder of the Preferred Stock into the number of shares of common stock equal to the Liquidation Preference plus any accumulated but unpaid dividends, divided by an initial conversion price of \$9.50, subject to certain adjustments to prevent dilution as set forth in the articles supplementary (the "Articles Supplementary") that established the terms of the Preferred Stock. The conversion price as of December 31, 2023 was \$ 9.10 . As a result of the terms of the Preferred Stock, there may be times when Carlyle as the holder of the Preferred Stock has interests that differ from those of the holders of common stock, giving rise to conflict. See Note 10, Net Assets, to the consolidated financial statements in Part II, Item 8 of this Form 10-K for further information about the Preferred Stock.

Each holder of Preferred Stock is entitled to one vote on each matter submitted to a vote of our stockholders. In addition, for so long as we are subject to the Investment Company Act, the holders of Preferred Stock, voting separately as a single class, have the right to elect two members of the Board of Directors at all times, and the balance of the directors will be elected by the holders of the common stock and the Preferred Stock voting together.

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

Our stockholders may experience dilution upon the conversion of the Preferred Stock.

If we deliver shares of common stock upon a conversion of the Preferred Stock at a time our NAV per share exceeds the conversion price in effect at such time, our stockholders may incur dilution. Our stockholders will also experience dilution in their ownership percentage of common stock upon our issuance of common stock in connection with the conversion of the Preferred Stock. In addition, any dividends paid on our common stock will also be paid on shares of our common stock issued in connection with a conversion of the Preferred Stock after such issuance.

Holders of the Preferred Stock have the right to elect members of the board of directors and class voting rights on certain matters.

Holders of the Preferred Stock and of any additional preferred stock we might issue, voting separately as a single class, would have the right to elect two members of the board of directors at all times and in the event dividends become two full years in arrears would have the right to elect a majority of the directors until such arrearage is completely eliminated. In addition, preferred stockholders have class voting rights on certain matters, including changes in fundamental investment restrictions and conversion to open-end status, and accordingly can veto any such changes. Restrictions imposed on the declarations and payment of dividends or other distributions to the holders of our common stock and preferred stock, both by

[Table of Contents](#)

the Investment Company Act and by requirements imposed by rating agencies or the terms of our credit facilities, might impair our ability to maintain our qualification as a RIC for federal income tax purposes. While we would intend to redeem our preferred stock to the extent necessary to enable us to distribute our income as required to maintain our qualification as a RIC, there can be no assurance that such actions could be effected in time to meet the tax requirements. See Part I, Item 1 of this Form 10-K "Business—Regulation—General—Election to be Taxed as a RIC."

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

On November 2, 2023, the Company's Board of Directors authorized the continuation of the Company's \$ 200 million stock repurchase program (the "Company Stock Repurchase Program") until November 5, 2024, or until the approved dollar amount has been used to repurchase shares of common stock. Pursuant to the Program, the Company is authorized to repurchase its outstanding common stock in the open market and/or through privately negotiated transactions at prices not to exceed the Company's net asset value per share as reported in its most recent financial statements, in accordance with the guidelines specified in Rule 10b-18 of the Exchange Act, and the Company is authorized to determine, in its discretion, the timing, manner, price and amount of any repurchases, based upon the evaluation of economic and market conditions, stock price, available cash, applicable legal and regulatory requirements and other factors, which may include purchases pursuant to Rule 10b5-1 of the Exchange Act. The Program does not require the Company to repurchase any specific number of shares and there can be no assurance as to the amount of shares repurchased under the Program. The Program may be suspended, extended, modified or discontinued by the Company at any time, subject to applicable law.

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

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

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

As of February 23, 2024, we had 50,794,941 shares of common stock outstanding. Sales of substantial amounts of our common stock, or the availability of such shares for sale, including as a result of the sale of our common stock issued upon conversion of the Preferred Stock, could adversely affect the prevailing market prices for our common stock. If this occurs and continues, it could impair our ability to raise additional capital through the sale of equity securities should we desire to do so.

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

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

If current economic and market conditions continue to contribute to capital market disruption and instability, there is a risk that our stockholders may not receive distributions or that our distributions may not grow over time and a portion of our distributions to our stockholders may be a return of capital for U.S. federal income tax purposes.

We intend to make distributions on a quarterly basis to our stockholders out of assets legally available for distribution. It is not assured that we will achieve investment results that will allow us to make a specified level of cash distributions or year-to-year increases in cash distributions. Our ability to pay distributions might be adversely affected by the impact of one or more of the risk factors described in this Form 10-K. If we declare a dividend and if enough stockholders opt to receive cash distributions rather than participate in our dividend reinvestment plan, we may be forced to sell some of our investments in order to make cash dividend payments. In addition, due to the asset coverage test applicable to us as a BDC, we may be limited

[Table of Contents](#)

in our ability to make distributions. The Preferred Stock is entitled to be paid dividends in full prior to the declaration or payment of a dividend on our common stock. In addition, the Credit Facility may also limit our ability to declare dividends if we default under certain provisions or fail to satisfy certain conditions. Further, if we invest a greater amount of assets in equity securities that do not pay current dividends, it could reduce the amount available for distribution. See Part II, Item 5 of this Form 10-K "Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities—Common Stock." Investing a greater amount of assets in equity securities that do not pay current dividends may also inhibit our ability to make required interest payments to holders of our debt, which may cause a default under the terms of our debt agreements. Such a default could materially increase our cost of raising capital, as well as cause us to incur penalties under the terms of our debt agreements.

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

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

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

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

Distributions of our "investment company taxable income" to a non-U.S. stockholder that are not effectively connected with the non-U.S. stockholder's conduct of a trade or business within the United States may be subject to withholding of U.S. federal income tax at a 30% rate (or lower rate provided by an applicable income tax treaty) to the extent of our current or accumulated earnings and profits. Certain properly designated dividends are generally exempt from withholding of U.S. federal income tax, including certain dividends that are paid in respect of our (i) "qualified net interest income" (generally, our U.S.-source interest income, other than certain contingent interest and interest from obligations of a corporation or partnership in which we or the non-U.S. stockholder are at least a 10% shareholder, reduced by expenses that are allocable to such income) or (ii) "qualified short-term capital gains" (generally, the excess of our net short-term capital gain over our long-term capital loss for such taxable year), and certain other requirements were satisfied. No assurance can be given as to whether any of our distributions will be eligible for this exemption from withholding of U.S. federal income tax or, if eligible, will be designated as such by us. See Part I, Item 1 of this Form 10-K "Business—Regulation—General—Election to be Taxed as a RIC." for additional information.

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

For U.S. federal income tax purposes, we will include in our taxable income certain amounts that we have not yet received in cash, such as OID or accruals on a contingent payment debt instrument, which may occur if we receive warrants in connection with the origination of a loan or possibly in other circumstances or contracted PIK interest, which generally represents contractual interest added to the loan balance and due at the end of the loan term. Any such income would be treated as income earned by us and therefore would be subject to the Annual Distribution Requirement (as defined and explained more fully in Part I, Item 1 of this Form 10-K "Business—Regulation—General—Election to be Taxed as a RIC"). We also may be required to include in our taxable income certain other amounts that we will not receive in cash. The credit risk associated with the collectability of deferred payments may be increased as and when a portfolio company increases the amount of interest on which it is deferring cash payment through deferred interest features. Our investments with a deferred interest feature may

represent a higher credit risk than loans for which interest must be paid in full in cash on a regular basis. For example, even if the accounting conditions for income accrual are met, the borrower could still default when our actual collection is scheduled to occur upon maturity of the obligation.

Because in certain cases we may recognize taxable income before or without receiving cash representing such income, we may have difficulty making distributions to our stockholders that will be sufficient to enable us to meet the Annual Distribution Requirement necessary for us to maintain our status as a RIC. Accordingly, we may need to sell some of our assets at times and/or at prices that we would not consider advantageous, we may need to raise additional equity or debt capital, or we may need to forego new investment opportunities or otherwise take actions that are disadvantageous to our business (or be unable to take actions that are advantageous to our business) to enable us to make distributions to our stockholders that will be sufficient to enable us to meet the Annual Distribution Requirement. However, under the Investment Company Act, we are not permitted to make distributions to our stockholders while our debt obligations and other senior securities are outstanding unless an "asset coverage" test is met. See Part I, Item 1 of this Form 10-K "*Business—Regulation—General—Indebtedness and Senior Securities*" for additional information.

If we are unable to obtain cash from other sources to meet the Annual Distribution Requirement, we may fail to qualify for the U.S. federal income tax benefits allowable to RICs and, thus, become subject to a corporate-level U.S. federal income tax (and any applicable U.S. state and local taxes). Additionally, we may make investments that result in the recognition of ordinary income rather than capital gain, or that prevent us from accruing a long-term holding period. These investments may prevent us from making capital gain distributions. See Part I, Item 1 of this Form 10-K "*Business—Regulation—General—Election to be Taxed as a RIC*" for additional information.

Alternatively, we may, with the consent of all our stockholders, designate an amount as a consent dividend (*i.e.*, a deemed dividend). In that case, although we would not distribute any actual cash to our stockholders, the consent dividend would be treated like an actual dividend under the Code for all U.S. federal income tax purposes. This would allow us to deduct the amount of the consent dividend and our stockholders would be required to include that amount in income as if it were actually distributed. For additional discussion regarding the tax implications of a RIC, see Part I, Item 1 of this Form 10-K "*Business—Regulation—General—Election to be Taxed as a RIC*."

We cannot assure that an active trading market for the 2028 Notes will develop or be maintained.

Our 2028 Notes are listed on the Nasdaq Global Select Market and they may trade at a discount to their purchase price depending on prevailing interest rates, the market for similar securities, our credit ratings, our financial condition, performance and prospects, general economic conditions or other relevant factors. Accordingly, we cannot assure you that a liquid trading market will develop and/or be maintained for any of the 2028 Notes, that a holder will be able to sell its 2028 Notes at a particular time or that the price received when a holder sells its 2028 Notes will be favorable. To the extent an active trading market does not develop or is not maintained, the liquidity and trading price for the 2028 Notes may be adversely affected. Accordingly, the holder of a 2028 Notes may be required to bear the financial risk of an investment in the 2028 Notes for an indefinite period of time.

The indenture under which the 2028 Notes were issued contain limited protection for holders of the 2028 Notes.

The indenture under which the 2028 Notes were issued offers limited protection to holders of the 2028 Notes. The terms of the indenture and the 2028 Notes do not restrict our or any of our subsidiaries' ability to engage in, or otherwise be a party to, a variety of corporate transactions, circumstances or events that could have a material adverse impact on your investment in the 2028 Notes. In particular, the terms of the indenture and the 2028 Notes do not place any restrictions on our or our subsidiaries' ability to:

- issue securities or otherwise incur additional indebtedness or other obligations, including (1) any indebtedness or other obligations that would be equal in right of payment to the 2028 Notes, (2) any indebtedness or other obligations that would be secured and therefore rank effectively senior in right of payment to the 2028 Notes to the extent of the value of the assets securing such debt, (3) indebtedness of ours that is guaranteed by one or more of our subsidiaries and which therefore is structurally senior to the 2028 Notes and (4) securities, indebtedness or obligations issued or incurred by our subsidiaries that would be senior to our equity interests in our subsidiaries and therefore rank structurally senior to the 2028 Notes with respect to the assets of our subsidiaries, in each case other than an incurrence of indebtedness or other obligation that would cause a violation of Section 18(a)(1)(A) as modified by Section 61(a)(2) of the 1940 Act or any successor provisions, whether or not we continue to be subject to such provisions of the 1940 Act, which generally prohibit us incurring additional debt or issuing

additional debt or preferred securities, unless our asset coverage, as defined in the 1940 Act, equals at least 150% after such incurrence or issuance;

- pay dividends on, or purchase or redeem or make any payments in respect of, capital stock or other securities ranking junior in right of payment to the 2028 Notes, including our Preferred Stock, any preferred stock we may issue in the future and any subordinated indebtedness, in each case other than dividends, purchases, redemptions or payments that would cause our asset coverage to fall below the threshold specified in Section 18(a)(1)(B) as modified by Section 61(a)(2) of the 1940 Act or any successor provisions thereto, whether or not we are subject to such provisions of the 1940 Act, giving effect to any no-action relief granted by the SEC to another BDC and upon which we may reasonably rely (or to us if we determine to seek such similar SEC no-action or other relief) permitting the BDC to declare any cash dividend or distribution notwithstanding the prohibition contained in Section 18(a)(1)(B) as modified by Section 61(a)(2) of the 1940 Act in order to maintain our status as a RIC under Subchapter M of the Code;
- sell assets (other than certain limited restrictions on our ability to consolidate, merge or sell all or substantially all of our assets);
- enter into transactions with affiliates;
- create liens (including liens on the shares of our subsidiaries) or enter into sale and leaseback transactions;
- make investments; or
- create restrictions on the payment of dividends or other amounts to us from our subsidiaries.

In addition, the indenture and the 2028 Notes does not require us to make an offer to purchase the 2028 Notes in connection with a change of control or any other event.

Furthermore, the terms of the indenture and the 2028 Notes do not protect holders of the 2028 Notes in the event that we experience changes (including significant adverse changes) in our financial condition, results of operations or credit ratings, if any, as they do not require that we or our subsidiaries adhere to any financial tests or ratios or specified levels of net worth, revenues, income, cash flow, or liquidity.

Our ability to recapitalize, incur additional debt (including additional debt that matures prior to the maturity of the 2028 Notes) and take a number of other actions that are not limited by the terms of the 2028 Notes may have important consequences for you as a holder of the 2028 Notes, including making it more difficult for us to satisfy our obligations with respect to the 2028 Notes or negatively affecting the trading value of the 2028 Notes.

Other debt we issue or incur in the future could contain more protections for its holders than the indenture and the 2028 Notes, including additional covenants and events of default. The issuance or incurrence of any such debt with incremental protections could affect the market for, trading levels, and prices of the 2028 Notes.

The 2028 Notes are unsecured and therefore are effectively subordinated to any secured indebtedness we have incurred and may incur in the future and rank pari passu with, or equal to, all outstanding and future unsecured indebtedness issued by us, including our 2024 Notes and our general liabilities, including liabilities of our subsidiaries.

The 2028 Notes are not secured by any of our assets or any of the assets of our subsidiaries. As a result, the 2028 Notes are effectively subordinated to any secured indebtedness we have outstanding or that we may incur in the future to the extent of the value of the assets securing such indebtedness. In any liquidation, dissolution, bankruptcy or other similar proceeding, the holders of any of our existing or future secured indebtedness and the secured indebtedness of our subsidiaries may assert rights against the assets pledged to secure that indebtedness in order to receive full payment of their indebtedness before the assets may be used to pay other creditors, including the holders of the 2028 Notes. In addition, the 2028 Notes rank pari passu with, or equal to, all outstanding and future unsecured indebtedness issued by us, including our 2024 Notes, and our general liabilities.

The 2028 Notes are obligations exclusively of the Company and not of any of our subsidiaries. None of our subsidiaries is a guarantor of the 2028 Notes and the 2028 Notes are not required to be guaranteed by any subsidiaries we may acquire or create in the future. Any assets of our subsidiaries will not be directly available to satisfy the claims of our creditors, including holders of the 2028 Notes. Except to the extent we are a creditor with recognized claims against our subsidiaries, all claims of creditors of our subsidiaries will have priority over our equity interests in such subsidiaries (and therefore the claims of our creditors, including holders of the 2028 Notes) with respect to the assets of such subsidiaries. Even if we are recognized as a creditor of one or more of our subsidiaries, our claims would still be effectively subordinated to any security interests in the

[Table of Contents](#)

assets of any such subsidiary and to any indebtedness or other liabilities of any such subsidiary senior to our claims. Consequently, the 2028 Notes are structurally subordinated to all indebtedness and other liabilities of any of our subsidiaries and any subsidiaries that we may in the future acquire or establish, including the SPV and the 2015-1 Issuer. Borrowings under the 2015-1R Notes are the obligation of 2015-1 Issuer, a wholly-owned subsidiary of ours, and are structurally senior to the 2028 Notes. In addition, our subsidiaries may incur substantial additional indebtedness in the future, all of which would be structurally senior to the 2028 Notes.

If we default on our obligations to pay our other indebtedness, we may not be able to make payments on the 2028 Notes.

Any default under the agreements governing our indebtedness, including a default under the Credit Facility, the terms of our 2024 Notes or other indebtedness to which we may be a party, that is not waived by the required lenders or holders, and the remedies sought by the lenders or holders of such indebtedness, could make us unable to pay principal, premium, if any, and interest on the 2028 Notes and substantially decrease the market value of the 2028 Notes. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on our indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants, as applicable, in the instruments governing our indebtedness, we could be in default under the terms of the agreements governing such indebtedness. In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest, the lenders under the Credit Facility or other debt we may incur in the future could elect to terminate their commitments, cease making further loans and institute foreclosure proceedings against our assets, and we could be forced into bankruptcy or liquidation.

Our ability to generate sufficient cash flow in the future is, to some extent, subject to general economic, financial, competitive, legislative and regulatory factors as well as other factors that are beyond our control. We cannot assure you that our business will generate cash flow from operations, or that future borrowings will be available to us under the Credit Facility or otherwise, in an amount sufficient to enable us to meet our payment obligations under the 2028 Notes and our other indebtedness, and to fund other liquidity needs.

If our operating performance declines and we are not able to generate sufficient cash flow to service our debt obligations, we may in the future need to refinance or restructure our debt, including the 2028 Notes, sell assets, reduce or delay capital investments, seek to raise additional capital or seek to obtain waivers from the required lenders under the Credit Facility or the holders of our 2024 Notes or other debt that we may incur in the future to avoid being in default. If we are unable to implement one or more of these alternatives, we may not be able to meet our payment obligations under the 2028 Notes or our other debt. If we breach our covenants under the Credit Facility, the 2024 Notes or other debt and seek a waiver, we may not be able to obtain a waiver from the required lenders or holders. If this occurs, we would be in default under the Credit Facility, the 2024 Notes or other debt, the lenders or holders could exercise their rights as described above, and we could be forced into bankruptcy or liquidation. If we are unable to repay debt, lenders having secured obligations, including the lenders under the Credit Facility, could proceed against the collateral securing the debt. Because the Credit Facility and the Senior Notes have, and any future credit facilities or other indebtedness will likely have, customary cross-default provisions, if the indebtedness under the Senior Notes, the Credit Facility or any future credit facility or other indebtedness is accelerated, we may be unable to repay or finance the amounts due.

We may choose to redeem the 2028 Notes when prevailing interest rates are relatively low.

The 2028 Notes may be redeemed in whole or in part at any time at our option on or after December 1, 2025. If prevailing rates are lower at the time of redemption, and we redeem the 2028 Notes, a holder of the 2028 Notes likely would not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the interest rate on the 2028 Notes being redeemed. Our redemption right also may adversely impact the ability of the holder to sell the 2028 Notes as the optional redemption date or period approaches.

A downgrade, suspension or withdrawal of the credit rating assigned by a rating agency to us or the 2028 Notes or change in the debt markets could cause the liquidity or market value of the 2028 Notes to decline significantly.

Any credit rating assigned to us or the 2028 Notes represents an assessment by the assigning rating agencies of our ability to pay our debts when due. Consequently, real or anticipated changes in any credit ratings will generally affect the market value of the 2028 Notes. These credit ratings may not reflect the potential impact of risks relating to the structure or marketing of the 2028 Notes. Credit ratings are not a recommendation to buy, sell or hold any security, and may be revised or withdrawn at any time by the issuing organization in its sole discretion.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Risk Management, Strategy and Procedures

We, our Investment Adviser and its affiliates regularly assess risks from cybersecurity threats, monitor our information systems for potential vulnerabilities, and test those systems pursuant to our cybersecurity policies, standards, processes, and practices, which are integrated into our overall risk management system. To protect our information systems from cybersecurity threats, we use various security tools that help us identify, protect against, detect, respond to, and recover from security incidents. These efforts are implemented by Carlyle's Global Technology & Solutions ("GTS") team in partnership with our business, legal, and compliance teams, and are essential for us to conduct investment activities, manage internal administration activities, and connect our global enterprise. Our systems, data, network, and infrastructure are monitored and administered by formal controls and risk management processes that log events and help protect the our data. In addition, our business continuity plans are designed to allow critical business functions to continue in an orderly manner in the event of an emergency. The GTS team works closely with Carlyle's business segment teams, including our Investment Adviser, to maintain operational resilience through business continuity planning and annual information technology disaster recovery and incident response plan testing, which collectively support the goal of mitigating risk were an emergency to occur. The GTS team has procedures in place to report cybersecurity threats or incidents on a periodic basis. These efforts are underpinned by the implementation of security best practices, where possible, such as:

- Multi-factor authentication for remote access, privileged access management for system administrators, application whitelisting, laptop encryption, and advanced malware defenses on endpoints;
- Incident preparedness and response planning and risk mitigation;
- Independent and continuous security testing, assessment and vulnerability management;
- Regular security awareness training, including phishing simulations, for Carlyle authorized users;
- Restrictions on access to personal email accounts, cloud storage, social media, risk-based categories of websites and USB storage devices;
- Device and system access management policies and procedures that restrict access upon employee or contractor separation from the company; and
- Compliance attestations by Carlyle personnel on firm policies, such as Carlyle's acceptable use policy, upon hire and annually.

In addition, Carlyle partners with third parties to assess the effectiveness of its cybersecurity program, which includes the Company. Third party assessments will include audits and assessments performed under the direction of Carlyle's internal audit team, which co-sources with third-party cybersecurity experts in conducting its reviews. GTS also administers Carlyle's cyber third-party risk management program, which assesses external service providers before onboarding and provides ongoing monitoring in accordance with certain risk-based cybersecurity criteria.

To our knowledge cybersecurity threats, including as a result of any previous cybersecurity incidents, have not materially affected us, including our business strategy, results of operations, or financial condition. The sophistication of cyber threats continues to increase and there can be no assurance that the various procedures and controls we utilize to mitigate these threats will be sufficient to prevent disruptions to our systems. Consequently, given that the magnitude of cybersecurity incidents or threats are difficult to predict, we are unable to determine at this time whether risks from cybersecurity threats are reasonably likely to materially affect us, including our business strategy, results of operations, or financial condition. For an additional description of cybersecurity risk and potential related impacts on us, see Part I, Item 1A of this Form 10-K "*Risk Factors—Risks Related to Our Business and Structure—Cybersecurity risks and cyber incidents may adversely affect our business or those of our portfolio companies by causing a disruption to our operations, a compromise or corruption of confidential information and/or damage to business relationships, or those of our portfolio companies, all of which could negatively impact our business, results of operations or financial condition.*"

Risk Management Oversight and Governance

Our Board of Directors oversees our enterprise risk management strategy, including our strategy on cybersecurity risks, directly and through its committees. In this respect, the Audit Committee of the Board of Directors (the "Audit

[Table of Contents](#)

Committee") oversees our risk management program, which focuses on the most significant risks we face in the short-, intermediate-, and long-term timeframe. Audit Committee meetings include discussions of specific risk areas throughout the year, including, among others, those relating to cybersecurity, and reports from Carlyle on our enterprise risk profile on an annual basis. In addition, Carlyle's Chief Information Security Officer ("CISO") leads our cybersecurity program, chairs Carlyle's Information Security Steering Committee ("ISSC"), and provides cybersecurity status reporting to our Audit Committee at least annually. The ISSC meets quarterly and ensures that cybersecurity initiatives are in alignment with Carlyle's strategic priorities.

We take a risk-based approach to cybersecurity and have implemented cybersecurity policies, standards, processes, and practices throughout our operations that are designed to address cybersecurity threats, events, and incidents. In particular, our cybersecurity program supports security governance, security awareness and training, security engineering and architecture, security risk management, vulnerability management, security monitoring, and incident response capabilities. In addition, our incident response plan contains escalation and reporting protocols, including reporting to our disclosure committee to consider materiality of cybersecurity incidents. Policies and procedures are in place to assist the disclosure committee with these materiality assessments and any resulting reporting requirements.

Carlyle's CISO, in coordination with our Chief Financial Officer, Chief Compliance Officer, and Principal Accounting Officer, among certain other senior executives of our Investment Adviser, is responsible for leading the assessment and management of cybersecurity risks. The current Carlyle CISO has over 30 years of experience in information security and is a Certified Information Systems Security Professional. As described above, Carlyle's CISO leads our cybersecurity program, chairs Carlyle's ISSC that is comprised of senior management and other sector representatives, and provides cybersecurity status reporting to our Audit Committee as necessary and at least annually.

Item 2. Properties

We maintain our principal executive office at One Vanderbilt Avenue, Suite 3400, New York, NY 10017. We do not own any real estate.

Item 3. Legal Proceedings

The Company may become party to certain lawsuits in the ordinary course of business, including proceedings relating to the enforcement of our rights under contracts with our portfolio companies. The Company is not currently subject to any material legal proceedings, nor, to our knowledge, is any material legal proceeding threatened against the Company. See also Note 12, Litigation, to the consolidated financial statements in Part II, Item 8 of this Form 10-K.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

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

Common Stock

Our common stock is traded on the Nasdaq Global Select Market under the symbol "CGBD." Our common stock has historically traded at prices both above and below our NAV per share. It is not possible to predict whether our common stock will trade at, above or below NAV. See Part I, Item 1A of this Form 10-K "*Risk Factors—Risks Related to an Investment in Our Common Stock, the 2028 Notes and Other Securities That We May Issue— Our shares of common stock have traded at a discount to NAV and may do so again, which could limit our ability to raise additional equity capital.*"

On February 23, 2024, the last reported closing sales price of our common stock on the Nasdaq Global Select Market was \$15.44 per share, which represented a discount of approximately 9.1% to the NAV per share reported by us as of December 31, 2023.

Holders

As of February 23, 2024, there were approximately 20 holders of record of our common stock (including Cede & Co.).

Distributions

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

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

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

Dividend Reinvestment Plan

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

[Table of Contents](#)

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

Recent Sales of Unregistered Securities and Use of Proceeds

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

Stock Performance Graph

This graph depicts the stockholder return on our common stock from June 14, 2017 (the date our common stock commenced trading on the Nasdaq Global Select Market) to December 31, 2023 relative to that of the Standard & Poor's BDC Index (the "S&P BDC Index") and the Standard & Poor's 500 Stock Index (the "S&P 500 Index"). This graph assumes that on June 14, 2017, \$100 was invested in our common stock, the S&P BDC Index and the S&P 500 Index. The graph also assumes the reinvestment of all cash dividends prior to any tax effect.

The graph and other information furnished under this Part II, Item 5 of this Form 10-K shall not be deemed to be "soliciting material" or to be "filed" with the SEC or subject to Regulation 14A or 14C under, or to the liabilities of Section 18 of, the Exchange Act. The stock price performance included in the below graph is not necessarily



indicative of future stock performance.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table provides information regarding purchases of our common stock made by or on behalf of the Company or any "affiliated purchaser" (as defined in Rule 10b-18(a)(3) under the Exchange Act) during the fourth quarter of 2023.

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽¹⁾⁽²⁾	Maximum (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
October 1, 2023 through October 31, 2023	—	\$ —	—	\$ 42,263
November 1, 2023 through November 30, 2023	—	—	—	42,263
December 1, 2023 through December 31, 2023	—	—	—	42,263
Total	—		—	

(1) On trade date basis.

(2) On November 2, 2023, the Company's Board of Directors approved the continuation of the Company's \$200 million Stock Repurchase Program until November 5, 2024, or until the date the approved dollar amount has been used to repurchase shares. Pursuant to the program, the Company is authorized to repurchase up to \$200 million in the aggregate of the Company's outstanding stock in the open market and/or through privately negotiated transactions at prices not to exceed the Company's net asset value per share as reported in its most recent financial statements, in accordance with the guidelines specified in Rule 10b-18 of the Exchange Act. The timing, manner, price and amount of any repurchases will be determined by the Company, in its discretion, based upon the evaluation of economic and market conditions, stock price, available cash, applicable legal and regulatory requirements and other factors, and may include purchases pursuant to Rule 10b5-1 of the Exchange Act. The program does not require the Company to repurchase any specific number of shares and there can be no assurance as to the amount of shares repurchased under the program. The program may be suspended, extended, modified or discontinued by the Company at any time, subject to applicable law. Pursuant to the authorization described above, the Company adopted a 10b5-1 plan (the "Company 10b5-1 Plan"). The Company 10b5-1 Plan provides that purchases will be conducted on the open market in accordance with Rules 10b5-1 and 10b-18 under the Exchange Act and will otherwise be subject to applicable law, which may prohibit purchases under certain circumstances. The amount of purchases made under the Company 10b5-1 Plan or otherwise and how much will be purchased at any time is uncertain, dependent on prevailing market prices and trading volumes, all of which we cannot predict. The Company's Stock Repurchase Program was originally approved by the Company's Board of Directors on November 5, 2018 and announced on November 6, 2018.

Item 6. [Reserved]

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes in Part II, Item 8 of this Form 10-K "Financial Statements and Supplementary Data." This discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to those described in Part I, Item 1A of this Form 10-K "Risk Factors." Our actual results could differ materially from those anticipated by such forward-looking information due to factors discussed under "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements" appearing elsewhere in this Form 10-K.

Overview

Carlyle Secured Lending, Inc., a Maryland corporation, is a specialty finance company that is a closed-end, externally managed, non-diversified management investment company. We have elected to be regulated as a business development company ("BDC") under the Investment Company Act and have operated our business as a BDC since we began our investment activities. For U.S. federal income tax purposes, we have elected to be treated as a registered investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended (together with the rules and regulations promulgated thereunder, the "Code"). We were formed in February 2012, commenced investment operations in May 2013 and began trading on the Nasdaq Global Select Market, under the symbol "CGBD," upon completion of our initial public offering in June 2017. Our principal executive offices are located at One Vanderbilt Avenue, Suite 3400, New York, New York 10017.

Our investment objective is to generate current income and, to a lesser extent, capital appreciation primarily through assembling a portfolio of secured debt investments in U.S. middle market companies. Our core investment strategy focuses on lending to U.S. middle market companies, which we define as companies with approximately \$25 million to \$100 million of earnings before interest, taxes, depreciation and amortization ("EBITDA"), supported by financial sponsors. This core strategy is opportunistically supplemented with differentiated and complementary lending and investing strategies, which take advantage of the broad capabilities of Carlyle's Global Credit platform while offering risk-diversifying portfolio benefits. We seek to achieve our investment objective primarily through direct origination of secured debt instruments, including first lien senior secured loans (which may include stand-alone first lien loans, first lien/last out loans and "unitranche" loans) and second

[Table of Contents](#)

lien senior secured loans (collectively, "Middle Market Senior Loans"), with a minority of our assets invested in higher yielding investments (which may include unsecured debt, subordinated debt and investments in equities and structured products). The Middle Market Senior Loans are generally made to private U.S. middle market companies that are, in many cases, controlled by private equity firms.

We are externally managed by our Investment Adviser, an investment adviser registered under the Investment Advisers Act of 1940, as amended (together with the rules and regulations promulgated thereunder, the "Investment Company Act") and a subsidiary of Carlyle. We benefit from our Investment Adviser's investment team of over 200 investment professionals with the deep knowledge and expertise across multiple asset classes who are supported by a team of finance, operations and administrative professionals currently employed by Carlyle Employee Co., a wholly owned subsidiary of Carlyle. In conducting our investment activities, we believe that we benefit from the significant scale, relationships and resources of Carlyle, including our Investment Adviser and its affiliates.

2023 Highlights

2023 Annual Results

- Net investment income, inclusive of the preferred dividend, was \$106.5 million or \$2.10 per common share. Dividends declared on common shares were \$89.4 million, or \$1.76 per share. Net investment income for the year ended December 31, 2023 included a \$34.4 million increase in total investment income from the comparable period in 2022.
- The NAV per common share was \$16.99 as of December 31, 2023 and \$16.99 as of December 31, 2022, as the net investment income in excess of our dividends was offset by net losses on our portfolio.

Portfolio and Investment Activity

- As of December 31, 2023, we held 173 investments across 128 portfolio companies and 26 industries for a total fair value of \$1.8 billion.
- During the year ended December 31, 2023, we had investment fundings of \$242.6 million and investment repayments of \$369.0 million.

Liquidity and Capital Activity

- We completed the issuance and sale of \$85.0 million in aggregate principal amount of 8.20% notes due December 1, 2028, listed on the Nasdaq Global Select Market, under the trading symbol "CGBDL".
- We closed \$102.0 million in total upside on our credit facility bringing total commitments to \$790.0 million.
- Total liquidity as of December 31, 2023 was \$420.1 million in cash and undrawn debt capacity.

Key Components of Our Results of Operations

As a BDC, we believe that the key components of our results of operations for our business are earnings per share, dividends declared, net investment income and net asset value per common share. For the three months ended December 31, 2023, we recorded basic earnings per common share of \$0.57, declared a dividend of \$0.44 per common share and earned \$0.56 of net investment income per common share. For the year ended December 31, 2023, we recorded basic earnings per common share of \$1.75, declared dividends of \$1.76 per common share and earned \$2.10 of net investment income per common share.

The following table sets forth the calculation of basic and diluted earnings per share (dollar amounts in thousands, except per share data):

	For the years ended December 31,			
	2023		2022	
	Basic	Diluted	Basic	Diluted
Net increase (decrease) in net assets resulting from operations attributable to Common Stockholders	\$ 88,780	\$ 92,280	\$ 82,137	\$ 85,637
Weighted-average common shares outstanding	50,817,659	56,311,555	52,112,420	57,482,099
Earnings per share	\$ 1.75	\$ 1.64	\$ 1.58	\$ 1.49

[Table of Contents](#)

For the years ended December 31, 2023, 2022 and 2021, we declared dividends per common share of \$1.76, \$1.64 and \$1.50, respectively. For the years ended December 31, 2023 and 2022, our NAV per share was \$16.99 and \$16.99, respectively.

Investment Income

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

Expenses

Our primary operating expenses include: (i) investment advisory fees, including base management fees and incentive fees, to our Investment Adviser pursuant to the Investment Advisory Agreement; (ii) debt service and other costs of borrowings or other financing arrangements; (iii) costs and other expenses and our allocable portion of overhead incurred by our Administrator in performing its administrative obligations under the Administration Agreement; and (iv) other operating expenses summarized below:

- administration fees payable under our Administration Agreement and Sub-Administration Agreements, including related expenses;
- the costs of any offerings of our common stock and other securities, if any;
- calculating individual asset values and our net asset value (including the cost and expenses of any independent valuation firms);
- expenses, including travel expenses, incurred by our Investment Adviser, or members of our Investment Adviser team managing our investments, or payable to third parties, performing due diligence on prospective portfolio companies;
- the allocated costs incurred by our Investment Adviser in providing managerial assistance to those portfolio companies that request it;
- amounts payable to third parties relating to, or associated with, making or holding investments;
- the costs associated with subscriptions to data service, research-related subscriptions and expenses and quotation equipment and services used in making or holding investments;
- transfer agent and custodial fees;
- commissions and other compensation payable to brokers or dealers;
- U.S. federal, state and local taxes;
- independent director fees and expenses;
- costs of preparing financial statements and maintaining books and records, costs of preparing tax returns, costs of Sarbanes-Oxley Act compliance and attestation and costs of filing reports or other documents with the SEC (or other regulatory bodies), and other reporting and compliance costs, including federal and state registration and any applicable listing fees;
- the costs of any reports, proxy statements or other notices to our stockholders and the costs of any stockholders' meetings;
- the costs of specialty and custom software for monitoring risk, compliance and overall portfolio;
- fidelity bond, liability insurance, and any other insurance premiums;
- indemnification payments;
- direct fees and expenses associated with independent audits, agency, consulting and legal costs; and

[Table of Contents](#)

- all other expenses incurred by us or our Administrator in connection with administering our business, including our allocable share of certain officers and their staff compensation.

Net Investment Income

The following table summarizes our net investment income and net investment income per common share:

	For the years ended December 31,	
	2023	2022
Total investment income	\$ 241,626	\$ 207,256
Total expenses (including excise tax expense)	131,655	103,214
Net investment income	\$ 109,971	\$ 104,042
Preferred stock dividend	3,500	3,500
Net investment income, net of the preferred stock dividend	\$ 106,471	\$ 100,542
Weighted-average common shares outstanding	50,817,659	52,112,420
Net investment income per common share	\$ 2.10	\$ 1.93

Portfolio and Investment Activity

Portfolio Overview

The following tables summarize certain characteristics of our investment portfolio as of December 31, 2023:

	First Lien Debt	Second Lien Debt	Equity Investments	Investment Funds	Total Investments
Count of investments	126	12	32	3	173
Investments, at amortized cost	\$ 1,356,212	\$ 191,657	\$ 85,929	\$ 271,097	\$ 1,904,895
Investments, at fair value	\$ 1,311,503	\$ 188,175	\$ 92,824	\$ 249,379	\$ 1,841,881
Percentage of total investments at fair value	71.3 %	10.2 %	5.0 %	13.5 %	100.0 %

	Weighted Average Yields at	
	Amortized Cost	Fair Value
First Lien Debt ⁽¹⁾	12.7 %	12.9 %
Second Lien Debt ⁽¹⁾	13.8 %	14.0 %
Total Debt and Income Producing Investments ⁽¹⁾⁽²⁾	12.7 %	13.1 %

- (1) Weighted average yields include the effect of accretion of discounts and amortization of premiums and are based on interest rates as of December 31, 2023. Weighted average yield at fair value is computed as (a) the annual stated interest rate or yield earned plus the net annual amortization of original issue discount ("OID") and market discount earned, divided by (b) total fair value included in such securities. Weighted average yield at amortized cost is computed as (a) the annual stated interest rate or yield earned plus the net annual amortization of OID and market discount earned, divided by (b) total amortized cost included in such securities. Actual yields earned over the life of each investment could differ materially from the yields presented above. Effective March 31, 2023, weighted average yields exclude investments placed on non-accrual status. Prior periods were conformed to the current presentation. Inclusive of all debt and income producing investments and investments on non-accrual status, the weighted average yield on amortized cost was 12.3% as of December 31, 2023.

- (2) Weighted average yield for total investments includes Credit Fund and Credit Fund II, as well as income producing equity investments.

The geographical composition of investments at fair value as of December 31, 2023 were as follows:

Geography—% of Fair Value	As of December 31, 2023
Australia	0.3 %
Canada	2.8
Luxembourg	2.2
Sweden	0.0
United Kingdom	4.0
United States	90.7
Total	100.0 %

[Table of Contents](#)

The industry composition of investments at fair value as of December 31, 2023 were as follows:

Industry—% of Fair Value	As of December 31, 2023
Aerospace & Defense	5.6 %
Automotive	4.0
Beverage & Food	3.3
Business Services	5.9
Capital Equipment	2.5
Chemicals, Plastics & Rubber	3.7
Construction & Building	1.4
Consumer Goods: Durable	0.3
Consumer Goods: Non-Durable	0.4
Consumer Services	4.4
Containers, Packaging & Glass	2.2
Diversified Financial Services	5.0
Energy: Oil & Gas	0.7
Environmental Industries	2.2
Healthcare & Pharmaceuticals	11.6
High Tech Industries	7.5
Investment Funds	13.4
Leisure Products & Services	7.2
Media: Advertising, Printing & Publishing	2.4
Retail	1.6
Software	9.1
Sovereign & Public Finance	0.0
Telecommunications	4.0
Transportation: Cargo	0.5
Utilities: Electric	0.0
Wholesale	1.1
Total	100.0 %

[Table of Contents](#)

Our investment activity for the years ended December 31, 2023 and 2022 is presented below (information presented herein is at amortized cost unless otherwise indicated):

	For the years ended December 31,	
	2023	2022
Investments:		
Total investments, beginning of year	\$ 2,049,975	\$ 1,957,553
New investments purchased	231,476	660,786
Net accretion of discount on investments	8,435	9,990
Net realized gain (loss) on investments	(21,238)	965
Investments sold or repaid	(363,753)	(579,319)
Total Investments, end of year	\$ 1,904,895	\$ 2,049,975
Principal amount of investments funded:		
First Lien Debt	\$ 228,704	\$ 702,881
Second Lien Debt	6,341	1,282
Equity Investments ⁽¹⁾	7,507	20,165
Total	\$ 242,552	\$ 724,328
Principal amount of investments sold or repaid:		
First Lien Debt	\$ (267,667)	\$ (532,843)
Second Lien Debt	(86,433)	(72,825)
Equity Investments ⁽¹⁾	(14,901)	(6,177)
Total	\$ (369,001)	\$ (611,845)
Number of new funded debt investments ⁽²⁾	24	46
Average amount of new funded debt investments	\$ 5,816	\$ 11,636

(1) Based on cost/proceeds of equity activity.

(2) For the years ended December 31, 2023 and 2022, 100.0% of new funded debt investments were at floating interest rates.

See the Consolidated Schedules of Investments as of December 31, 2023 and 2022 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K for more information on these investments, including a list of companies and type and amount of investments.

Portfolio Credit

As part of the monitoring process, our Investment Adviser has developed risk assessment policies pursuant to which it regularly assesses the risk profile of each of our debt investments and rates each of them based on the following categories, which we refer to as "Internal Risk Ratings". Key drivers of internal risk ratings include financial metrics, financial covenants, liquidity and enterprise value coverage. Pursuant to these risk policies, an Internal Risk Rating of 1 – 5, which are defined below, is assigned to each debt investment in our portfolio.

Table of Contents

Rating	Definition
1	Borrower is operating above expectations, and the trends and risk factors are generally favorable.
2	Borrower is operating generally as expected or at an acceptable level of performance. The level of risk to our initial cost basis is similar to the risk to our initial cost basis at the time of origination. This is the initial risk rating assigned to all new borrowers.
3	Borrower is operating below expectations and level of risk to our cost basis has increased since the time of origination. The borrower may be out of compliance with debt covenants. Payments are generally current although there may be higher risk of payment default.
4	Borrower is operating materially below expectations and the loan's risk has increased materially since origination. In addition to the borrower being generally out of compliance with debt covenants, loan payments may be past due, but generally not by more than 120 days. It is anticipated that we may not recoup our initial cost basis and may realize a loss of our initial cost basis upon exit.
5	Borrower is operating substantially below expectations and the loan's risk has increased substantially since origination. Most or all of the debt covenants are out of compliance and payments are substantially delinquent. It is anticipated that we will not recoup our initial cost basis and may realize a substantial loss of our initial cost basis upon exit.

Our Investment Adviser monitors and, when appropriate, changes the risk ratings assigned to each debt investment in our portfolio. Our Investment Adviser reviews our investment ratings in connection with our quarterly valuation process. The below table summarizes the Internal Risk Ratings as of December 31, 2023 and 2022.

	December 31, 2023			December 31, 2022	
	Fair Value	% of Fair Value		Fair Value	% of Fair Value
Internal Risk Rating 1	\$ 30,282	2.0 %	\$	30,660	1.9 %
Internal Risk Rating 2	1,158,006	77.3		1,280,061	78.8
Internal Risk Rating 3	273,329	18.2		254,012	15.7
Internal Risk Rating 4	38,061	2.5		48,671	3.0
Internal Risk Rating 5	—	—		9,261	0.6
Total	\$ 1,499,678	100.0 %	\$	1,622,665	100.0 %

As of December 31, 2023 and 2022, the weighted average Internal Risk Rating of our debt investment portfolio was 2.2. As of December 31, 2023 and 2022, four and three of our debt investments were assigned an Internal Risk Rating of 4-5, respectively.

The following table summarizes the fair value of our performing and non-accrual/non-performing investments as of December 31, 2023 and 2022:

	December 31, 2023				December 31, 2022		
	Number of Investments	Fair Value	% of Fair Value		Number of Investments	Fair Value	% of Fair Value
Performing	169	\$ 1,803,820	97.9 %		170	\$ 1,921,945	97.1 %
Non-accrual ⁽¹⁾	4	38,061	2.1		3	57,932	2.9
Total	173	\$ 1,841,881	100.0 %		173	\$ 1,979,877	100.0 %

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

Portfolio Financing

Our primary sources of financing consist of Secured Debt, Unsecured Debt, and Securitizations, which are presented on the Consolidated Statements of Assets and Liabilities as Debt and secured borrowings. Refer to Note 8, Borrowings, to the

[Table of Contents](#)

consolidated financial statements included in Part II, Item 8 of this Form 10-K for additional information regarding our financing. The following table details those sources of financing:

	Outstanding Principal Balance, as of	
	December 31, 2023	December 31, 2022
Secured Debt		
Credit Facility	\$ 260,356	\$ 440,441
Unsecured Debt		
2024 Notes	190,000	190,000
2028 Notes	85,000	—
Securitizations		
2015-1R		
Notes	449,200	449,200
Total	\$ 984,556	\$ 1,079,641
Weighted		
average interest rate	6.95 %	5.78 %

Credit Facility

On March 21, 2014, we closed on a senior secured revolving credit facility (the “Credit Facility”), as amended from time to time. The maximum principal amount of the Credit Facility is \$790,000, pursuant to the terms of the agreement, subject to availability under the Credit Facility, which is based on certain advance rates multiplied by the value of our portfolio investments (subject to certain concentration limitations) net of certain other indebtedness that we may incur in accordance with the terms of the Credit Facility. Proceeds of the Credit Facility may be used for general corporate purposes, including the funding of portfolio investments. Maximum capacity under the Credit Facility may be increased, subject to certain conditions, to \$1,185,000 through the exercise by us of an uncommitted accordion feature through which existing and new lenders may, at their option, agree to provide additional financing. The Credit Facility includes a \$50,000 limit for swingline loans and a \$20,000 limit for letters of credit. Subject to certain exceptions, the Credit Facility is secured by a first lien security interest in substantially all of the portfolio investments held by us. The Credit Facility includes customary covenants, including certain financial covenants related to asset coverage, shareholders’ equity and liquidity, certain limitations on the incurrence of additional indebtedness and liens, and other maintenance covenants, as well as usual and customary events of default for senior secured revolving credit facilities of this nature.

The Credit Facility consisted of the following as of December 31, 2023 and 2022:

	Total Facility	Borrowings Outstanding	Unused Portion ⁽¹⁾	Amount Available ⁽²⁾	Weighted Average Interest Rate
December 31, 2023	\$ 790,000	\$ 260,356	\$ 529,644	\$ 359,675	7.21 %
December 31, 2022	\$ 688,000	\$ 440,441	\$ 247,559	\$ 247,902	6.04 %

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

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

Unsecured Debt

On December 30, 2019, we closed a private offering of \$115.0 million in aggregate principal amount of 4.75% senior unsecured notes due December 31, 2024 and on December 11, 2020, we issued an additional \$75.0 million aggregate principal amount of 4.50% senior unsecured notes due December 31, 2024 (together the “2024 Notes”). The interest rates of the 2024 Notes are subject to increase (up to an additional 1.00% over the stated rate of such notes) in the event, subject to certain exceptions, the 2024 Notes cease to have an investment grade rating. The 2024 Notes are general unsecured obligations of ours that rank pari passu with all outstanding and future unsecured unsubordinated indebtedness issued by us.

On November 20, 2023, we completed a public offering of \$85.0 million in aggregate principal of 8.20% senior unsecured notes due December 1, 2028 (the “2028 Notes” and together with the 2024 Notes, the “Senior Notes”). We may redeem the 2028 Notes in whole or in part at our option on or after December 1, 2025. The 2028 Notes are general unsecured obligations of ours that rank pari passu with all outstanding and future unsecured unsubordinated indebtedness issued by us.

Table of Contents

The following table details the carrying value of our 2024 Notes and 2028 Notes as of December 31, 2023 and 2022:

	As of December 31,	
	2023	2022
2024 Notes	\$ 190,000	\$ 190,000
2028 Notes	85,000	—
Total principal amount	\$ 275,000	\$ 190,000
Less: unamortized debt issuance costs	(3,434)	(278)
Effective interest rate swap hedge	985	—
Total carrying value	\$ 272,551	\$ 189,722

Securizations

On June 26, 2015, we completed the 2015-1 Debt Securitization, which was refinanced on August 30, 2018 (the “2015-1 Debt Securitization Refinancing”) by redeeming in full the previously issued securitized notes and issuing new notes (the “2015-1R Notes”). The 2015-1R Notes were issued by Carlyle Direct Lending CLO 2015-1R LLC (the “2015-1 Issuer”), a wholly owned and consolidated subsidiary of us. The 2015-1R Notes are secured by a diversified portfolio of the 2015-1 Issuer consisting primarily of first and second lien senior secured loans.

We received 100% of the \$125,900 in nominal value of the non-interest bearing preferred interests issued by the 2015-1 Issuer (the “2015-1 Issuer Preferred Interests”) on the closing date of the 2015-1 Debt Securitization in exchange for the our contribution to the 2015-1 Issuer of the initial closing date loan portfolio. Following the 2015-1 Debt Securitization Refinancing, the 2015-1 Issuer Preferred Interests were reduced by approximately \$21,375 to approximately \$104,525.

On June 30, 2023, the 2015-1R Notes were amended to transition the benchmark rate to the Term SOFR Rate plus a Term SOFR adjustment (LIBOR prior to the amendment). The 2015-1R Notes reinvestment period ended October 15, 2023 and have a maturity date of October 15, 2031. In connection with the initial financing, we have made customary representations, warranties and covenants to the 2015-1 Issuer.

The following table details the 2015-1R Notes:

	Spread ⁽¹⁾	As of December 31,	
		2023	2022
Aaa/AAA Class A-1-1-R Notes	+ 1.55%	\$ 234,800	\$ 234,800
Aaa/AAA Class A-1-2-R Notes	+ 1.78%	50,000	50,000
Aaa/AAA Class A-1-3-R Notes	4.56%	25,000	25,000
AA Class A-2-R Notes	+ 2.20%	66,000	66,000
A Class B Notes	+ 3.15%	46,400	46,400
BBB- Class C Notes	+ 4.00%	27,000	27,000
Total		\$ 449,200	\$ 449,200

(1) With the exception of the Aaa/AAA Class A-1-3-R Notes, the benchmark rate on the 2015-1R Notes is 3 month SOFR plus a Term SOFR adjustment as of December 31, 2023 and 3 month LIBOR as of December 31, 2022. The Aaa/AAA Class A-1-3-R Notes accrue interest at a fixed rate.

Middle Market Credit Fund, LLC (“Credit Fund”)

On February 29, 2016, we and Credit Partners USA LLC (“Credit Partners”) entered into an amended and restated limited liability company agreement, as amended from time to time, to co-manage Credit Fund, a Delaware limited liability company that is not consolidated in our consolidated financial statements. Credit Fund is managed by a six-member board of managers, on which we and Credit Partners each have equal representation. We and Credit Partners each have 50% economic ownership of Credit Fund and have commitments to fund, from time to time, capital of up to \$250,000 each. Funding of such commitments generally requires the approval of the board of Credit Fund, including the board members appointed by us. By virtue of our respective membership interests, we and Credit Partners each indirectly bear an allocable share of all expenses and other obligations of Credit Fund.

Credit Fund primarily invests in first lien loans of middle market companies sourced primarily by us and our affiliates. Portfolio and investment decisions with respect to Credit Fund must be unanimously approved by a quorum of Credit Fund’s investment committee consisting of an equal number of representatives of us and Credit Partners. Therefore, although we own

[Table of Contents](#)

more than 25% of the voting securities of Credit Fund, we do not believe that we have control over Credit Fund (other than for purposes of the Investment Company Act). Middle Market Credit Fund SPV, LLC ("Credit Fund Sub") and MMCF Warehouse II, LLC ("Credit Fund Warehouse II"), each a Delaware limited liability company are wholly owned subsidiaries of Credit Fund and are consolidated in Credit Fund's consolidated financial statements.

Since inception of Credit Fund and through December 31, 2023, we and Credit Partners each made capital contributions of \$1 in members' equity and \$216,000 in subordinated loans to Credit Fund. On May 25, 2021, we and Credit Partners each received an aggregate return of capital on the subordinated loans of \$23,000. The cost and fair value of our investment in Credit Fund was \$193,001 and \$181,960, respectively, as of December 31, 2023 and \$193,001 and \$190,065, respectively, as of December 31, 2022.

Our portion of the dividends declared by Credit Fund was \$22,000 and \$20,500 for the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023 and 2022, our annualized dividend yield from Credit Fund was 11.4%.

Below is a summary of Credit Fund's portfolio as of December 31, 2023 and 2022:

	As of December 31,	
	2023	2022
Senior secured loans ⁽¹⁾	\$ 803,541	\$ 955,605
Weighted average yields of senior secured loans based on amortized cost ⁽²⁾	11.2 %	10.0 %
Weighted average yields of senior secured loans based on fair value ⁽²⁾	11.6 %	10.5 %
Number of portfolio companies in Credit Fund	38	45
Average amount per portfolio company ⁽¹⁾	\$ 21,146	\$ 21,236
Number of loans on non-accrual status	3	—
Fair value of loans on non-accrual status	\$ 13,263	\$ —
Percentage of portfolio at floating interest rates ⁽³⁾⁽⁴⁾	100.0 %	100.0 %
Fair value of loans with PIK provisions	\$ 36,481	\$ 49,950
Percentage of portfolio with PIK provisions ⁽⁴⁾	4.8 %	5.5 %

(1) At par/principal amount.

(2) Weighted average yields include the effect of accretion of discounts and amortization of premiums and are based on interest rates as of December 31, 2023 and 2022. Weighted average yield on debt at fair value is computed as (a) the annual stated interest rate or yield earned plus the net annual amortization of original issue discount ("OID") and market discount earned, divided by (b) total fair value included in such securities. Weighted average yield on debt at amortized cost is computed as (a) the annual stated interest rate or yield earned plus the net annual amortization of OID and market discount earned, divided by (b) total amortized cost included in such securities. Actual yields earned over the life of each investment could differ materially from the yields presented above. Effective March 31, 2023, weighted average yields exclude investments placed on non-accrual status. Prior periods were conformed to the current presentation.

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

(4) Percentages based on fair value.

Middle Market Credit Fund II, LLC ("Credit Fund II")

On November 3, 2020, we and Cliffwater Corporate Lending Fund ("CCLF") entered into a limited liability company agreement to co-manage Credit Fund II, a Delaware limited liability company that is not consolidated in our consolidated financial statements. Credit Fund II is managed by a four-member board, on which we and CCLF have equal representation. We and CCLF have 84.13% and 15.87% economic ownership of Credit Fund II, respectively. By virtue of our respective membership interests, we and CCLF each indirectly bear an allocable share of all expenses and other obligations of Credit Fund II.

Credit Fund II primarily invests in senior secured loans of middle market companies. Credit Fund II's initial portfolio was funded in November 2020 with existing senior secured debt investments contributed by us and as part of the transaction, we determined that the contribution met the requirements under ASC 860, *Transfers and Servicing*. Credit Fund II is expected to make only limited new investments in senior secured loans of middle market companies. Portfolio and investment decisions with respect to Credit Fund II must be unanimously approved by a quorum of Credit Fund II's board members consisting of at least one of our representatives and one of CCLF's representatives. Therefore, although we own more than 25% of the voting securities of Credit Fund II, we do not believe that we have control over Credit Fund II (other than for purposes of the Investment Company Act). Middle Market Credit Fund II SPV, LLC ("Credit Fund II Sub"), a Delaware limited liability company, is a wholly owned subsidiary of Credit Fund II and is consolidated in Credit Fund II's consolidated financial statements.

[Table of Contents](#)

Since inception of Credit Fund II and through December 31, 2023, we and CCLF made capital contributions of \$78,096 and \$12,709 in members' equity, respectively, to Credit Fund II. The cost and fair value of our investment in Credit Fund II was \$78,096 and \$67,419, respectively, as of December 31, 2023 and \$78,096 and \$72,957, respectively, as of December 31, 2022. Our portion of the dividends declared by Credit Fund II was \$11,105 and \$10,348 for the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023 and 2022, our annualized dividend yield from Credit Fund II was 14.2%.

Below is a summary of Credit Fund II's portfolio as of December 31, 2023 and 2022:

	As of December 31,	
	2023	2022
Senior secured loans ⁽¹⁾	\$ 255,486	\$ 253,310
Weighted average yields of senior secured loans based on amortized cost ⁽²⁾	12.0 %	11.1 %
Weighted average yields of senior secured loans based on fair value ⁽²⁾	12.2 %	11.3 %
Number of portfolio companies in Credit Fund II	36	35
Average amount per portfolio company ⁽¹⁾	\$ 7,097	\$ 7,237
Number of loans on non-accrual status	1	—
Fair value of loans on non-accrual status	\$ —	\$ —
Percentage of portfolio at floating interest rates ⁽³⁾⁽⁴⁾	97.9 %	97.9 %
Percentage of portfolio at fixed interest rates ⁽⁴⁾	2.1 %	2.1 %
Fair value of loans with PIK provisions	\$ 20,117	\$ 10,787
Percentage of portfolio with PIK provisions ⁽⁴⁾	8.5 %	4.4 %

(1) At par/principal amount.

(2) Weighted average yields include the effect of accretion of discounts and amortization of premiums and are based on interest rates as of December 31, 2023 and 2022. Weighted average yield on debt at fair value is computed as (a) the annual stated interest rate or yield earned plus the net annual amortization of original issue discount ("OID") and market discount earned, divided by (b) total fair value included in such securities. Weighted average yield on debt at amortized cost is computed as (a) the annual stated interest rate or yield earned plus the net annual amortization of OID and market discount earned, divided by (b) total amortized cost included in such securities. Actual yields earned over the life of each investment could differ materially from the yields presented above. Effective March 31, 2023, weighted average yields exclude investments placed on non-accrual status. Prior periods were conformed to the current presentation.

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

(4) Percentages based on fair value.

Consolidated Results of Operations

For the years ended December 31, 2023 and 2022

The following table sets forth information regarding our consolidated results of operations for the years ended December 31, 2023 and 2022. For information regarding results of operations for the year ended December 31, 2021, see the Company's Form 10-K for the fiscal year ended December 31, 2021.

	Year Ended December 31,		2023 vs 2022
	2023	2022	\$
Investment income:			
Interest income	\$ 183,028	\$ 145,758	\$ 37,270
PIK income	20,491	23,067	(2,576)
Dividend income	33,104	30,848	2,256
Other income	5,003	7,583	(2,580)
Total investment income	241,626	207,256	34,370
Expenses:			
Base management fees	28,515	28,803	(288)
Incentive fees	22,622	21,414	1,208
Professional fees	2,688	3,059	(371)
Administrative service fees	1,280	1,636	(356)
Interest expense and credit facility fees	71,711	43,961	27,750
Directors' fees and expenses	444	640	(196)
Other general and administrative	1,960	1,872	88
Excise tax expense	2,435	1,829	606
Total expenses	131,655	103,214	28,441
Net investment income (loss)	109,971	104,042	5,929
Net realized gain (loss) and net change in unrealized appreciation (depreciation):			
Net realized gain (loss) on investments	(21,238)	965	(22,203)
Net realized currency gain (loss) on non-investment assets and liabilities	385	(442)	827
Net change in unrealized appreciation (depreciation) on investments	7,084	(25,597)	32,681
Net change in unrealized currency gains (losses) on non-investment assets and liabilities	(3,922)	6,669	(10,591)
Net realized gain (loss) and net change in unrealized appreciation (depreciation) on investments and non-investment assets and liabilities	(17,691)	(18,405)	714
Net increase (decrease) in net assets resulting from operations	\$ 92,280	\$ 85,637	\$ 6,643

Investment Income

The increase in investment income for the year ended December 31, 2023 from the comparable period in 2022 was primarily driven by an increase in interest income from higher weighted average interest rates partially offset by a decrease in other income primarily due to lower underwriting, amendment and prepayment fees. As of December 31, 2023, the size of our portfolio decreased to \$1,904,895 from \$2,049,975 as of December 31, 2022 at amortized cost. As of December 31, 2023, the weighted average yield of our total debt and income producing assets increased to 12.7% from 11.8% as of December 31, 2022, on amortized cost, primarily due to higher benchmark interest rates.

Interest income and PIK income on our first and second lien debt investments are dependent on the composition and credit quality of the portfolio. Generally, we expect the portfolio to generate predictable quarterly interest income based on the terms stated in each loan's credit agreement. As of December 31, 2023 and 2022, four and three of our debt investments, respectively, were on non-accrual status. Non-accrual investments had a fair value of \$38,061 and \$57,932, respectively, which represented approximately 2.1% and 2.9% of total investments at fair value, respectively, as of December 31, 2023 and 2022. The remaining first and second lien debt investments were performing and current on their interest payments as of December 31, 2023 and 2022.

The increase in dividend income for the year ended December 31, 2023 from the comparable period in 2022 was primarily driven by an increase in dividends declared by the investment funds as a result of higher net investment income earned by each investment fund.

The decrease in other income for the year ended December 31, 2023 from the comparable period in 2022 was primarily driven by lower underwriting, amendment and prepayment fees.

Expenses

The increase in interest expense and credit facility fees for the year ended December 31, 2023 compared to the comparable period in 2022 was primarily driven by higher benchmark interest rates.

The decrease in base management fees for the year ended December 31, 2023 from the comparable period in 2022 was driven by lower average fair value of investments during the year.

The increase in incentive fees for the year ended December 31, 2023 from the comparable period in 2022 was driven by higher pre-incentive fee net investment income.

For the years ended December 31, 2023 and 2022, there were no accrued capital gains incentive fees based upon the cumulative net realized and unrealized appreciation (depreciation) as of December 31, 2023 and 2022, respectively. The accrual for any capital gains incentive fee under accounting principles generally accepted in the United States ("U.S. GAAP") in a given period may result in an additional expense if such cumulative amount is greater than in the prior period or a reduction of previously recorded expense if such cumulative amount is less than in the prior period. If such cumulative amount is negative, then there is no accrual. See Note 4, Related Party Transactions, to the consolidated financial statements included in Part II, Item 8 of this Form 10-K for more information on our incentive and base management fees.

Professional fees include legal, rating agencies, audit, tax, valuation, technology and other professional fees incurred related to the management of the Company. Administrative service fees represent fees paid to the Administrator for our allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations under the Administration Agreement, including our allocable portion of the cost of certain of our executive officers and their respective staff. Other general and administrative expenses include insurance, filing, research, subscriptions and other costs.

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

The amount of and number of investments with realized gain (loss) and change in appreciation (depreciation) for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
Realized gain on investments	\$ 1,843	\$ 8,022
Number of investments with realized gains	14	20
Realized losses on investments	\$ (23,081)	\$ (7,057)
Number of investments with realized losses	15	13
Change in unrealized appreciation on investments	\$ 72,261	\$ 48,588
Number of investments with unrealized appreciation	126	43
Change in unrealized depreciation on investments	\$ (65,177)	\$ (74,185)
Number of investments with unrealized depreciation	68	144

Net change in unrealized appreciation in our investments for the year ended December 31, 2023 compared to the comparable period in 2022 was primarily driven by improving credit fundamentals in certain 4 and 5 risk rated investments as well as reversals of prior period unrealized losses on our investments in DermaRite Industries, LLC and PPT Management Holdings, LLC. The net change in unrealized depreciation for the year ended December 31, 2023 compared to the comparable period in 2022 was primarily driven by depreciation in the value of our investments in American Physician Partners, LLC.

Net change in unrealized appreciation (depreciation) is driven by changes in other inputs utilized under our valuation methodology, including, but not limited to, enterprise value multiples, borrower leverage multiples and borrower ratings, and the impact of exits.

[Table of Contents](#)
For the three months ended December 31, 2023 and September 30, 2023

The following table sets forth information regarding our consolidated results of operations for the three month periods ending December 31, 2023 and September 30, 2023, respectively:

	Three Months Ended		Change
	December 31, 2023	September 30, 2023	\$
Investment income:			
Interest income	\$ 45,886	\$ 46,040	\$ (154)
PIK income	6,170	5,417	753
Dividend income	8,276	8,276	—
Other income	2,353	768	1,585
Total investment income	62,685	60,501	2,184
Expenses:			
Base management fees	7,014	7,080	(66)
Incentive fees	6,027	5,530	497
Professional fees	792	684	108
Administrative service fees	414	369	45
Interest expense and credit facility fees	18,335	18,222	113
Directors' fees and expenses	111	103	8
Other general and administrative	465	552	(87)
Excise tax expense	412	850	(438)
Total expenses	33,570	33,390	180
Net investment income (loss)	29,115	27,111	2,004
Net realized gain (loss) and net change in unrealized appreciation (depreciation):			
Net realized gain (loss) on investments	210	(142)	352
Net realized currency gain (loss) on non-investment assets and liabilities	(13)	406	(419)
Net change in unrealized appreciation (depreciation) on investments	3,395	315	3,080
Net change in unrealized currency gains (losses) on non-investment assets and liabilities	(3,114)	2,297	(5,411)
Net realized gain (loss) and net change in unrealized appreciation (depreciation) on investments and non-investment assets and liabilities	478	2,876	(2,398)
Net increase (decrease) in net assets resulting from operations	\$ 29,593	\$ 29,987	\$ (394)

Investment Income

The increase in investment income for the three months ended December 31, 2023 as compared to the three months ended September 30, 2023 was primarily driven an increase in other income, including increased amendment and prepayment fees. As of December 31, 2023, the size of our portfolio decreased to \$1,904,895 from \$1,926,884 as of September 30, 2023, at amortized cost. As of December 31, 2023 and September 30, 2023, the weighted average yield of our total debt and income producing investments was 12.7% based on amortized cost.

Interest income and PIK income on our first and second lien debt investments are dependent on the composition and credit quality of the portfolio. Generally, we expect the portfolio to generate predictable quarterly interest income based on the terms stated in each loan's credit agreement. As of December 31, 2023 and September 30, 2023, four of our debt investments were on non-accrual status. Non-accrual investments had a fair value of \$38,061 and \$36,600, respectively, which represented approximately 2.1% and 2.0% of total investments at fair value, respectively, as of December 31, 2023 and September 30, 2023. The remaining first and second lien debt investments were performing and current on their interest payments as of December 31, 2023 and September 30, 2023.

The increase in other income for the three months ended December 31, 2023 from the three months ended September 30, 2023 was primarily driven by higher amendment and prepayment fees.

Expenses

The increase in interest expense and credit facility fees for the three months ended December 31, 2023 from the three months ended September 30, 2023 was primarily driven by the issuance of the 2028 Notes during the three months ended December 31, 2023.

[Table of Contents](#)

The increase in incentive fees was driven by higher pre-incentive fee net investment income for the three months ended December 31, 2023 compared to the three months ended September 30, 2023.

For the three months ended December 31, 2023 and three months ended September 30, 2023, there were no accrued capital gains incentive fees based upon the cumulative net realized and unrealized appreciation (depreciation) as of December 31, 2023 or September 30, 2023. The accrual for any capital gains incentive fee under U.S. GAAP in a given period may result in an additional expense if such cumulative amount is greater than in the prior period or a reduction of previously recorded expense if such cumulative amount is less than in the prior period. If such cumulative amount is negative, then there is no accrual. See Note 4, Related Party Transactions, to the consolidated financial statements included in Part II, Item 8 of this Form 10-K for more information on the incentive and base management fees.

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

The amount of and number of investments with realized gain (loss) and change in appreciation (depreciation) for the three months ended December 31, 2023 and September 30, 2023 were as follows:

	Three Months Ended	
	December 31, 2023	September 30, 2023
Realized gain on investments	\$ 243	\$ 153
Number of investments with realized gains	4	3
Realized losses on investments	\$ (33)	\$ (295)
Number of investments with realized losses	1	2
Change in unrealized appreciation on investments	\$ 13,463	\$ 18,458
Number of investments with unrealized appreciation	93	112
Change in unrealized depreciation on investments	\$ (10,068)	\$ (18,143)
Number of investments with unrealized depreciation	73	60

Net change in unrealized appreciation (depreciation) in our investments for the three months ended December 31, 2023 was primarily driven by improving credit fundamentals in certain 4 risk rated investments and positive impact of FX rates.

Net change in unrealized appreciation (depreciation) is driven by changes in other inputs utilized under our valuation methodology, including, but not limited to, enterprise value multiples, borrower leverage multiples and borrower ratings, and the impact of exits.

Financial Condition, Liquidity and Capital Resources

Capitalization

We have capitalized our business to date primarily through the issuance and sale of our common stock, asset-level financing, and the issuance of unsecured senior debt. As of December 31, 2023, we had \$984,556 of outstanding consolidated indebtedness under the Credit Facility, the 2015-1R Notes and the Senior Notes as previously discussed within *Portfolio and Investment Activity - Portfolio Financing*. As of December 31, 2023, we had \$420,122 of liquidity that can be used to satisfy our short-term cash requirements and working capital for our business. Refer to Note 8, Borrowings to the consolidated financial statements included in Part II, Item 8 of this Form 10-K for additional information regarding our financing.

Our Preferred Stock has a liquidation preference equal to \$25 per share (the "Liquidation Preference") plus any accumulated but unpaid dividends up to but excluding the date of distribution. Dividends on our Preferred Stock are payable on a quarterly basis in an initial amount equal to 7.00% per annum of the Liquidation Preference per share, payable in cash, or at our option, 9.00% per annum of the Liquidation Preference payable in additional shares of Preferred Stock.

The Preferred Stock is convertible, in whole or in part, at the option of the holder of the Preferred Stock into the number of shares of common stock equal to the Liquidation Preference plus any accumulated but unpaid dividends, divided by an initial conversion price of \$9.50, subject to certain adjustments to prevent dilution as set forth in the Company's articles supplementary (the "Articles Supplementary"). The conversion price as of December 31, 2023 was \$9.10. Effective as of May 5, 2023, the Company, with the approval of the Board of Directors, including a majority of the Independent Directors, has the option to redeem all of the Preferred Stock for cash consideration equal to the Liquidation Preference plus any accumulated but unpaid dividends. The holders of the Preferred Stock have the right to convert all or a portion of their shares of Preferred Stock prior to the date fixed for such redemption. Effective as of May 5, 2027, the holders of the Preferred Stock have the option to require the Company to redeem any or all of the then-outstanding Preferred Stock upon 90 days' notice. The form of

[Table of Contents](#)

consideration used in any such redemption is at the option of the Board of Directors, including a majority of the Independent Directors, and may be cash consideration equal to the Liquidation Preference plus any accumulated but unpaid dividends, or shares of common stock. Holders also have the right to redeem the Preferred Stock upon a Change in Control (as defined in the Articles Supplementary).

The following table presents our certain capitalization ratios:

	December 31, 2023	December 31, 2022
Net Financial Leverage	1.02x	1.16x
Statutory Debt to Equity	1.19x	1.30x

Sources of Liquidity

Our primary sources of liquidity include cash and cash equivalents and available borrowings under our Credit Facility.

	December 31, 2023	December 31, 2022
Cash, cash equivalents and restricted cash	\$ 60,447	\$ 30,506
Available borrowings under Credit Facility	359,675	247,902
Total Liquidity	\$ 420,122	\$ 278,408

We generate cash from the net proceeds of offerings of our common stock and through cash flows from operations, including investment sales and repayments as well as income earned on investments and cash equivalents. We may also fund a portion of our investments through borrowings under the Credit Facility, the issuance of debt, and through securitization of a portion of our existing investments. The primary use of existing funds and any funds raised in the future is expected to be for investments in portfolio companies, repayment of indebtedness, cash distributions to our stockholders, repurchases of our common stock and for other general corporate purposes. We believe our current cash position, available capacity on our Credit Facility, which is well in excess of our unfunded commitments, and net cash provided by operating activities will provide us with sufficient resources to meet our obligations and continue to support our investment objectives, including reserving for the capital needs which may arise at our portfolio companies.

Liquidity Needs

Our primary liquidity needs include our funding of new and existing portfolio investments, payment of operating expenses and interest and principal payments under the Credit Facility. From time to time, we may also repurchase our outstanding debt or shares of our common stock.

Contractual Obligations and Contingencies

In the ordinary course of our business, we enter into contracts or agreements that contain indemnifications or warranties. Future events could occur which may give rise to liabilities arising from these provisions against us. We believe that the likelihood of such an event is remote; however, the maximum potential exposure is unknown. No accrual has been made in these consolidated financial statements as of December 31, 2023 and December 31, 2022 in Part II, Item 8 of this Form 10-K for any such exposure.

We have in the past, currently are and may in the future become obligated to fund commitments such as revolving credit facilities, bridge financing commitments, or delayed draw commitments. We had the following unfunded commitments to fund delayed draw and revolving senior secured loans as of December 31, 2023 and December 31, 2022:

	Par / Principal Amount as of December 31,	
	2023	2022
Unfunded delayed draw commitments	\$ 68,017	\$ 83,743
Unfunded revolving commitments	66,392	74,463
Total unfunded commitments	\$ 134,409	\$ 158,206

Pursuant to an undertaking by us in connection with the 2015-1 Debt Securitization, we agreed to hold on an ongoing basis the 2015-1 Issuer Preferred Interests with an aggregate dollar purchase price at least equal to 5% of the aggregate outstanding amount of all collateral obligations by the 2015-1 Issuer for so long as any securities of the 2015-1 Issuer remains outstanding. As of December 31, 2023 and December 31, 2022, we were in compliance with this undertaking.

[Table of Contents](#)**Cash Flows**

The following table details the net change in our cash and cash equivalents:

	For the years ended December 31,	
	2023	2022
Cash flows provided by (used in) operating activities	\$ 230,609	\$ 14,512
Cash flows provided by (used in) financing activities	(200,668)	(77,080)
Net increase (decrease) in cash, cash equivalents and restricted cash	\$ 29,941	\$ (62,568)

During the year ended December 31, 2023, we paid \$207,198 related to cost of investments purchased and received \$361,576 in repayments on our investments. During the year ended December 31, 2023, we had net repayments of \$183,616 on the Credit Facility and \$82,323 of proceeds from the issuance of the 2028 Notes, net of underwriter discounts and commissions.

Asset Coverage

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

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

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

As of December 31, 2023 and 2022, the Company had total senior securities of \$1,034,556 and \$1,129,641, respectively, consisting of secured borrowings under the Credit Facility, the Senior Notes, the 2015-1R Notes and the Preferred Stock, and had asset coverage ratios of 183.4% and 176.8%, respectively. For a discussion of the principal risk factors associated with these senior securities, see Part I, Item 1A of this Form 10-K. For purposes of the asset coverage ratio, the Preferred Stock is classified as a senior security.

Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. These estimates and judgments are based on historical information, information currently available to us and on various other assumptions management believes to be reasonable under the circumstances. Actual results could vary from those estimates and we may change our estimates and assumptions in future evaluations. Changes in these estimates and assumptions may have a material effect on our results of operations and financial condition. We believe the critical accounting policies discussed below affect our more significant judgments and estimates used in the preparation of our consolidated financial statements and should be read in conjunction with our consolidated financial statements and related notes in Part II, Item 8, as well as with our "Risk Factors" in Part I, Item 1A of this Form 10-K.

Fair Value Measurements

The Company applies fair value accounting in accordance with the terms of Financial Accounting Standards Board ASC Topic 820, *Fair Value Measurement* ("ASC 820"). ASC 820 defines fair value as the amount that would be exchanged to sell an asset or transfer a liability in an orderly transfer between market participants at the measurement date. Effective September 8, 2022, the Investment Adviser, as the valuation designee pursuant to Rule 2a-5 under the Investment Company Act, determines in good faith the fair value of the Company's investment portfolio for which market quotations are not readily available. The Investment Adviser values securities/instruments traded in active markets on the measurement date by multiplying the closing price of such traded securities/instruments by the quantity of shares or amount of the instrument held. The Investment Adviser may also obtain quotes with respect to certain of its investments, such as its securities/instruments traded in active markets and its liquid securities/instruments that are not traded in active markets, from pricing services, brokers, or counterparties (i.e., "consensus pricing"). When doing so, the Investment Adviser determines whether the quote obtained is sufficient according to U.S. GAAP to determine the fair value of the security. The Investment Adviser may use the quote obtained, or alternative pricing sources may be utilized, including valuation techniques typically utilized for illiquid securities/instruments.

Securities/instruments that are illiquid, or for which the pricing source does not provide a valuation or methodology, or provides a valuation or methodology that, in the judgment of the Investment Adviser, does not represent fair value, shall each be valued as of the measurement date using all techniques appropriate under the circumstances and for which sufficient data is available. These valuation techniques may vary by investment and include comparable public market valuations, comparable precedent transaction valuations and/or discounted cash flow analyses. The process generally used to determine the applicable value is as follows: (i) the value of each portfolio company or investment is initially reviewed by the investment professionals responsible for such portfolio company or investment and, for non-traded investments, a standardized template designed to approximate fair market value based on observable market inputs, updated credit statistics and unobservable inputs is used to determine a preliminary value, which is also reviewed alongside consensus pricing, where available; (ii) preliminary valuation conclusions are documented and reviewed by a valuation committee comprised of members of senior management; (iii) the Board of Directors engages a third-party valuation firm to provide positive assurance on portions of the Middle Market Senior Loans and equity investments portfolio each quarter (such that each non-traded investment other than Credit Fund is reviewed by a third-party valuation firm at least once on a rolling twelve month basis) including a review of management's preliminary valuation and conclusion on fair value; (iv) if applicable, prior to September 8, 2022, the Audit Committee of the Board of Directors (the "Audit Committee") reviewed the assessments of the Investment Adviser and the third-party valuation firm; and (v) if applicable, prior to September 8, 2022, the Board of Directors discussed the valuation recommendations of the Audit Committee and determined the fair value of each investment in the portfolio in good faith based on the input of the Investment Adviser and, where applicable, the third-party valuation firm.

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

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

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

Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of the Company's investments may fluctuate from period to period. Because of the inherent uncertainty of valuation, these estimated values may differ significantly from the values that would have been reported had a ready market for the investments existed, and it is reasonably possible that the difference could be material.

[Table of Contents](#)

In addition, changes in the market environment and other events that may occur over the life of the investments may cause the realized gains or losses on investments to be different from the net change in unrealized appreciation or depreciation currently reflected in the consolidated financial statements as of December 31, 2023 and 2022.

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

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

Investments

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

Revenue Recognition - Non-Accrual Income

Loans are generally placed on non-accrual status when principal or interest payments are past due or when there is reasonable doubt that principal or interest will be collected in full. Accrued and unpaid interest is generally reversed when a loan is placed on non-accrual status. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon management's judgment regarding collectability. Non-accrual loans are restored to accrual status when past due principal and interest are current or there is no longer any reasonable doubt that such principal or interest will be collected in full and, in management's judgment, are likely to remain current. Management may determine not to place a loan on non-accrual status if the loan has sufficient collateral value and is in the process of collection.

Income Taxes

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

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

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

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

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

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

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

Valuation Risk

Our investments generally do not have a readily available market price. Our Investment Adviser, as the valuation designee pursuant to Rule 2a-5 under the Investment Company Act, values our investments for which market quotations are not readily available in good faith at fair value in accordance with our valuation policy. There is no single standard for determining fair value in good faith. As a result, determining fair value requires that judgment be applied to the specific facts and circumstances of each portfolio investment while employing a consistently applied valuation process for the types of investments we make. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may fluctuate from period to period. In addition, because of the inherent uncertainty of valuation, these estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and it is possible that the difference could be material.

Interest Rate Risk

As of December 31, 2023, on a fair value basis, approximately 1.2% of our debt investments bear interest at a fixed rate and approximately 98.8% of our debt investments bear interest at a floating rate, which primarily are subject to interest rate floors. The Credit Facility is also subject to floating interest rates and is primarily paid based on floating SOFR rates. The 2028 Notes, which bear a fixed rate, are hedged by entering into fixed to floating interest rate swaps, in order to align the interest rates of our liabilities in our investment portfolio

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

The following table estimates the potential changes in net cash flow generated from interest income, should interest rates increase or decrease by 100, 200 or 300 basis points. These hypothetical interest income calculations are based on a model of the settled debt investments in our portfolio, excluding structured finance obligations and our investments in Credit Fund and Credit Fund II, held as of December 31, 2023 and 2022, and are only adjusted for assumed changes in the underlying base interest rates and the impact of that change on interest income. Interest expense is calculated based on outstanding secured borrowings and notes payable as of December 31, 2023 and 2022 and based on the terms of our Credit Facility and notes payable. Interest expense on our Credit Facility and notes payable is calculated using the stated interest rate as of December 31, 2023 and 2022, adjusted for the hypothetical changes in rates, as shown below. We intend to continue to finance a portion of our investments with borrowings and the interest rates paid on our borrowings may significantly impact our net interest income.

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

[Table of Contents](#)

Based on our Consolidated Statements of Assets and Liabilities as of December 31, 2023 and 2022, the following table shows the annual impact on net investment income of base rate changes in interest rates for our settled debt investments (considering interest rate floors for variable rate instruments), excluding our investments in Credit Fund and Credit Fund II, and outstanding secured borrowings and notes payable assuming no changes in our investment and borrowing structure:

Basis Point Change	As of December 31, 2023			As of December 31, 2022		
	Interest Income	Interest Expense	Net Investment Income	Interest Income	Interest Expense	Net Investment Income
Up 300 basis points	\$ 44,769	\$ (23,087)	\$ 21,682	\$ 48,535	\$ (25,939)	\$ 22,596
Up 200 basis points	\$ 29,846	\$ (15,391)	\$ 14,455	\$ 32,357	\$ (17,293)	\$ 15,064
Up 100 basis points	\$ 14,923	\$ (7,696)	\$ 7,227	\$ 16,178	\$ (8,646)	\$ 7,532
Down 100 basis points	\$ (14,923)	\$ 7,696	\$ (7,227)	\$ (16,178)	\$ 8,646	\$ (7,532)
Down 200 basis points	\$ (29,846)	\$ 15,391	\$ (14,455)	\$ (32,249)	\$ 17,287	\$ (14,962)
Down 300 basis points	\$ (44,740)	\$ 23,087	\$ (21,653)	\$ (48,089)	\$ 25,744	\$ (22,345)

[Table of Contents](#)

Item 8. Financial Statements and Supplementary Data

CARLYLE SECURED LENDING, INC.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm (PCAOB ID: 42)	80
Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting	82
Consolidated Statements of Assets and Liabilities as of December 31, 2023 and 2022	83
Consolidated Statements of Operations for the years ended December 31, 2023, 2022 and 2021	84
Consolidated Statements of Changes in Net Assets for the years ended December 31, 2023, 2022 and 2021	86
Consolidated Statements of Cash Flows for the years ended December 31, 2023, 2022 and 2021	87
Consolidated Schedules of Investments as of December 31, 2023 and 2022	88
Notes to Consolidated Financial Statements	117

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Carlyle Secured Lending, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of assets and liabilities of Carlyle Secured Lending, Inc. (the "Company"), including the consolidated schedules of investments, as of December 31, 2023 and 2022, the related consolidated statements of operations, changes in net assets, and cash flows for each of the three years in the period ended December 31, 2023, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations, changes in its net assets, and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 26, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of investments owned as of December 31, 2023 and 2022, by correspondence with the custodian, debt agents, and the underlying investees; when replies were not received from the debt agents and the underlying investees, we performed other auditing procedures.

Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

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

Valuation of investments using significant unobservable inputs

Description of the Matter

At December 31, 2023, the fair value of the Company's investments categorized in Level III of the fair value hierarchy (Level III investments) totaled \$1.774 billion. As discussed in Note 3 to the consolidated financial statements (Note 3), management determined the fair value of the Company's Level III investments by using valuation techniques such as comparable public market valuations, comparable precedent transaction valuations and/or discounted cash flow analyses and using inputs which were significant to the valuation of these investments, such as observable market inputs, updated credit statistics, and significant unobservable inputs (significant inputs). The significant unobservable inputs used to determine fair value required significant management judgment or estimation and, as disclosed in Note 3, included discount rates, comparable multiples, recovery rates, default rates, and indicative quotes.

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

How We Addressed the Matter in our Audit

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

To test the valuation of the Company's Level III investments, our audit procedures included, among others, evaluating the valuation techniques and significant inputs used by the Company. For each Level III investment, we gained an understanding of the valuation technique(s) and significant inputs used to value the investment and reviewed the information considered by the Company's valuation designee, under the oversight of the Board of Directors, relating to the valuation. Our procedures also included testing, for a sample of Level III investments, significant inputs and the mathematical accuracy of the Company's valuation models.

For example, we compared market spreads, market value (EBITDA) multiples of publicly traded comparable companies, available precedent sales transactions of comparable companies, default rates and recovery rates to information available from third-party market research providers. We also compared certain of the significant inputs to underlying sources like public and private credit ratings and the most recently available portfolio company financial statements and compliance certificates provided by management. To evaluate the reasonableness of the unobservable inputs, we assessed whether these inputs were developed in a manner consistent with the Company's valuation policies and in some instances, with the assistance of our valuation specialists, we independently developed fair value estimates using portfolio company and market information and compared them to the Company's estimates. We searched for and evaluated information that corroborated or contradicted the Company's significant inputs. We also evaluated subsequent events and transactions and considered whether they corroborated or contradicted the Company's year-end valuations.

/s/ Ernst & Young LLP

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

Tysons, VA
February 26, 2024

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Carlyle Secured Lending, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited Carlyle Secured Lending, Inc.'s internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Carlyle Secured Lending, Inc. (the "Company") maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of assets and liabilities of the Company, including the consolidated schedules of investments, as of December 31, 2023 and 2022, the related consolidated statements of operations, changes in net assets and cash flows for each of the three years in the period ended December 31, 2023, and the related notes and our report dated February 26, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

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

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

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

Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ Ernst & Young LLP

Tysons, VA
February 26, 2024

[Table of Contents](#)

CARLYLE SECURED LENDING, INC.
CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES
(dollar amounts in thousands, except per share data)

	December 31, 2023	December 31, 2022
ASSETS		
Investments, at fair value		
Investments—non-controlled/non-affiliated, at fair value (amortized cost of \$ 1,586,761 and \$ 1,734,252 , respectively)	\$ 1,539,120	\$ 1,671,488
Investments—non-controlled/affiliated, at fair value (amortized cost of \$ 47,037 and \$ 44,626 , respectively)	53,382	45,367
Investments—controlled/affiliated, at fair value (amortized cost of \$ 271,097 and \$ 271,097 , respectively)	249,379	263,022
Total investments, at fair value (amortized cost of \$ 1,904,895 and \$ 2,049,975 , respectively)	1,841,881	1,979,877
Cash, cash equivalents and restricted cash	60,447	30,506
Receivable for investments sold	36	1,528
Interest and dividend receivable	33,725	24,023
Prepaid expenses and other assets	6,489	5,763
Total assets	\$ 1,942,578	\$ 2,041,697
LIABILITIES		
Debt and secured borrowings (Note 8)	\$ 980,183	\$ 1,077,192
Payable for investments purchased	—	287
Interest and credit facility fees payable (Note 8)	8,591	6,749
Dividend payable (Note 10)	22,321	22,446
Base management and incentive fees payable (Note 4)	13,067	12,681
Administrative service fees payable (Note 4)	2,991	1,711
Other accrued expenses and liabilities	2,613	3,208
Total liabilities	1,029,766	1,124,274
Commitments and contingencies (Notes 9 and 12)		
NET ASSETS		
Cumulative convertible preferred stock, \$ 0.01 par value; 2,000,000 shares issued and outstanding as of December 31, 2023 and December 31, 2022	50,000	50,000
Common stock, \$ 0.01 par value; 198,000,000 shares authorized; 50,794,941 and 51,060,136 shares issued and outstanding at December 31, 2023 and December 31, 2022, respectively	508	511
Paid-in capital in excess of par value	1,015,681	1,022,224
Offering costs	(1,633)	(1,633)
Total distributable earnings (loss)	(151,744)	(153,679)
Total net assets	\$ 912,812	\$ 917,423
NET ASSETS PER COMMON SHARE	<u>\$ 16.99</u>	<u>\$ 16.99</u>

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

[Table of Contents](#)
CARLYLE SECURED LENDING, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

(dollar amounts in thousands, except per share data)

	For the years ended December 31,		
	2023	2022	2021
Investment income:			
From non-controlled/non-affiliated investments:			
Interest income	\$ 177,315	\$ 138,598	\$ 125,074
PIK income	19,819	16,258	9,346
Other income	4,995	7,302	6,366
Total investment income from non-controlled/non-affiliated investments	202,129	162,158	140,786
From non-controlled/affiliated investments:			
Interest income	5,713	3,287	173
PIK income	672	6,809	—
Other income	8	9	10
Total investment income from non-controlled/affiliated investments	6,393	10,105	183
From controlled/affiliated investments:			
Interest income	—	3,873	185
Dividend income	33,104	30,848	30,063
Other income	—	272	21
Total investment income from controlled/affiliated investments	33,104	34,993	30,269
Total investment income	241,626	207,256	171,238
Expenses:			
Base management fees (Note 4)	28,515	28,803	28,343
Incentive fees (Note 4)	22,622	21,414	17,680
Professional fees	2,688	3,059	3,165
Administrative service fees (Note 4)	1,280	1,636	1,338
Interest expense and credit facility fees (Note 8)	71,711	43,961	30,753
Directors' fees and expenses	444	640	561
Other general and administrative	1,960	1,872	1,765
Total expenses	129,220	101,385	83,605
Net investment income (loss) before taxes	112,406	105,871	87,633
Excise tax expense	2,435	1,829	782
Net investment income (loss)	109,971	104,042	86,851
Net realized gain (loss) and net change in unrealized appreciation (depreciation):			
Net realized gain (loss) on investments:			
Non-controlled/non-affiliated investments	(21,426)	(1,050)	19,035
Non-controlled/affiliated investments	—	—	3
Controlled/affiliated investments	188	2,015	—
Net realized currency gain (loss) on non-investment assets and liabilities	385	(442)	(177)
Net change in unrealized appreciation (depreciation) on investments:			
Non-controlled/non-affiliated investments	15,123	(39,431)	41,541
Non-controlled/affiliated investments	5,604	8,918	3,215
Controlled/affiliated investments	(13,643)	4,916	7,925
Net change in unrealized currency gains (losses) on non-investment assets and liabilities	(3,922)	6,669	1,960
Net realized gain (loss) and net change in unrealized appreciation (depreciation) on investments and non-investment assets and liabilities	(17,691)	(18,405)	73,502
Net increase (decrease) in net assets resulting from operations	92,280	85,637	160,353
Preferred stock dividend	3,500	3,500	3,500
Net increase in net assets resulting from operations attributable to Common Stockholders	\$ 88,780	\$ 82,137	\$ 156,853
Basic and diluted earnings per common share (Note 10)			
Basic	\$ 1.75	\$ 1.58	\$ 2.89
Diluted	\$ 1.64	\$ 1.49	\$ 2.69

Weighted-average shares of common stock outstanding (Note 10)

	For the years ended December 31,		
	2023	2022	2021
Basic	50,817,659	52,112,420	54,244,432
Diluted	56,311,555	57,482,099	59,531,683

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

CARLYLE SECURED LENDING, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
(dollar amounts in thousands)

	For the years ended December 31,		
	2023	2022	2021
Net increase (decrease) in net assets resulting from operations:			
Net investment income (loss)	\$ 109,971	\$ 104,042	\$ 86,851
Net realized gain (loss) on investments and non-investment assets and liabilities	(20,853)	523	18,861
Net change in unrealized appreciation (depreciation) on investments and non-investment assets and liabilities	3,162	(18,928)	54,641
Net increase (decrease) in net assets resulting from operations	92,280	85,637	160,353
Capital transactions:			
Repurchase of common stock	(3,993)	(28,457)	(28,439)
Dividends declared on preferred and common stock (Note 10)	(92,898)	(88,561)	(84,473)
Net increase (decrease) in net assets resulting from capital transactions	(96,891)	(117,018)	(112,912)
Net increase (decrease) in net assets	(4,611)	(31,381)	47,441
Net assets at beginning of year	917,423	948,804	901,363
Net assets at end of year	<u>\$ 912,812</u>	<u>\$ 917,423</u>	<u>\$ 948,804</u>

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

CARLYLE SECURED LENDING, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollar amounts in thousands)

	For the years ended December 31,		
	2023	2022	2021
Cash flows from operating activities:			
Net increase (decrease) in net assets resulting from operations	\$ 92,280	\$ 85,637	\$ 160,353
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by (used in) operating activities:			
Amortization of deferred financing costs	1,290	1,378	1,342
Net accretion of discount on investments	(8,435)	(9,990)	(9,383)
Paid-in-kind interest	(20,902)	(26,019)	(9,178)
Net realized (gain) loss on investments	21,238	(965)	(19,038)
Net realized currency (gain) loss on non-investment assets and liabilities	(385)	442	177
Net change in unrealized (appreciation) depreciation on investments	(7,084)	25,597	(52,681)
Net change in unrealized currency (gain) loss on non-investment assets and liabilities	3,922	(6,669)	(1,960)
Net unrealized gain (loss) on derivative instruments	985	—	—
Cost of investments purchased and change in payable for investments purchased	(207,198)	(635,278)	(842,981)
Proceeds from sales and repayments of investments and change in receivable for investments sold	361,576	578,321	849,039
Changes in operating assets:			
Interest and dividend receivable	(9,702)	(3,879)	(461)
Prepaid expenses and other assets	111	(916)	(668)
Changes in operating liabilities:			
Interest and credit facility fees payable	1,842	4,282	28
Base management and incentive fees payable	386	862	270
Administrative service fees payable	1,280	1,229	397
Other accrued expenses and liabilities	(595)	480	175
Net cash provided by (used in) operating activities	230,609	14,512	75,431
Cash flows from financing activities:			
Repurchase of common stock	(3,993)	(28,457)	(28,439)
Borrowings on Credit Facility	166,792	372,246	419,205
Repayments of Credit Facility	(350,408)	(332,758)	(357,500)
Proceeds from issuance of 2028 Notes	85,000	—	—
Debt issuance costs paid	(5,036)	(1,291)	(382)
Dividends paid in cash	(93,023)	(86,820)	(83,660)
Net cash provided by (used in) financing activities	(200,668)	(77,080)	(50,776)
Net increase (decrease) in cash, cash equivalents and restricted cash	29,941	(62,568)	24,655
Cash, cash equivalents and restricted cash, beginning of year	30,506	93,074	68,419
Cash, cash equivalents and restricted cash, end of year	\$ 60,447	\$ 30,506	\$ 93,074
Supplemental disclosures:			
Interest and credit facility fees paid during the year	\$ 68,357	\$ 38,483	\$ 29,355
Taxes, including excise tax, paid during year	\$ 1,839	\$ 774	\$ 641
Dividends declared on preferred and common stock during the year	\$ 92,898	\$ 88,561	\$ 84,473

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

CARLYLE SECURED LENDING, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2023
(dollar amounts in thousands)

Investments—non-controlled/non-affiliated ⁽¹⁾	Footnotes	Industry	Reference Rate ⁽²⁾	Spread ⁽²⁾	Interest Rate ⁽²⁾	Acquisition Date	Maturity Date	Par/ Principal Amount **	Amortized Cost ⁽⁴⁾	Fair Value ⁽⁵⁾	% of Net Assets
First Lien Debt (68.6 % of fair value)											
ADPD Holdings, LLC	^{^*} (2)(3)(11)(15)	Consumer Services	SOFR	6.00 %	11.68 %	8/16/2022	8/15/2028	\$ 10,119	\$ 9,898	\$ 8,837	0.97 %
Advanced Web Technologies Holding Company	^{^*} (2)(3)(11)(15)	Containers, Packaging & Glass	SOFR	6.25 %	11.76 %	12/17/2020	12/17/2026	9,090	8,979	9,129	1.00
Advanced Web Technologies Holding Company	[^] (2)(3)(11)	Containers, Packaging & Glass	SOFR	6.75 %	12.26 %	6/2/2023	12/17/2026	641	625	652	0.07
Advanced Web Technologies Holding Company	^{^*} (2)(3)(11)	Containers, Packaging & Glass	SOFR	6.50 %	12.01 %	12/16/2021	12/17/2026	1,593	1,573	1,609	0.18
AI Grace AUS Bidco Pty LTD (Australia)	[^] (2)(3)(7)	Consumer Goods: Non-Durable	SOFR	6.50 %	11.85 %	12/5/2023	12/5/2029	2,286	2,218	2,217	0.24
Allied Benefit Systems Intermediate LLC	[^] (2)(3)(15)	Healthcare & Pharmaceuticals	SOFR	5.25 %	10.63 %	10/31/2023	10/31/2030	—	(23)	(24)	0.00
Alpine Acquisition Corp II	^{^*} (2)(3)(11)(15)	Transportation: Cargo	SOFR	6.00 %	11.46 %	4/19/2022	11/30/2026	9,614	9,430	9,128	1.00
American Physician Partners, LLC	[^] (2)(3)(8)(11)(12)	Healthcare & Pharmaceuticals	SOFR	10.25 % (100 % PIK)	15.71 %	12/16/2022	6/30/2023	3,472	3,082	—	—
American Physician Partners, LLC	^{^*} (2)(3)(8)(11)(12)	Healthcare & Pharmaceuticals	SOFR	10.25 % (100 % PIK)	15.71 %	1/7/2019	8/5/2022	35,148	30,117	—	—
Apex Companies Holdings, LLC	^{^*} (2)(3)(15)	Environmental Industries	SOFR	6.25 %	11.63 %	1/31/2023	1/31/2028	10,015	9,727	10,040	1.10
Applied Technical Services, LLC	[^] (2)(3)(11)	Business Services	SOFR	6.00 %	11.43 %	9/18/2023	12/29/2026	480	470	484	0.05
Applied Technical Services, LLC	[^] (2)(3)(11)(15)	Business Services	SOFR	5.75 %	11.11 %	12/29/2020	12/29/2026	542	536	542	0.06
Apriess Health, LLC	[^] (2)(3)(11)(15)	Healthcare & Pharmaceuticals	SOFR	6.75 %	12.32 %	5/6/2021	5/6/2027	36,554	36,062	36,359	3.97
Ascend Buyer, LLC	^{^*} (2)(3)(11)(15)	Containers, Packaging & Glass	SOFR	6.40 %	11.91 %	9/30/2021	9/30/2028	3,814	3,748	3,697	0.41
Associations, Inc.	[^] (2)(3)(11)(15)	Construction & Building	SOFR	4.00 %, 2.50 % PIK	12.16 %	7/2/2021	7/2/2027	13,440	13,357	13,386	1.47
Atlas AU Bidco Pty Ltd (Australia)	[^] (2)(3)(7)(15)	High Tech Industries	SOFR	7.25 %	12.58 %	12/15/2022	12/12/2029	2,890	2,805	2,922	0.32
Atlas US Finco, Inc.	[^] (2)(3)	High Tech Industries	SOFR	6.75 %	12.40 %	12/18/2023	12/10/2029	1,338	1,311	1,311	0.14
Aurora Lux FinCo S.Á.R.L. (Luxembourg)	^{^*} (2)(3)(7)(11)	Software	SOFR	3.00 %, 4.00 % PIK	12.45 %	12/24/2019	12/24/2026	32,309	31,911	31,010	3.40
Avalara, Inc.	[^] (2)(3)(15)	Diversified Financial Services	SOFR	7.25 %	12.60 %	10/19/2022	10/19/2028	22,500	21,977	22,872	2.51
Barnes & Noble, Inc.	[^] (2)(3)(10)(11)	Retail	SOFR	8.81 %	14.27 %	8/7/2019	12/20/2026	26,402	25,807	26,253	2.87
Bayside OPCP, LLC	[^] (2)(3)(11)	Healthcare & Pharmaceuticals	SOFR	7.25 % (100 % PIK)	12.77 %	5/31/2023	5/31/2026	4,785	4,785	4,785	0.52
Bayside OPCP, LLC	[^] (2)(3)(11)	Healthcare & Pharmaceuticals	SOFR	7.25 % (100 % PIK)	12.75 %	5/31/2023	5/31/2026	13,527	13,527	13,527	1.48
Bayside OPCP, LLC	[^] (2)(3)(11)(15)	Healthcare & Pharmaceuticals	SOFR	7.00 % (100 % PIK)	12.33 %	5/31/2023	5/31/2026	—	—	—	—

CARLYLE SECURED LENDING, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2023
(dollar amounts in thousands)

Investments—non-controlled/non-affiliated ⁽¹⁾	Footnotes	Industry	Reference Rate ⁽²⁾	Spread ⁽²⁾	Interest Rate ⁽²⁾	Acquisition Date	Maturity Date	Par/ Principal Amount **	Amortized Cost ⁽⁴⁾	Fair Value ⁽⁵⁾	% of Net Assets
BlueCat Networks, Inc. (Canada)	^ (2)(3)(7)(15)	High Tech Industries	SOFR	4.00 %, 2.00 % PIK	11.39 %	8/8/2022	8/8/2028	\$ 3,692	\$ 3,632	\$ 3,609	0.40 %
BMS Holdings III Corp.	^ (2)(3)(11)	Construction & Building	SOFR	5.50 %	10.97 %	9/30/2019	9/30/2026	4,784	4,729	4,675	0.51
Bradyifs Holdings, LLC	^ (2)(3)(15)	Wholesale	SOFR	6.00 %	11.38 %	10/31/2023	10/31/2029	8,595	8,399	8,396	0.92
CD&R Madison Parent Ltd (United Kingdom)	^ (2)(7)	Business Services	EURIBOR	5.75 %, 2.00 % PIK	11.71 %	2/27/2023	2/27/2030	€ 609	627	682	0.07
CD&R Madison Parent Ltd (United Kingdom)	^ (2)(7)(15)	Business Services	SONIA	6.25 %, 2.00 % PIK	13.44 %	2/27/2023	2/27/2030	£ 1,292	1,508	1,676	0.18
Celerion Buyer, Inc.	^* (2)(3)(15)	Healthcare & Pharmaceuticals	SOFR	6.50 %	11.93 %	11/3/2022	11/3/2029	3,120	3,036	3,159	0.35
Chartis Holding, LLC	^* (2)(3)(11)(15)	Business Services	SOFR	5.00 %	10.52 %	5/1/2019	5/1/2025	797	793	795	0.09
Chemical Computing Group ULC (Canada)	^* (2)(3)(7)(11)(15)	Software	SOFR	4.50 %	9.86 %	8/30/2018	8/30/2024	385	385	383	0.04
CircusTriX Holdings, LLC	^* (2)(3)(15)	Leisure Products & Services	SOFR	6.75 %	12.11 %	7/18/2023	7/14/2028	12,549	12,202	12,585	1.38
Comar Holding Company, LLC	^* (2)(3)(11)	Containers, Packaging & Glass	SOFR	2.00 %, 4.75 % PIK	12.28 %	6/18/2018	6/18/2026	29,291	29,233	25,198	2.76
CoreWeave Compute Acquisition Co. II, LLC	^ (2)(3)(15)	High Tech Industries	SOFR	8.75 %	14.13 %	7/30/2023	7/30/2028	1,212	1,179	1,176	0.13
Cority Software Inc. (Canada)	^* (2)(3)(7)(15)	Software	SOFR	5.00 %	10.39 %	7/2/2019	7/2/2026	10,302	10,201	10,257	1.12
Cority Software Inc. (Canada)	^ (2)(3)(7)	Software	SOFR	7.00 %	12.39 %	9/3/2020	7/2/2026	547	539	546	0.06
Coupa Holdings, LLC	^ (2)(3)(15)	Software	SOFR	7.50 %	12.86 %	2/27/2023	2/28/2030	8,638	8,410	8,838	0.97
CPI Intermediate Holdings, Inc.	^* (2)(3)(15)	Telecommunications	SOFR	5.50 %	10.87 %	10/6/2022	10/6/2029	3,843	3,772	3,803	0.42
CST Holding Company	^* (2)(3)(11)(15)	Consumer Goods: Non-Durable	SOFR	6.50 %	11.86 %	11/1/2022	11/1/2028	4,981	4,844	5,027	0.55
DCA Investment Holding LLC	^* (2)(3)	Healthcare & Pharmaceuticals	SOFR	6.41 %	11.75 %	3/11/2021	4/3/2028	14,301	14,177	14,071	1.54
Denali Midco 2, LLC	^* (2)(3)(11)(15)	Consumer Services	SOFR	6.50 %	11.96 %	9/15/2022	12/22/2027	9,023	8,785	9,023	0.99
Dermatology Associates	^ (2)(3)(11)	Healthcare & Pharmaceuticals	SOFR	6.25 % (100 % PIK)	11.75 %	5/31/2016	1/15/2024	30,871	30,871	30,835	3.37
Dermatology Associates	^ (2)(3)(8)(10)	Healthcare & Pharmaceuticals	SOFR	11.31 % (100 % PIK)	16.81 %	5/31/2016	1/15/2024	49,028	24,963	34,990	3.82
Diligent Corporation	^ (2)(3)(11)(15)	Telecommunications	SOFR	6.25 %	11.78 %	8/4/2020	8/4/2025	663	656	659	0.07
Dwyer Instruments, Inc.	^* (2)(3)(11)(15)	Capital Equipment	SOFR	5.75 %	11.20 %	7/21/2021	7/21/2027	3,791	3,731	3,791	0.42
Eliassen Group, LLC	^* (2)(3)(15)	Business Services	SOFR	5.50 %	10.85 %	4/14/2022	4/14/2028	2,206	2,151	2,145	0.23
Ellkay, LLC	^* (2)(3)(11)(15)	Healthcare & Pharmaceuticals	SOFR	6.00 %	11.28 %	9/14/2021	9/14/2027	13,964	13,754	11,809	1.29
Emergency Communications Network, LLC	^* (2)(3)	Telecommunications	SOFR	2.50 %, 6.25 % PIK	14.13 %	6/1/2017	6/1/2024	28,060	28,047	23,896	2.62
EPS Nass Parent, Inc.	^ (2)(3)(11)(15)	Utilities: Electric	SOFR	5.75 %	11.25 %	4/19/2021	4/19/2028	933	920	902	0.10

CARLYLE SECURED LENDING, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2023
(dollar amounts in thousands)

Investments—non-controlled/non-affiliated (1)		Footnotes	Industry	Reference Rate (2)	Spread (2)	Interest Rate (2)	Acquisition Date	Maturity Date	Par/ Principal Amount	Amortized Cost (4)	Fair Value (5)	% of Net Assets
									**			
EvolveIP, LLC	^*	(2)(3)(11)	Telecommunications	SOFR	5.50 %	11.19 %	11/26/2019	6/7/2025	\$ 6,154	\$ 6,153	\$ 5,901	0.65 %
Excel Fitness Holdings, Inc.	^*	(2)(3)(11)(15)	Leisure Products & Services	SOFR	5.25 %	10.75 %	4/29/2022	4/29/2029	6,157	6,043	6,061	0.66
Excelitas Technologies Corp.	^	(2)(3)(11)(15)	Capital Equipment	SOFR	5.75 %	11.23 %	8/12/2022	8/12/2029	3,287	3,229	3,238	0.35
Excelitas Technologies Corp.	^	(2)	Capital Equipment	EURIBOR	5.75 %	9.74 %	8/12/2022	8/12/2029	€ 1,263	1,274	1,376	0.15
FPG Intermediate Holdco, LLC	^	(2)(3)(11)(15)	Consumer Services	SOFR	6.75 %	12.29 %	8/5/2022	3/5/2027	359	298	321	0.04
Greenhouse Software, Inc.	^	(2)(3)(15)	Software	SOFR	7.00 %	12.35 %	3/1/2021	9/1/2028	32,796	32,162	32,593	3.57
Guidehouse LLP	^	(2)(3)	Sovereign & Public Finance	SOFR	3.75 %, 2.00 % PIK	11.11 %	9/30/2022	12/16/2030	79	78	79	0.01
Hadrian Acquisition Limited (United Kingdom)	^	(2)(3)(7)(10)	Diversified Financial Services	SONIA	5.25 %, 3.43 % PIK	13.87 %	2/28/2022	2/28/2029	£ 15,187	19,798	19,261	2.11
Hadrian Acquisition Limited (United Kingdom)	^	(2)(3)(7)(15)	Diversified Financial Services	SONIA	5.00 %, 2.75 % PIK	12.94 %	2/28/2022	2/28/2029	£ 3,928	4,552	4,952	0.54
Harbour Benefit Holdings, Inc.	^*	(2)(3)(11)(15)	Business Services	SOFR	5.00 %	10.51 %	12/13/2017	12/13/2024	2,951	2,939	2,905	0.32
Heartland Home Services, Inc.	^*	(2)(3)(11)	Consumer Services	SOFR	5.75 %	11.11 %	2/10/2022	12/15/2026	10,223	10,158	9,766	1.07
Heartland Home Services, Inc.	^*	(2)(3)(11)(15)	Consumer Services	SOFR	6.00 %	11.36 %	12/15/2020	12/15/2026	7,116	7,068	6,818	0.75
Hercules Borrower LLC	^*	(2)(3)(11)(15)	Environmental Industries	SOFR	6.25 %	11.70 %	12/14/2020	12/14/2026	18,081	17,770	18,081	1.98
Hoosier Intermediate, LLC	^*	(2)(3)(11)(15)	Healthcare & Pharmaceuticals	SOFR	5.00 %	10.53 %	11/15/2021	11/15/2028	9,809	9,629	9,415	1.03
HS Spa Holdings Inc.	^	(2)(3)(15)	Consumer Services	SOFR	5.75 %	11.12 %	6/2/2022	6/2/2029	94	76	95	0.01
iCIMS, Inc.	^	(2)(3)(15)	Software	SOFR	7.25 %	12.62 %	8/18/2022	8/18/2028	26,975	26,596	26,953	2.95
Infront Luxembourg Finance S.À R.L. (Luxembourg)	^	(2)(7)	Leisure Products & Services	EURIBOR	9.00 %	12.96 %	5/28/2021	5/28/2027	€ 8,250	9,844	9,085	1.00
Integrity Marketing Acquisition, LLC	^	(2)(3)(11)	Diversified Financial Services	SOFR	6.02 %	11.51 %	12/3/2021	8/27/2026	425	422	419	0.05
IQN Holding Corp.	^	(2)(3)(15)	Business Services	SOFR	5.25 %	10.64 %	5/2/2022	5/2/2029	6,905	6,843	6,936	0.76
iRobot Corporation	^	(2)(3)(11)	Consumer Goods: Durable	SOFR	6.50 %, 2.50 % PIK	14.42 %	7/25/2023	7/31/2026	4,939	4,939	5,125	0.56
Jeg's Automotive, LLC	^*	(2)(3)(11)	Automotive	SOFR	6.00 %	11.46 %	12/22/2021	12/22/2027	20,487	20,192	17,623	1.93
Kaseya, Inc.	^	(2)(3)(15)	High Tech Industries	SOFR	3.50 %, 2.50 % PIK	11.38 %	6/23/2022	6/23/2029	36,346	35,706	36,352	3.98
Lifelong Learner Holdings, LLC	^*	(2)(3)(11)(15)	Business Services	SOFR	5.75 %	11.28 %	10/18/2019	10/18/2026	25,718	25,487	23,589	2.58
LinQuest Corporation	*	(2)(3)(11)	Aerospace & Defense	SOFR	5.75 %	11.23 %	7/28/2021	7/28/2028	9,775	9,635	9,373	1.03
LVF Holdings, Inc.	^*	(2)(3)(11)(15)	Beverage & Food	SOFR	5.75 %	11.25 %	6/10/2021	6/10/2027	32,833	32,380	32,290	3.54
Material Holdings, LLC	^*	(2)(3)(11)(15)	Business Services	SOFR	6.00 %	11.45 %	8/19/2021	8/19/2027	8,139	8,039	7,816	0.86
Maverick Acquisition, Inc.	^*	(2)(3)(11)	Aerospace & Defense	SOFR	6.25 %	11.60 %	6/1/2021	6/1/2027	35,261	34,818	27,632	3.03
Medical Manufacturing Technologies, LLC	^*	(2)(3)(11)(15)	Healthcare & Pharmaceuticals	SOFR	5.50 %	11.01 %	12/23/2021	12/23/2027	30,679	30,238	30,679	3.36
NEFCO Holding Company LLC	^*	(2)(3)(11)(15)	Construction & Building	SOFR	6.50 %	12.14 %	8/5/2022	8/5/2028	6,761	6,643	6,778	0.74

CARLYLE SECURED LENDING, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2023
(dollar amounts in thousands)

Investments—non-controlled/non-affiliated (1)		Footnotes	Industry	Reference Rate (2)	Spread (2)	Interest Rate (2)	Acquisition Date	Maturity Date	Par/ Principal Amount	Amortized	Fair	% of Net
									**	Cost (4)	Value (5)	Assets
NEFCO Holding Company LLC	^	(2)(3)(11)(15)	Construction & Building	SOFR	6.50 %	12.03 %	12/1/2023	8/5/2028	\$ 558	\$ 488	\$ 567	0.06 %
NMI AcquisitionCo, Inc.	^^	(2)(3)(11)(15)	High Tech Industries	SOFR	5.75 %	11.21 %	9/6/2017	9/6/2025	38,120	38,085	37,848	4.15
North Haven Fairway Buyer, LLC	^^	(2)(3)(15)	Consumer Services	SOFR	6.50 %	11.85 %	5/17/2022	5/17/2028	16,032	15,764	16,203	1.78
North Haven Stallone Buyer, LLC	^	(2)(3)	Consumer Services	SOFR	5.50 %	11.29 %	10/11/2022	5/24/2027	199	196	194	0.02
North Haven Stallone Buyer, LLC	^	(2)(3)(11)(15)	Consumer Services	SOFR	6.00 %	11.14 %	11/3/2023	5/24/2027	323	213	232	0.03
Oak Purchaser, Inc.	^	(2)(3)(15)	Business Services	SOFR	5.50 %	10.87 %	4/28/2022	4/28/2028	7,309	7,247	7,083	0.78
Oranje Holdco, Inc.	^	(2)(3)(15)	Business Services	SOFR	7.50 %	12.88 %	2/1/2023	2/1/2029	8,052	7,852	8,123	0.89
Park County Holdings, LLC	^	(2)(3)(10)	Media: Advertising, Printing & Publishing	SOFR	7.11 %	12.47 %	11/29/2023	11/29/2029	30,000	29,391	29,385	3.22
Performance Health Holdings, Inc.	*	(2)(3)(11)	Healthcare & Pharmaceuticals	SOFR	5.75 %	11.32 %	7/12/2021	7/12/2027	6,444	6,360	6,419	0.70
Pestco Intermediate, LLC	^	(2)(3)(11)(15)	Environmental Industries	SOFR	6.50 %	12.03 %	2/6/2023	2/17/2028	3,679	3,542	3,633	0.40
PF Atlantic Holdco 2, LLC	^	(2)(3)(11)(15)	Leisure Products & Services	SOFR	5.50 %	11.12 %	11/12/2021	11/12/2027	11,576	11,383	11,231	1.23
PF Growth Partners, LLC	*	(2)(3)(11)	Leisure Products & Services	SOFR	5.00 %	10.45 %	7/1/2019	7/11/2025	7,875	7,840	7,824	0.86
Project Castle, Inc.	*	(2)(3)	Capital Equipment	SOFR	5.50 %	10.89 %	6/24/2022	6/1/2029	7,406	6,755	6,536	0.72
Prophix Software Inc. (Canada)	^	(2)(3)(7)(11)(15)	Software	SOFR	6.50 %	11.96 %	2/1/2021	2/1/2026	13,280	13,100	13,280	1.45
Prophix Software Inc. (Canada)	^	(2)(3)(7)(11)(15)	Software	SOFR	6.50 %	11.83 %	11/21/2023	2/1/2026	—	—	—	—
Pushpay USA Inc.	^^	(2)(3)(11)(15)	Diversified Financial Services	SOFR	6.75 %	12.28 %	5/10/2023	5/10/2030	16,009	15,525	15,938	1.75
PXO Holdings I Corp.	^^	(2)(3)(11)(15)	Chemicals, Plastics & Rubber	SOFR	5.50 %	11.00 %	3/8/2022	3/8/2028	6,997	6,862	6,801	0.75
QNNCT, LLC	^^	(2)(3)(15)	Aerospace & Defense	SOFR	7.00 %	12.38 %	11/2/2022	11/2/2029	5,302	5,127	5,420	0.59
Quantic Electronics, LLC	^^	(2)(3)(11)	Aerospace & Defense	SOFR	6.25 %	11.70 %	11/19/2020	11/19/2026	15,711	15,528	15,270	1.67
Quantic Electronics, LLC	^^	(2)(3)(11)	Aerospace & Defense	SOFR	6.25 %	11.70 %	3/1/2021	3/1/2027	9,725	9,609	9,452	1.04
Radwell Parent, LLC	^^	(2)(3)(15)	Wholesale	SOFR	6.75 %	12.10 %	12/1/2022	4/1/2029	11,169	10,849	11,242	1.23
Regency Entertainment, Inc.	^	(2)(3)(11)	Media: Advertising, Printing & Publishing	SOFR	8.50 %	13.95 %	7/5/2023	6/23/2028	15,000	14,653	14,891	1.63
RSC Acquisition, Inc.	^	(2)(3)(11)(15)	Diversified Financial Services	SOFR	5.50 %	10.93 %	11/1/2019	11/1/2029	10,168	10,088	10,099	1.11
Sapphire Convention, Inc.	^^	(2)(3)(11)(15)	Telecommunications	SOFR	6.00 %	11.53 %	11/20/2018	11/20/2025	27,479	27,302	27,479	3.01
SCP Eye Care HoldCo, LLC	^	(2)(3)(11)(15)	Healthcare & Pharmaceuticals	SOFR	5.75 %	11.21 %	10/7/2022	10/7/2029	158	152	156	0.02
Smarsh Inc.	^	(2)(3)(15)	Software	SOFR	5.75 %	11.10 %	2/18/2022	2/18/2029	7,346	7,211	7,254	0.79
SPay, Inc.	^^	(2)(3)(11)	Leisure Products & Services	SOFR	2.88 %, 6.38 % PIK	14.96 %	6/15/2018	6/15/2026	26,673	26,605	23,068	2.53

CARLYLE SECURED LENDING, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2023
(dollar amounts in thousands)

Investments—non-controlled/non-affiliated ⁽¹⁾		Footnotes	Industry	Reference Rate ⁽²⁾	Spread ⁽²⁾	Interest Rate ⁽²⁾	Acquisition Date	Maturity Date	Par/	Amortized Cost ⁽⁴⁾	Fair Value ⁽⁵⁾	% of Net Assets
									Principal Amount **			
Speedstar Holding, LLC	^*	(2)(3)(11)	Automotive	SOFR	7.25 %	12.79 %	1/22/2021	1/22/2027	\$ 29,922	\$ 29,512	\$ 29,899	3.28 %
Spotless Brands, LLC	^*	(2)(3)(11)(15)	Consumer Services	SOFR	6.50 %	12.03 %	6/21/2022	7/25/2028	13,864	13,629	13,874	1.52
Spotless Brands, LLC	^	(2)(3)(11)(15)	Consumer Services	SOFR	6.75 %	12.08 %	6/21/2022	7/25/2028	—	(380)	143	0.02
Summit Acquisition, Inc.	^	(2)(3)(15)	Diversified Financial Services	SOFR	6.75 %	12.10 %	5/4/2023	5/1/2030	—	(56)	9	0.00
Tank Holding Corp.	^*	(2)(3)(11)(15)	Capital Equipment	SOFR	5.75 %	11.21 %	3/31/2022	3/31/2028	14,231	13,997	13,873	1.52
TCFI Aevox LLC	^*	(2)(3)(11)	Aerospace & Defense	SOFR	6.00 %	11.46 %	3/18/2020	3/18/2026	10,934	10,848	10,854	1.19
TIBCO Software Inc.	*	(2)(3)	High Tech Industries	SOFR	4.50 %	9.95 %	9/30/2022	3/31/2029	14,887	13,733	14,513	1.59
Trader Corporation (Canada)	^	(2)(3)(7)(15)	Automotive	CDOR	6.75 %	12.19 %	12/22/2022	12/22/2029	C\$11,990	8,604	9,156	1.00
Tufin Software North America, Inc.	^	(2)(3)(11)(15)	Software	SOFR	7.69 %	13.20 %	8/17/2022	8/17/2028	27,802	27,336	27,554	3.02
Turbo Buyer, Inc.	^	(2)(3)(15)	Automotive	SOFR	6.00 %	11.50 %	12/2/2019	12/2/2025	1,697	1,640	1,620	0.18
U.S. Legal Support, Inc.	^*	(2)(3)(11)(15)	Business Services	SOFR	5.75 %	11.11 %	11/30/2018	11/30/2024	16,370	16,296	16,124	1.77
US INFRA SVCS Buyer, LLC	^	(2)(3)(11)	Environmental Industries	SOFR	6.50 %, 0.75 % PIK	12.95 %	4/13/2020	4/13/2026	8,606	8,533	7,928	0.87
USALCO, LLC	^*	(2)(3)(11)	Chemicals, Plastics & Rubber	SOFR	6.00 %	11.61 %	10/19/2021	10/19/2027	1,681	1,653	1,681	0.18
USR Parent Inc.	^	(2)(3)(10)	Retail	SOFR	7.60 %	12.94 %	4/22/2022	4/25/2027	3,778	3,751	3,740	0.41
Vensure Employee Services, Inc.	^	(2)(3)(15)	Business Services	SOFR	5.25 %	10.63 %	12/15/2023	3/26/2027	610	536	535	0.06
Westfall Technik, Inc.	^*	(2)(3)(11)	Chemicals, Plastics & Rubber	SOFR	6.75 %, 0.75 % PIK	12.96 %	9/13/2018	9/13/2024	27,305	27,183	25,166	2.75
Wineshipping.com LLC	^*	(2)(3)(11)(15)	Beverage & Food	SOFR	5.75 %	11.29 %	10/29/2021	10/29/2027	5,897	5,812	5,486	0.60
Yellowstone Buyer Acquisition, LLC	^	(2)(3)(11)	Consumer Goods: Durable	SOFR	5.75 %	11.18 %	9/13/2021	9/13/2027	440	434	427	0.05
YLG Holdings, Inc.	^	(2)(3)(11)	Consumer Services	SOFR	5.00 %	10.48 %	9/30/2020	11/1/2025	1,940	1,912	1,940	0.21
First Lien Debt Total										\$ 1,309,175	\$ 1,263,324	138.40 %
Second Lien Debt (10.2 % of fair value)												
11852604 Canada Inc. (Canada)	^	(2)(3)(7)(11)	Healthcare & Pharmaceuticals	SOFR	9.50 % (100 % PIK)	15.04 %	9/30/2021	9/30/2028	\$ 8,780	\$ 8,665	\$ 8,670	0.95 %
AI Convoy S.A.R.L (United Kingdom)	^	(2)(3)(7)	Aerospace & Defense	SOFR	8.25 %	13.80 %	1/17/2020	1/17/2028	24,814	24,476	24,938	2.74
Aimbridge Acquisition Co., Inc.	^	(2)(11)	Leisure Products & Services	SOFR	7.50 %	12.96 %	2/1/2019	2/1/2027	9,241	9,162	8,680	0.95
AP Plastics Acquisition Holdings, LLC	^	(2)(3)(11)	Chemicals, Plastics & Rubber	SOFR	7.50 %	12.96 %	8/10/2021	8/10/2029	33,680	32,957	33,204	3.64
AQA Acquisition Holdings, Inc.	^*	(2)(3)(11)	High Tech Industries	SOFR	7.50 %	12.98 %	3/3/2021	3/3/2029	35,000	34,358	35,000	3.83
Bayside OPCP, LLC	^	(2)(3)(8)(9)(11)	Healthcare & Pharmaceuticals	SOFR	10.00 % (100 % PIK)	15.50 %	5/31/2023	5/31/2026	4,861	3,653	3,071	0.34
Outcomes Group Holdings, Inc.	^*	(2)	Business Services	SOFR	7.50 %	13.04 %	10/23/2018	10/26/2026	1,731	1,729	1,731	0.19

CARLYLE SECURED LENDING, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2023
(dollar amounts in thousands)

Investments—non-controlled/non-affiliated ⁽¹⁾	Footnotes	Industry	Reference Rate ⁽²⁾	Spread ⁽²⁾	Interest Rate ⁽²⁾	Acquisition Date	Maturity Date	Par/ Principal	Amortized Cost ⁽⁴⁾	Fair Value ⁽⁵⁾	% of Net Assets
								Amount **			
PAI Holdco, Inc.	^ (2)(3)	Automotive	SOFR	5.50 %, 2.00 % PIK	13.03 %	10/28/2020	10/28/2028	\$ 14,377	\$ 14,101	\$ 13,449	1.47 %
Quartz Holding Company	^* (2)(11)	Software	SOFR	8.00 %	13.46 %	4/2/2019	4/2/2027	7,048	6,979	7,048	0.77
Stonegate Pub Company											
Bidco Limited (United Kingdom)	^ (2)(7)	Beverage & Food	SONIA	8.50 %	13.69 %	3/12/2020	3/12/2028	£ 20,000	24,883	22,204	2.43
TruGreen Limited Partnership	^ (2)(3)(11)	Consumer Services	SOFR	8.50 %	14.14 %	11/16/2020	11/2/2028	13,000	12,817	12,082	1.32
World 50, Inc.	^ (9)	Business Services	FIXED	11.50 %	11.50 %	1/10/2020	1/9/2027	18,098	17,877	18,098	1.98
Second Lien Debt Total									\$ 191,657	\$ 188,175	20.61 %

Investments—non-controlled/non-affiliated ⁽¹⁾	Footnotes	Industry	Acquisition Date	Shares/ Units	Cost	Fair Value ⁽⁵⁾	% of Net Assets
Equity Investments (4.8 % of fair value)							
ANLG Holdings, LLC	^ (6)	Capital Equipment	6/22/2018	592	\$ 592	\$ 1,027	0.11 %
Appriss Health, LLC	^ (6)	Healthcare & Pharmaceuticals	5/6/2021	6	5,599	5,438	0.60
Atlas Ontario LP (Canada)	^ (6)(7)	Business Services	4/7/2021	5,114	5,114	5,114	0.56
Bayside HoldCo, LLC	^ (6)	Healthcare & Pharmaceuticals	5/31/2023	6	—	—	—
Blackbird Holdco, Inc.	^ (6)	Capital Equipment	12/14/2021	13	12,314	12,074	1.32
Buckeye Parent, LLC	^ (6)	Automotive	12/22/2021	885	885	85	0.01
Chartis Holding, LLC	^ (6)	Business Services	5/1/2019	433	421	637	0.07
CIP Revolution Holdings, LLC	^ (6)	Media: Advertising, Printing & Publishing	8/19/2016	318	318	254	0.03
Cority Software Inc. (Canada)	^ (6)(7)	Software	7/2/2019	250	250	696	0.08
Derm Growth Partners III, LLC	^ (6)	Healthcare & Pharmaceuticals	5/31/2016	1,000	1,000	—	—
Diligent Corporation	^ (6)	Telecommunications	4/5/2021	13	12,842	12,761	1.40
ECP Parent, LLC	^ (6)	Healthcare & Pharmaceuticals	3/29/2018	268	—	290	0.03
GB Vino Parent, L.P.	^ (6)	Beverage & Food	10/29/2021	4	307	218	0.02
Integrity Marketing Group, LLC	^ (6)	Diversified Financial Services	12/21/2021	18,530	18,369	17,824	1.95
Legacy.com, Inc.	^ (6)	High Tech Industries	3/20/2017	1,500	1,500	1,064	0.12
NearU Holdings LLC	^ (6)	Consumer Services	8/16/2022	25	2,470	1,140	0.12
NEFCO Holding Company LLC	^ (6)	Construction & Building	8/5/2022	1	608	608	0.07
North Haven Goldfinch Topco, LLC	^ (6)	Containers, Packaging & Glass	6/18/2018	2,315	2,315	—	—
Pascal Ultimate Holdings, L.P	^ (6)	Capital Equipment	7/21/2021	36	364	910	0.10
Picard Parent, Inc.	^ (6)	High Tech Industries	9/30/2022	3	2,897	3,188	0.35
Profile Holdings I, LP	^ (6)	Chemicals, Plastics & Rubber	3/8/2022	5	523	492	0.05
Sinch AB (Sweden)	^ (6)(7)	High Tech Industries	3/26/2019	106	1,168	395	0.04
Summit K2 Midco, Inc.	^ (6)	Diversified Financial Services	4/27/2023	121	121	161	0.02
Tailwind HMT Holdings Corp.	^ (6)	Energy: Oil & Gas	11/17/2017	22	1,558	1,807	0.20

CARLYLE SECURED LENDING, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2023
(dollar amounts in thousands)

Investments—non-controlled/non-affiliated ⁽¹⁾	Footnotes	Industry	Acquisition Date	Shares/ Units	Cost	Fair Value ⁽⁵⁾	% of Net Assets
Talon MidCo 1 Limited	^ (6)	Software	8/17/2022	1,018	\$ 1,456	\$ 1,694	0.19 %
Tank Holding Corp.	^ (6)	Capital Equipment	3/26/2019	850	—	2,862	0.31
Titan DI Preferred Holdings, Inc.	^ (6)	Energy: Oil & Gas	2/11/2020	10,534	10,414	10,534	1.15
Turbo Buyer, Inc.	^ (6)	Automotive	12/2/2019	1,925	933	2,501	0.27
U.S. Legal Support Investment Holdings, LLC	^ (6)	Business Services	11/30/2018	641	641	722	0.08
W50 Parent LLC	^ (6)	Business Services	1/10/2020	500	190	1,237	0.14
Zenith American Holding, Inc.	^ (6)	Business Services	12/13/2017	1,565	760	1,888	0.21
Equity Investments Total					\$ 85,929	\$ 87,621	9.60 %
Total investments—non-controlled/non-affiliated					\$ 1,586,761	\$ 1,539,120	168.61 %

								Par/ Principal				
Investments—non-controlled/affiliated	Footnotes	Industry	Reference Rate ⁽²⁾	Spread ⁽²⁾	Interest Rate ⁽²⁾	Acquisition Date	Maturity Date	Amount **	Amortized Cost ⁽⁴⁾	Fair Value ⁽⁵⁾	% of Net Assets	
First Lien Debt (2.6 % of fair value)												
Direct Travel, Inc.	^* (2)(3)(11)(14)	Leisure Products & Services	SOFR	6.50 %	2.00 % PIK	13.99 %	10/14/2016	10/1/2025	\$ 44,408	\$ 43,341	\$44,407	4.87 %
Direct Travel, Inc.	^ (2)(3)(11)(14)(15)	Leisure Products & Services	SOFR	6.00 %		11.53 %	10/1/2020	10/1/2025	3,772	3,696	3,772	0.41
First Lien Debt Total										\$ 47,037	\$48,179	5.28 %
Investments—non-controlled/affiliated												
Investments—non-controlled/affiliated	Footnotes	Industry					Acquisition Date	Shares/ Units	Cost	Fair Value ⁽⁵⁾	% of Net Assets	
Equity Investments (0.3 % of fair value)												
Direct Travel, Inc.	^ (6)(14)	Leisure Products & Services					10/1/2020	43	\$ —	\$ 5,203	0.57 %	
Equity Investments Total									43	\$ —	\$ 5,203	0.57 %
Total investments—non-controlled/affiliated									\$ 47,037	\$ 53,382	5.85 %	

CARLYLE SECURED LENDING, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2023
(dollar amounts in thousands)

Investments— controlled/affiliated	Footnotes	Industry	Reference Rate ⁽²⁾	Spread ⁽²⁾	Interest Rate ⁽²⁾	Acquisition Date	Maturity Date	Par Amount/ LLC Interest	Cost	Fair Value ⁽⁵⁾	% of Net Assets
Investment Funds (13.5 % of fair value)											
Middle Market Credit Fund II, LLC, Member's Interest	[^] (7)(13)	Investment Funds	FIXED	14.22 %	14.22 %	11/3/2020	12/31/2030	\$ 78,122	\$ 78,096	\$ 67,419	7.39 %
Middle Market Credit Fund, LLC, Subordinated Loan and Member's Interest	[^] (7)(13)	Investment Funds	FIXED	11.40 %	11.40 %	2/29/2016	12/31/2027	193,000	193,001	181,960	19.93
Middle Market Credit Fund, Mezzanine Loan	(2)(7)(9)(13)	Investment Funds	SOFR	9.00 %	14.27 %	6/30/2016	5/21/2025	—	—	—	—
Investment Funds Total									\$ 271,097	\$ 249,379	27.32 %
Total investments—controlled/affiliated									\$ 271,097	\$ 249,379	27.32 %
									1,904,895	1,841,881	
Total investments									\$	\$	201.78 %

Derivative Instrument	Counterparty	Company Pays***	Company Receives	Maturity Date	Notional Amount	Fair Value ⁽⁵⁾	Change in Unrealized Appreciation / (Depreciation)	Upfront Payments / Receipts
Interest Rate Swap	Morgan Stanley Capital Services LLC	SOFR + 3.139 %	8.20 %	December 1, 2028	\$ 85,000	\$ 985	\$ 985	\$ —

[^] Denotes that all or a portion of the assets are owned by Carlyle Secured Lending, Inc. (together with its consolidated subsidiaries, "we," "us," "our," "CSL" or the "Company"). The Company has entered into a senior secured revolving credit facility (as amended, the "Credit Facility"). The lenders of the Credit Facility have a first lien security interest in substantially all of the portfolio investments held by the Company (see Note 8, Borrowings to these consolidated financial statements). Accordingly, such assets are not available to creditors of Carlyle Direct Lending CLO 2015-1R LLC (the "2015-1 Issuer").

* Denotes that all or a portion of the assets are owned by the Company's wholly owned subsidiary, the 2015-1 Issuer, and secure the notes issued in connection with a term debt securitization completed by the Company on June 26, 2015 (see Note 8, Borrowings to these consolidated financial statements). Accordingly, such assets are not available to the creditors of the Company.

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

*** The interest rate paid by the Company for each interest period is calculated on the basis of a compounded average daily SOFR rate plus 3.139 %. The interest rate swap settles quarterly on each of March 1, June 1, September 1, and December 1. Refer to Note 7, Derivative Instruments, to these consolidated financial statements for further details.

- Unless otherwise indicated, issuers of debt and equity investments held by the Company are domiciled in the United States. Under the Investment Company Act of 1940, as amended (together with the rules and regulations promulgated thereunder, the "Investment Company Act"), the Company would be deemed to "control" a portfolio company if the Company owned more than 25% of its outstanding voting securities and/or held the power to exercise control over the management or policies of the portfolio company. As of December 31, 2023, the Company does not "control" any of these portfolio companies. Under the Investment Company Act, the Company would be deemed an "affiliated person" of a portfolio company if the Company owns 5% or more of the portfolio company's outstanding voting securities. As of December 31, 2023, the Company is not an "affiliated person" of any of these portfolio companies. Certain portfolio company investments are subject to contractual restrictions on sales.
- Variable rate loans to the portfolio companies bear interest at a rate that is determined by reference to either the Secured Overnight Financing Rate ("SOFR") or an alternate base rate (commonly based on the Federal Funds Rate or the U.S. Prime Rate), which generally resets quarterly. For each such loan, the Company has indicated the reference rate used and provided the spread and the interest rate in effect as of December 31, 2023. As of December 31, 2023, the reference rates for variable rate loans were the 30-day SOFR at 5.35 %, the 90-day SOFR at 5.33 %, the 180-day SOFR at 5.16 %, the daily SONIA at 5.19 %, the 30-day EURIBOR at 3.85 %, the 90-day EURIBOR at 3.91 % and the 30-day CDOR at 5.45 %.
- Loan includes interest rate floor feature, which is generally ranges from 0.50 % to 1.00 %.
- Amortized cost represents original cost, including origination fees and upfront fees received that are deemed to be an adjustment to yield, adjusted for the accretion/amortization of discounts/premiums, as applicable, on debt investments using the effective interest method.
- Fair value is determined in good faith by or under the direction of the Investment Adviser, as the valuation designee pursuant to Rule 2a-5 under the Investment Company Act (see Note 2, Significant Accounting Policies, and Note 3, Fair Value Measurements, to these consolidated financial statements), pursuant to the Company's valuation policy. The fair value of all first lien and second lien debt investments, equity investments and the investment fund was determined using significant unobservable inputs.
- Security acquired in transaction exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"), and may be deemed to be "restricted securities" under the Securities Act. As of December 31, 2023, the aggregate fair value of these securities is \$ 92,824 , or 10.17 % of the Company's net assets.

CARLYLE SECURED LENDING, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2023
(dollar amounts in thousands)

- (7) The Company has determined the indicated investments are non-qualifying assets under Section 55(a) of the Investment Company Act. Under the Investment Company Act, the Company may not acquire any non-qualifying assets unless, at the time such acquisition is made, qualifying assets represent at least 70% of the Company's total assets.
- (8) Loan was on non-accrual status as of December 31, 2023.
- (9) Represents a corporate mezzanine loan, which is subordinated to senior secured term loans of the portfolio company/investment fund.
- (10) In addition to the interest earned based on the stated interest rate of this loan, which is the amount reflected in this schedule, the Company is entitled to receive additional interest as a result of an agreement among lenders, which has been included in the spread of each applicable investment. Pursuant to the agreement among lenders in respect of this loan, this investment represents a first lien/last out loan, which has a secondary priority behind the first lien/first out loan with respect to principal, interest and other payments.
- (11) Loans include a credit spread adjustment that ranges from 0.10 % to 0.43 %.
- (12) Loan is in forbearance as of December 31, 2023.
- (13) Under the Investment Company Act, the Company is deemed to be an "affiliated person" of and "control" this investment fund because the Company owns more than 25% of the investment fund's outstanding voting securities and/or has the power to exercise control over management or policies of such investment fund. See Notes 5, Middle Market Credit Fund, LLC and 6. Middle Market Credit Fund II, LLC, to these consolidated financial statements for more details. Transactions related to investments in controlled affiliates for the year ended December 31, 2023, were as follows:

Investments—controlled/affiliated	Fair Value as of December		Reductions/Sales/ Paydowns	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)		Fair Value as of December 31, 2023	Dividend and Interest Income
	31, 2022	Additions/Purchases						
Middle Market Credit Fund, LLC, Subordinated Loan and Member's Interest	\$ 190,065	\$ —	\$ —	\$ —	\$ (8,105)	\$ —	\$ 181,960	\$ 22,000
Middle Market Credit Fund, LLC, Mezzanine Loan	—	—	—	—	—	—	—	—
Middle Market Credit Fund II, LLC, Member's Interest	72,957	—	—	—	(5,538)	—	67,419	11,104
Total investments—controlled/affiliated	\$ 263,022	\$ —	\$ —	\$ —	\$ (13,643)	\$ —	\$ 249,379	\$ 33,104

- (14) Under the Investment Company Act, the Company is deemed an "affiliated person" of this portfolio because the Company owns 5% or more of the portfolio company's outstanding voting securities. Transactions related the portfolio company during the year ended December 31, 2023 were as follows:

Investments—non- controlled/affiliated	Fair Value as of December		Reductions/Sales/ Paydowns	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)		Fair Value as of December 31, 2023	Dividend and Interest Income
	31, 2022	Additions/Purchases						
Direct Travel, Inc.	\$ 42,636	\$ 1,329	\$ —	\$ —	\$ 442	\$ —	\$ 44,407	\$ 5,713
Direct Travel, Inc.	2,731	1,082	—	—	(41)	—	3,772	672
Direct Travel, Inc. (Equity)	—	—	—	—	5,203	—	5,203	—
Total investments—non- controlled/affiliated	\$ 45,367	\$ 2,411	\$ —	\$ —	\$ 5,604	\$ —	\$ 53,382	\$ 6,385

- (15) As of December 31, 2023, the Company had the following unfunded commitments to fund delayed draw and revolving senior secured loans:

Investments—non- controlled/non-affiliated	Type	Unused Fee	Par/ Principal Amount	Fair Value
First and Second Lien Debt—unfunded delayed draw and revolving term loans commitments				
ADPD Holdings, LLC	Delayed Draw	1.00 %	\$ 2,878	(271)
ADPD Holdings, LLC	Revolver	0.50	621	(59)
Advanced Web Technologies Holding Company	Revolver	0.50	985	3
Allied Benefit Systems Intermediate LLC	Delayed Draw	1.00	1,580	(24)
Alpine Acquisition Corp II	Revolver	0.50	1,379	(64)

CARLYLE SECURED LENDING, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2023
(dollar amounts in thousands)

Investments—non-controlled/non-affiliated	Type	Unused Fee	Par/ Principal Amount	Fair Value
Apex Companies Holdings, LLC	Delayed Draw	1.00 %	\$ 2,305	\$ 3
Applied Technical Services, LLC	Revolver	0.50	22	—
Appriss Health, LLC	Revolver	0.50	2,963	(22)
Ascend Buyer, LLC	Revolver	0.50	856	(22)
Associations, Inc.	Revolver	0.50	468	(2)
Atlas AU Bidco Pty Ltd (Australia)	Revolver	0.50	268	3
Avalara, Inc.	Revolver	0.50	2,250	34
Bayside OPCP, LLC	Revolver	0.50	1,974	—
BlueCat Networks, Inc. (Canada)	Delayed Draw	1.00	195	(4)
Bradyfys Holdings, LLC	Delayed Draw	1.00	696	(14)
Bradyfys Holdings, LLC	Revolver	0.50	709	(14)
CD&R Madison Parent Ltd (United Kingdom)	Delayed Draw	1.50	£ 214	3
Celerion Buyer, Inc.	Delayed Draw	2.00	499	5
Celerion Buyer, Inc.	Revolver	0.50	249	2
Chartis Holding, LLC	Revolver	0.50	100	—
Chemical Computing Group ULC (Canada)	Revolver	0.50	29	—
CircusTriX Holdings, LLC	Delayed Draw	1.00	1,613	4
CircusTriX Holdings, LLC	Revolver	0.50	806	2
CoreWeave Compute Acquisition Co. II, LLC	Delayed Draw	1.00	815	(14)
Cority Software Inc. (Canada)	Revolver	0.50	3,000	(10)
Coupa Holdings, LLC	Delayed Draw	1.00	771	15
Coupa Holdings, LLC	Revolver	0.50	591	12
CPI Intermediate Holdings, Inc.	Delayed Draw	1.00	927	(9)
CST Holding Company	Revolver	0.50	423	3
Denali Midco 2, LLC	Delayed Draw	1.00	876	—
Diligent Corporation	Revolver	0.50	22	—
Direct Travel, Inc.	Delayed Draw	0.50	615	—
Dwyer Instruments, Inc.	Revolver	0.50	1,178	—
Eliassen Group, LLC	Delayed Draw	1.00	2,668	(34)
Ellkay, LLC	Revolver	0.50	1,786	(244)
EPS Nass Parent, Inc.	Revolver	0.50	10	—
Excel Fitness Holdings, Inc.	Revolver	0.50	891	(13)
Excelitas Technologies Corp.	Delayed Draw	1.00	25	—
Excelitas Technologies Corp.	Revolver	0.50	143	(2)
FPG Intermediate Holdco, LLC	Delayed Draw	1.00	3,973	(38)
Greenhouse Software, Inc.	Revolver	0.50	2,204	(16)

CARLYLE SECURED LENDING, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2023
(dollar amounts in thousands)

Investments—non-controlled/non-affiliated	Type	Unused Fee	Par/ Principal Amount	Fair Value
Hadrian Acquisition Limited (United Kingdom)	Delayed Draw	2.33 %	£ 1,842	\$ (11)
Harbour Benefit Holdings, Inc.	Revolver	0.50	3,180	(24)
Heartland Home Services, Inc.	Revolver	0.50	619	(25)
Hercules Borrower LLC	Revolver	0.50	2,160	—
Hoosier Intermediate, LLC	Revolver	0.50	2,400	(76)
HS Spa Holdings Inc.	Revolver	0.50	1,141	—
iCIMS, Inc.	Delayed Draw	—	5,432	—
iCIMS, Inc.	Revolver	0.50	2,026	(5)
IQN Holding Corp.	Delayed Draw	1.00	395	1
IQN Holding Corp.	Revolver	0.50	489	2
Kaseya, Inc.	Delayed Draw	1.00	1,076	(2)
Kaseya, Inc.	Revolver	0.50	1,541	(2)
Lifelong Learner Holdings, LLC	Revolver	0.50	2	—
LVF Holdings, Inc.	Revolver	0.38	2,919	(46)
Material Holdings, LLC	Revolver	1.00	460	(18)
Medical Manufacturing Technologies, LLC	Revolver	0.50	207	—
NEFCO Holding Company LLC	Delayed Draw	1.00	3,018	7
NEFCO Holding Company LLC	Revolver	0.50	403	1
NMI AcquisitionCo, Inc.	Revolver	0.50	1,280	(9)
North Haven Fairway Buyer, LLC	Revolver	0.50	1,154	12
North Haven Stallone Buyer, LLC	Delayed Draw	1.00	4,782	(89)
Oak Purchaser, Inc.	Delayed Draw	0.50	166	(5)
Oak Purchaser, Inc.	Revolver	0.50	584	(16)
Oranje Holdco, Inc.	Revolver	0.50	1,006	4
Pestco Intermediate, LLC	Delayed Draw	2.00	1,387	(13)
Pestco Intermediate, LLC	Revolver	0.50	238	(2)
PF Atlantic Holdco 2, LLC	Revolver	0.50	2,759	(69)
Prophix Software Inc. (Canada)	Delayed Draw	—	379	—
Prophix Software Inc. (Canada)	Revolver	0.50	1,993	—
Pushpay USA Inc.	Revolver	0.50	1,235	(7)
PXO Holdings I Corp.	Delayed Draw	1.00	885	(19)
PXO Holdings I Corp.	Revolver	0.50	1,315	(28)
QCONNECT, LLC	Delayed Draw	1.00	1,325	23
Radwell Parent, LLC	Revolver	0.38	1,116	4
RSC Acquisition, Inc.	Revolver	0.50	462	(3)
Sapphire Convention, Inc.	Revolver	0.50	4,471	—

CARLYLE SECURED LENDING, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2023
(dollar amounts in thousands)

Investments—non-controlled/non-affiliated		Type	Unused Fee	Par/ Principal Amount	Fair Value
SCP Eye Care HoldCo, LLC	Draw	Delayed	1.00 %	\$ 14	\$ —
SCP Eye Care HoldCo, LLC		Revolver	0.50	6	—
Smarsh Inc.	Draw	Delayed	1.00	816	(9)
Smarsh Inc.		Revolver	0.50	408	(4)
Spotless Brands, LLC	Draw	Delayed	1.00	15,000	136
Spotless Brands, LLC		Revolver	0.50	859	—
Summit Acquisition, Inc.	Draw	Delayed	1.00	1,374	5
Summit Acquisition, Inc.		Revolver	0.50	687	2
Tank Holding Corp.		Revolver	0.38	1,214	(30)
Trader Corporation (Canada)		Revolver	0.50	C\$ 906	12
Tufin Software North America, Inc.	Draw	Delayed	—	132	(1)
Tufin Software North America, Inc.		Revolver	0.50	1,339	(13)
Turbo Buyer, Inc.	Draw	Delayed	1.00	2,967	(39)
Turbo Buyer, Inc.		Revolver	0.50	1,217	(16)
U.S. Legal Support, Inc.	Draw	Delayed	0.50	1,423	(19)
U.S. Legal Support, Inc.		Revolver	0.50	653	(9)
Vensure Employee Services, Inc.	Draw	Delayed	1.00	4,389	(66)
Wineshipping.com LLC		Revolver	0.50	238	(16)
Total unfunded commitments				134,409	(
				\$	\$ 1,269)

As of December 31, 2023, investments at fair value consisted of the following:

Type	Amortized Cost	Fair Value	% of Fair Value
First Lien Debt	\$ 1,356,212	\$ 1,311,503	71.3 %
Second Lien Debt	191,657	188,175	10.2
Equity Investments	85,929	92,824	5.0
Investment Funds	271,097	249,379	13.5
Total	\$ 1,904,895	\$ 1,841,881	100.0 %

The rate type of debt investments at fair value as of December 31, 2023 was as follows:

Rate Type	Amortized Cost	Fair Value	% of Fair Value of First and Second Lien Debt
Floating Rate	\$ 1,529,992	\$ 1,481,580	98.8 %
Fixed Rate	17,877	18,098	1.2
Total	\$ 1,547,869	\$ 1,499,678	100.0 %

CARLYLE SECURED LENDING, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2023
(dollar amounts in thousands)

The industry composition of investments at fair value as of December 31, 2023 was as follows:

Industry	Amortized Cost	Fair Value	% of Fair Value
Aerospace & Defense	\$ 110,041	\$ 102,939	5.6 %
Automotive	75,867	74,333	4.0
Beverage & Food	63,382	60,198	3.3
Business Services	108,056	108,862	5.9
Capital Equipment	42,256	45,687	2.5
Chemicals, Plastics & Rubber	69,178	67,344	3.7
Construction & Building	25,825	26,014	1.4
Consumer Goods: Durable	5,373	5,552	0.3
Consumer Goods: Non-Durable	7,062	7,244	0.4
Consumer Services	82,904	80,668	4.4
Containers, Packaging & Glass	46,473	40,285	2.2
Diversified Financial Services	90,796	91,535	5.0
Energy: Oil & Gas	11,972	12,341	0.7
Environmental Industries	39,572	39,682	2.2
Healthcare & Pharmaceuticals	239,647	213,649	11.6
High Tech Industries	136,374	137,378	7.5
Investment Funds	271,097	249,379	13.4
Leisure Products & Services	130,116	131,916	7.2
Media: Advertising, Printing & Publishing	44,362	44,530	2.4
Retail	29,558	29,993	1.6
Software	166,536	168,106	9.1
Sovereign & Public Finance	78	79	0.0
Telecommunications	78,772	74,499	4.0
Transportation: Cargo	9,430	9,128	0.5
Utilities: Electric	920	902	0.0
Wholesale	19,248	19,638	1.1
Total	\$ 1,904,895	\$ 1,841,881	100.0 %

CARLYLE SECURED LENDING, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2023
(dollar amounts in thousands)

The geographical composition of investments at fair value as of December 31, 2023 was as follows:

Geography	Amortized Cost	Fair Value	% of Fair Value	
Australia	\$ 5,023	\$ 5,139	0.3	%
Canada	50,490	51,711	2.8	
Luxembourg	41,755	40,095	2.2	
Sweden	1,168	395	0.0	
United Kingdom	75,844	73,713	4.0	
United States	1,730,615	1,670,828	90.7	
Total	\$ 1,904,895	\$ 1,841,881	100.0	%

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

CARLYLE SECURED LENDING, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2022
(dollar amounts in thousands)

									Par/ Principal			
Investments—non-controlled/non-affiliated ⁽¹⁾		Footnotes	Industry	Reference Rate ⁽²⁾	Spread ⁽²⁾	Interest Rate ⁽²⁾	Acquisition Date	Maturity Date	Amount **	Amortized Cost ⁽⁴⁾	Fair Value ⁽⁵⁾	% of Net Assets
First Lien Debt (66.3 % of fair value)												
ADPD Holdings, LLC	^^	(2)(3)(14)(15)	Consumer Services	SOFR	6.00 %	10.37 %	8/16/2022	8/15/2028	\$ 9,913	\$ 9,651	\$ 9,571	1.04 %
Advanced Web Technologies Holding Company	^^	(2)(3)(14)	Containers, Packaging & Glass	LIBOR	6.25 %	10.67 %	12/17/2020	12/17/2026	9,315	9,144	9,196	1.00
Airnov, Inc.	^^	(2)(3)(14)	Containers, Packaging & Glass	LIBOR	5.00 %	9.75 %	12/20/2019	12/19/2025	2,035	2,013	2,019	0.22
Allied Universal Holdco LLC	^	(2)(3)(15)	Business Services	LIBOR	3.75 %	8.17 %	2/17/2021	5/14/2028	493	494	467	0.05
Alpine Acquisition Corp II	^^	(2)(3)(14)(15)	Transportation: Cargo	SOFR	5.50 %	9.76 %	4/19/2022	11/30/2026	7,597	7,406	7,188	0.78
American Physician Partners, LLC	^^	(2)(3)(15)	Healthcare & Pharmaceuticals	SOFR	6.75 %, 3.50 % PIK	14.67 %	1/7/2019	8/5/2022	30,121	30,125	26,002	2.83
American Physician Partners, LLC	^	(2)(3)(14)(15)	Healthcare & Pharmaceuticals	SOFR	6.75 %, 3.50 % PIK	14.67 %	12/16/2022	2/15/2023	799	764	751	0.08
Analogic Corporation	^^	(2)(3)(14)	Capital Equipment	LIBOR	5.25 %	9.67 %	6/22/2018	6/22/2024	2,462	2,449	2,402	0.26
Applied Technical Services, LLC	^	(2)(3)(14)	Business Services	LIBOR	5.75 %	10.52 %	12/29/2020	12/29/2026	533	524	531	0.06
Appriss Health, LLC	^	(2)(3)(14)	Healthcare & Pharmaceuticals	LIBOR	7.25 %	11.54 %	5/6/2021	5/6/2027	36,831	36,218	35,303	3.85
Apptio, Inc.	^	(2)(3)(14)	Software	LIBOR	6.00 %	9.94 %	1/10/2019	1/10/2025	6,604	6,544	6,604	0.72
Ascend Buyer, LLC	^^	(2)(3)(14)(15)	Containers, Packaging & Glass	SOFR	6.25 %	10.67 %	9/30/2021	9/30/2028	3,420	3,342	3,338	0.36
Associations, Inc.	^	(2)(3)(14)	Construction & Building	SOFR	4.00 %, 2.50 % PIK	11.04 %	7/2/2021	7/2/2027	12,854	12,754	12,451	1.36
Atlas AU Bidco Pty Ltd (Australia)	^	(2)(3)(7)(14)	High Tech Industries	SOFR	7.25 %	11.48 %	12/15/2022	12/12/2029	2,890	2,796	2,796	0.31
Aurora Lux FinCo S.Á.R.L. (Luxembourg)	^^	(2)(3)(7)	Software	LIBOR	6.00 %	10.32 %	12/24/2019	12/24/2026	32,158	31,649	30,389	3.31
Avalara, Inc.	^	(2)(3)(14)	Diversified Financial Services	SOFR	7.25 %	11.83 %	10/19/2022	10/19/2028	22,500	21,898	21,752	2.37
Barnes & Noble, Inc.	^	(2)(3)(11)(15)	Retail	SOFR	8.31 %	12.73 %	8/7/2019	12/20/2026	27,848	27,073	26,771	2.92
BlueCat Networks, Inc. (Canada)	^	(2)(3)(7)(14)	High Tech Industries	SOFR	4.00 %, 2.00 % PIK	10.46 %	8/8/2022	8/8/2028	3,198	3,126	3,092	0.34
BMS Holdings III Corp.	^	(2)(3)(14)	Construction & Building	LIBOR	5.50 %	10.23 %	9/30/2019	9/30/2026	4,832	4,688	4,658	0.51
Bradyifs Holdings, LLC	^^	(2)(3)(14)(15)	Wholesale	SOFR	6.25 %	10.83 %	2/21/2020	11/22/2025	12,884	12,650	12,720	1.39
Bubbles Bidco S.P.A. (Italy)	^	(2)(7)(14)	Consumer Goods: Non-Durable	LIBOR	9.25 % (100 % PIK)	11.38 %	10/20/2021	10/20/2028	€ 5,189	5,815	5,505	0.60
Bubbles Bidco S.P.A. (Italy)	^	(2)(7)(14)	Consumer Goods: Non-Durable	LIBOR	6.25 %	8.38 %	10/20/2021	10/20/2028	€ —	—	(40)	0.00
Celerion Buyer, Inc.	^^	(2)(3)(14)	Healthcare & Pharmaceuticals	SOFR	6.50 %	10.64 %	11/3/2022	11/3/2029	3,152	3,056	3,054	0.33
Chartis Holding, LLC	^^	(2)(3)(14)	Business Services	LIBOR	5.00 %	9.77 %	5/1/2019	5/1/2025	687	679	680	0.07
Chemical Computing Group ULC (Canada)	^^	(2)(3)(7)(14)(15)	Software	SOFR	4.50 %	8.57 %	8/30/2018	8/30/2024	462	461	455	0.05

CARLYLE SECURED LENDING, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2022
(dollar amounts in thousands)

Investments—non-controlled/non-affiliated ⁽¹⁾		Footnotes	Industry	Reference Rate ⁽²⁾	Spread ⁽²⁾	Interest Rate ⁽²⁾	Acquisition Date	Maturity Date	Par/Principal Amount	Amortized Cost ⁽⁴⁾	Fair Value ⁽⁵⁾	% of Net Assets
									**			
CircusTrix Holdings, LLC	^*	(2)(3)	Leisure Products & Services	LIBOR	5.50 %	9.88 %	2/2/2018	1/16/2024	\$ 10,555	\$ 10,542	\$10,476	1.14 %
CircusTrix Holdings, LLC	^	(2)(3)	Leisure Products & Services	LIBOR	5.50 %	9.88 %	1/8/2021	7/16/2023	557	500	557	0.06
Comar Holding Company, LLC	^*	(2)(3)(14)	Containers, Packaging & Glass	LIBOR	5.75 %	10.47 %	6/18/2018	6/18/2024	27,638	27,461	26,671	2.91
Cority Software Inc. (Canada)	^*	(2)(3)(7)(14)	Software	SOFR	5.50 %	9.17 %	7/2/2019	7/2/2026	10,409	10,266	10,277	1.12
Cority Software Inc. (Canada)	^	(2)(3)(7)	Software	SOFR	7.50 %	11.06 %	9/3/2020	7/2/2026	1,860	1,823	1,848	0.20
CPI Intermediate Holdings, Inc.	^*	(2)(3)(14)	Telecommunications	SOFR	5.50 %	9.68 %	10/6/2022	10/6/2029	3,872	3,790	3,776	0.41
CST Holding Company	^*	(2)(3)(14)(15)	Consumer Goods: Non-Durable	SOFR	6.75 %	10.97 %	11/1/2022	11/1/2028	5,031	4,871	4,868	0.53
DCA Investment Holding LLC	^*	(2)(3)(14)	Healthcare & Pharmaceuticals	SOFR	6.41 %	10.46 %	3/11/2021	4/3/2028	14,288	14,137	13,523	1.47
Denali Midco 2, LLC	^	(2)(3)(14)(15)	Consumer Services	SOFR	6.50 %	10.92 %	9/15/2022	12/22/2027	7,696	7,411	7,317	0.80
DermaRite Industries, LLC	^*	(2)(3)(8)	Healthcare & Pharmaceuticals	LIBOR	7.00 %	8.00 %	3/3/2017	6/30/2023	20,767	20,202	9,261	1.01
Dermatology Associates	^	(2)(3)(15)	Healthcare & Pharmaceuticals	SOFR	6.25 % (100 % PIK)	10.80 %	5/31/2016	3/31/2023	27,548	27,548	27,523	3.00
Dermatology Associates	^	(2)(3)(8)(11)	Healthcare & Pharmaceuticals	SOFR	11.40 % (100 % PIK)	12.77 %	5/31/2016	3/31/2023	38,724	24,963	27,526	3.00
Diligent Corporation	^	(2)(3)(14)	Telecommunications	LIBOR	6.25 %	10.63 %	8/4/2020	8/4/2025	659	647	630	0.07
Dwyer Instruments, Inc.	^*	(2)(3)(14)	Capital Equipment	LIBOR	6.00 %	10.74 %	7/21/2021	7/21/2027	3,851	3,777	3,774	0.41
Eliassen Group, LLC	^*	(2)(3)(14)	Business Services	SOFR	5.50 %	10.07 %	4/14/2022	4/14/2028	1,580	1,515	1,523	0.17
Ellkay, LLC	^*	(2)(3)(14)	Healthcare & Pharmaceuticals	LIBOR	6.25 %	11.00 %	9/14/2021	9/14/2027	14,107	13,849	13,540	1.48
Emergency Communications Network, LLC	^*	(2)(3)	Telecommunications	SOFR	2.50 %, 5.25 % PIK	11.84 %	6/1/2017	6/1/2024	26,559	26,522	22,753	2.48
EPS Nass Parent, Inc.	^	(2)(3)(14)	Utilities: Electric	LIBOR	5.75 %	10.48 %	4/19/2021	4/19/2028	922	906	877	0.10
EvolveIP, LLC	^*	(2)(3)(14)(15)	Telecommunications	SOFR	5.50 %	10.09 %	11/26/2019	6/7/2025	5,556	5,554	5,447	0.59
Excel Fitness Holdings, Inc.	^*	(2)(3)(14)(15)	Leisure Products & Services	SOFR	5.25 %	10.25 %	4/29/2022	4/29/2029	6,671	6,541	6,344	0.69
Excelitas Technologies Corp.	^	(2)(3)(14)(15)	Capital Equipment	SOFR	5.75 %	10.12 %	8/12/2022	8/12/2029	3,174	3,107	3,046	0.33
Excelitas Technologies Corp.	^	(2)	Capital Equipment	EURIBOR	5.75 %	7.55 %	8/12/2022	8/12/2029	€ 1,275	1,284	1,317	0.14
FPG Intermediate Holdco, LLC	^	(2)(3)(14)(15)	Consumer Services	SOFR	6.50 %	10.92 %	8/5/2022	3/5/2027	427	347	235	0.03
Greenhouse Software, Inc.	^	(2)(3)(14)	Software	SOFR	7.00 %	11.58 %	3/1/2021	9/1/2028	32,796	32,066	31,504	3.43
Guidehouse LLP	^	(2)(3)	Sovereign & Public Finance	LIBOR	6.25 %	10.63 %	9/30/2022	10/16/2028	80	78	78	0.01
Hadrian Acquisition Limited (United Kingdom)	^	(2)(3)(7)	Diversified Financial Services	SONIA	5.26 %, 3.47 % PIK	12.16 %	2/28/2022	2/28/2029	£ 14,676	19,100	17,343	1.89

CARLYLE SECURED LENDING, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2022
(dollar amounts in thousands)

									Par/ Principal			
Investments—non-controlled/non-affiliated ⁽¹⁾		Footnotes	Industry	Reference Rate ⁽²⁾	Spread ⁽²⁾	Interest Rate ⁽²⁾	Acquisition Date	Maturity Date	Amount **	Amortized Cost ⁽⁴⁾	Fair Value ⁽⁵⁾	% of Net Assets
Hadrian Acquisition Limited (United Kingdom)	^	(2)(3)(7)(14)	Diversified Financial Services	SONIA	5.00 %, 2.75 % PIK	11.18 %	2/28/2022	2/28/2029	£ 3,580	\$ 4,094	\$ 4,171	0.45 %
Harbour Benefit Holdings, Inc.	^^	(2)(3)(14)	Business Services	LIBOR	5.25 %	9.95 %	12/13/2017	12/13/2024	3,000	2,977	2,963	0.32
Heartland Home Services, Inc.	^^	(2)(3)(14)	Consumer Services	LIBOR	5.75 %	10.10 %	2/10/2022	12/15/2026	9,538	9,414	9,275	1.01
Heartland Home Services, Inc.	^^	(2)(3)(14)	Consumer Services	LIBOR	6.00 %	10.38 %	12/15/2020	12/15/2026	7,189	7,125	7,114	0.78
Hercules Borrower LLC	^^	(2)(3)(14)	Environmental Industries	LIBOR	6.50 %	10.67 %	12/14/2020	12/14/2026	18,497	18,097	17,818	1.94
Higginbotham Insurance Agency, Inc.	^	(2)(3)	Diversified Financial Services	LIBOR	5.25 %	9.63 %	11/25/2020	11/25/2026	451	446	441	0.05
Hoosier Intermediate, LLC	^^	(2)(3)(14)	Healthcare & Pharmaceuticals	LIBOR	5.50 %	10.11 %	11/15/2021	11/15/2028	10,709	10,497	10,037	1.09
HS Spa Holdings Inc.	^	(2)(3)(14)	Consumer Services	SOFR	5.75 %	10.45 %	6/2/2022	6/2/2029	8,605	8,422	8,336	0.91
iCIMS, Inc.	^	(2)(3)(14)	Software	SOFR	7.25 %	11.52 %	8/18/2022	8/18/2028	25,540	25,075	24,272	2.65
Infront Luxembourg Finance S.À R.L. (Luxembourg)	^	(2)(7)	Leisure Products & Services	LIBOR	9.00 %	10.95 %	5/28/2021	5/28/2027	€ 8,250	9,804	8,677	0.95
Integrity Marketing Acquisition, LLC	^	(2)(3)	Diversified Financial Services	LIBOR	6.02 %	10.57 %	12/3/2021	8/27/2025	429	425	414	0.05
IQN Holding Corp.	^	(2)(3)(14)	Business Services	SOFR	5.25 %	9.64 %	5/2/2022	5/2/2029	6,823	6,749	6,699	0.73
Jeg's Automotive, LLC	^^	(2)(3)(14)	Automotive	LIBOR	6.00 %	10.75 %	12/22/2021	12/22/2027	20,624	20,200	19,131	2.09
K2 Insurance Services, LLC	^^	(2)(3)(14)	Diversified Financial Services	LIBOR	5.00 %	9.73 %	7/3/2019	7/1/2026	3,330	3,283	3,288	0.36
Kaseya, Inc.	^	(2)(3)(14)	High Tech Industries	SOFR	5.75 %	10.33 %	6/23/2022	6/23/2029	35,453	34,726	34,323	3.74
Lifelong Learner Holdings, LLC	^^	(2)(3)(14)	Business Services	LIBOR	5.75 %	10.16 %	10/18/2019	10/18/2026	25,965	25,657	24,347	2.65
LinQuest Corporation	*	(2)(3)	Aerospace & Defense	LIBOR	5.75 %	9.10 %	7/28/2021	7/28/2028	9,875	9,710	8,927	0.97
Liqui-Box Holdings, Inc.	^	(2)(3)(14)	Containers, Packaging & Glass	LIBOR	4.50 %	8.35 %	6/3/2019	6/3/2024	2,034	2,025	2,034	0.22
LVF Holdings, Inc.	^^	(2)(3)(14)	Beverage & Food	LIBOR	6.25 %	10.98 %	6/10/2021	6/10/2027	41,295	40,564	38,735	4.22
Material Holdings, LLC	^^	(2)(3)(14)	Business Services	SOFR	6.00 %	10.67 %	8/19/2021	8/19/2027	8,082	7,944	7,655	0.83
Maverick Acquisition, Inc.	^^	(2)(3)	Aerospace & Defense	LIBOR	6.25 %	10.98 %	6/1/2021	6/1/2027	35,622	35,069	29,595	3.24
Medical Manufacturing Technologies, LLC	^^	(2)(3)(14)(15)	Healthcare & Pharmaceuticals	SOFR	5.50 %	10.18 %	12/23/2021	12/23/2027	28,900	28,368	28,308	3.09
NEFCO Holding Company LLC	^^	(2)(3)(14)(15)	Construction & Building	SOFR	6.50 %	10.95 %	8/5/2022	8/5/2028	5,525	5,389	5,385	0.59
NMI AcquisitionCo, Inc.	^^	(2)(3)(14)	High Tech Industries	LIBOR	5.75 %	10.13 %	9/6/2017	9/6/2025	39,913	39,860	38,845	4.23
North Haven Fairway Buyer, LLC	^^	(2)(3)(14)	Consumer Services	SOFR	6.50 %	11.08 %	5/17/2022	5/17/2028	22,970	22,530	22,535	2.46
North Haven Stallone Buyer, LLC	^	(2)(3)(14)	Consumer Services	SOFR	5.75 %	10.34 %	10/11/2022	5/24/2027	—	(4)	(4)	0.00
Oak Purchaser, Inc.	^	(2)(3)(14)	Business Services	SOFR	5.50 %	9.48 %	4/28/2022	4/28/2028	5,851	5,779	5,663	0.62
Performance Health Holdings, Inc.	*	(2)(3)	Healthcare & Pharmaceuticals	LIBOR	6.00 %	10.73 %	7/12/2021	7/12/2027	6,444	6,342	6,276	0.68

CARLYLE SECURED LENDING, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2022
(dollar amounts in thousands)

Investments—non-controlled/non-affiliated ⁽¹⁾		Footnotes	Industry	Reference Rate ⁽²⁾	Spread ⁽²⁾	Interest Rate ⁽²⁾	Acquisition Date	Maturity Date	Par/		Fair Value ⁽⁵⁾	% of Net Assets
									Principal Amount **	Amortized Cost ⁽⁴⁾		
PF Atlantic Holdco 2, LLC	^	(2)(3)(14)	Leisure Products & Services	LIBOR	5.50 %	10.25 %	11/12/2021	11/12/2027	\$ 4,170	\$ 3,932	\$ 3,918	0.43 %
PF Growth Partners, LLC	*	(2)(3)	Leisure Products & Services	LIBOR	5.00 %	9.48 %	7/1/2019	7/11/2025	7,957	7,901	7,902	0.86
PPT Management Holdings, LLC	^	(2)(3)(8)(14)	Healthcare & Pharmaceuticals	LIBOR	8.50 % (100 % PIK)	9.50 %	12/15/2016	1/31/2023	29,446	29,437	21,145	2.30
Project Castle, Inc.	*	(2)(3)	Capital Equipment	SOFR	5.50 %	10.08 %	6/24/2022	6/1/2029	7,481	6,742	6,013	0.67
Prophix Software Inc. (Canada)	^	(2)(3)(7)(14)	Software	LIBOR	6.50 %	10.67 %	2/1/2021	2/1/2026	10,963	10,771	10,963	1.19
PXO Holdings I Corp.	^*	(2)(3)(14)(15)	Chemicals, Plastics & Rubber	SOFR	5.50 %	9.05 %	3/8/2022	3/8/2028	17,068	16,728	16,715	1.82
QNNECT, LLC	^*	(2)(3)(14)	Aerospace & Defense	SOFR	7.00 %	11.11 %	11/2/2022	11/2/2029	5,281	5,085	5,081	0.55
Quantic Electronics, LLC	^*	(2)(3)(14)	Aerospace & Defense	LIBOR	6.25 %	10.97 %	11/19/2020	11/19/2026	15,582	15,344	14,768	1.61
Quantic Electronics, LLC	^*	(2)(3)(14)	Aerospace & Defense	LIBOR	6.25 %	10.95 %	3/1/2021	3/1/2027	9,832	9,652	9,218	1.00
QW Holding Corporation	^*	(2)(3)	Environmental Industries	LIBOR	5.50 %	9.64 %	8/31/2016	8/31/2026	32,276	32,232	31,718	3.46
Radwell Parent, LLC	^	(2)(3)(14)(15)	Wholesale	SOFR	6.75 %	11.33 %	12/1/2022	4/1/2029	18,605	18,011	18,005	1.96
Regency Entertainment, Inc.	^	(2)(3)	Media: Diversified & Production	LIBOR	6.75 %	11.13 %	5/22/2020	10/22/2025	20,000	19,765	19,760	2.15
Riveron Acquisition Holdings, Inc.	*	(2)(3)	Diversified Financial Services	LIBOR	5.75 %	10.48 %	5/22/2019	5/22/2025	1,676	1,648	1,676	0.18
RSC Acquisition, Inc.	^	(2)(3)(14)(15)	Diversified Financial Services	SOFR	5.50 %	9.83 %	11/1/2019	11/1/2026	11,010	10,886	10,447	1.14
Sapphire Convention, Inc.	^	(2)(3)(14)	Telecommunications	LIBOR	5.25 %	9.80 %	11/20/2018	11/20/2025	28,051	27,773	27,341	2.98
SCP Eye Care HoldCo, LLC	^	(2)(3)(14)(15)	Healthcare & Pharmaceuticals	SOFR	5.75 %	9.47 %	10/7/2022	10/7/2029	122	117	118	0.01
Smarsh Inc.	^	(2)(3)(14)	Software	SOFR	6.50 %	11.29 %	2/18/2022	2/18/2029	7,347	7,192	6,987	0.76
SPay, Inc.	^*	(2)(3)	Leisure Products & Services	LIBOR	5.75 %, 3.50 % PIK	13.73 %	6/15/2018	6/17/2024	24,292	24,176	21,332	2.33
Speedstar Holding, LLC	^*	(2)(3)	Automotive	LIBOR	7.00 %	11.73 %	1/22/2021	1/22/2027	26,694	26,305	26,510	2.89
Spotless Brands, LLC	^*	(2)(3)(14)(15)	Consumer Services	SOFR	6.50 %	10.80 %	6/21/2022	7/25/2028	33,832	33,179	32,779	3.57
Tank Holding Corp.	^*	(2)(3)(14)(15)	Capital Equipment	SOFR	5.75 %	10.16 %	3/31/2022	3/31/2028	18,067	17,718	17,552	1.91
TCFI Aevox LLC	^*	(2)(3)	Aerospace & Defense	LIBOR	6.00 %	10.38 %	3/18/2020	3/18/2026	11,047	10,927	10,096	1.10
The Carlstar Group LLC	^*	(2)(3)(14)(15)	Automotive	SOFR	6.50 %	10.92 %	7/8/2022	7/8/2027	14,446	14,087	14,210	1.55
TIBCO Software Inc.	*	(2)(3)	High Tech Industries	SOFR	4.50 %	9.18 %	9/30/2022	3/31/2029	15,000	13,681	13,369	1.46
Trader Corporation (Canada)	^	(2)(3)(7)(14)	Automotive	CDOR	6.75 %	11.61 %	12/22/2022	12/22/2029	C\$12,081	8,643	8,686	0.95
Trafigura Trading LLC	^	(2)(3)(13)(14)(15)	Metals & Mining	SOFR	8.35 %	12.89 %	7/26/2021	1/13/2023	8,250	8,076	8,185	0.89
Tufin Software North America, Inc.	^	(2)(3)(14)(15)	Software	SOFR	7.69 %	12.01 %	8/17/2022	8/17/2028	27,040	26,502	26,162	2.85
Turbo Buyer, Inc.	^	(2)(3)(14)	Automotive	LIBOR	6.00 %	11.15 %	12/2/2019	12/2/2025	1,714	1,628	1,609	0.18

CARLYLE SECURED LENDING, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2022
(dollar amounts in thousands)

Investments—non-controlled/non-affiliated ⁽¹⁾		Footnotes	Industry	Reference Rate ⁽²⁾	Spread ⁽²⁾	Interest Rate ⁽²⁾	Acquisition Date	Maturity Date	Par/Principal	Amortized Cost ⁽⁴⁾	Fair Value ⁽⁵⁾	% of Net Assets
									Amount **			
U.S. Legal Support, Inc.	^^	(2)(3)(14)(15)	Business Services	SOFR	5.75 %	10.33 %	11/30/2018	11/30/2024	\$ 15,844	\$ 15,692	\$ 15,504	1.69 %
Unifrutti Financing PLC (Cyprus)	^	(7)	Beverage & Food	FIXED	7.50 %, 1.00 % PIK	8.50 %	9/15/2019	9/15/2026	€ 4,611	4,935	4,998	0.55
Unifrutti Financing PLC (Cyprus)	^	(7)	Beverage & Food	FIXED	11.00 % (100 % PIK)	11.00 %	10/22/2020	9/15/2026	€ 843	953	961	0.10
US INFRA SVCS Buyer, LLC	^	(2)(3)	Environmental Industries	LIBOR	6.50 %, 0.25 % PIK	11.47 %	4/13/2020	4/13/2026	9,083	8,977	8,619	0.94
USALCO, LLC	*	(2)(3)	Chemicals, Plastics & Rubber	LIBOR	6.00 %	10.73 %	10/19/2021	10/19/2027	990	973	941	0.10
USR Parent Inc.	^	(2)(3)	Retail	SOFR	7.60 %	11.72 %	4/22/2022	4/25/2027	4,222	4,185	4,025	0.44
Westfall Technik, Inc.	^^	(2)(3)	Chemicals, Plastics & Rubber	SOFR	6.25 %	10.83 %	9/13/2018	9/13/2024	21,502	21,396	21,046	2.29
Westfall Technik, Inc.	^	(2)(3)	Chemicals, Plastics & Rubber	SOFR	6.25 %	10.79 %	7/1/2021	9/13/2024	4,957	4,881	4,852	0.53
Wineshipping.com LLC	^^	(2)(3)(14)	Beverage & Food	LIBOR	5.75 %	10.15 %	10/29/2021	10/29/2027	4,668	4,539	4,051	0.44
Yellowstone Buyer Acquisition, LLC	^	(2)(3)	Consumer Goods: Durable	LIBOR	5.75 %	10.07 %	9/13/2021	9/13/2027	444	437	427	0.05
YLG Holdings, Inc.	^	(2)(3)	Consumer Services	LIBOR	5.00 %	9.53 %	9/30/2020	11/1/2025	1,960	1,918	1,957	0.21
First Lien Debt Total										\$ 1,371,717	\$ 1,314,595	143.29 %
Second Lien Debt (13.3 % of fair value)												
11852604 Canada Inc. (Canada)	^	(2)(3)(7)	Healthcare & Pharmaceuticals	LIBOR	9.50 % (100 % PIK)	13.70 %	9/30/2021	9/30/2028	\$ 7,587	\$ 7,452	\$ 7,398	0.81 %
AI Convoy S.A.R.L (United Kingdom)	^	(2)(3)(7)	Aerospace & Defense	LIBOR	8.25 %	12.92 %	1/17/2020	1/17/2028	24,814	24,416	25,558	2.80
Aimbridge Acquisition Co., Inc.	^	(2)	Leisure Products & Services	LIBOR	7.50 %	11.62 %	2/1/2019	2/1/2027	9,241	9,142	8,353	0.91
AP Plastics Acquisition Holdings, LLC	^	(2)(3)	Chemicals, Plastics & Rubber	LIBOR	7.50 %	11.85 %	8/10/2021	8/10/2029	33,680	32,871	32,320	3.52
AQA Acquisition Holdings, Inc.	^^	(2)(3)	High Tech Industries	LIBOR	7.50 %	12.23 %	3/3/2021	3/3/2029	35,000	34,275	33,312	3.63
Blackbird Purchaser, Inc.	^	(2)(3)(14)	Capital Equipment	LIBOR	7.50 %	11.88 %	12/14/2021	4/8/2027	13,791	13,486	12,736	1.39
Brave Parent Holdings, Inc.	^^	(2)	Software	LIBOR	7.50 %	11.88 %	10/3/2018	4/19/2026	18,197	17,973	17,504	1.91
Drilling Info Holdings, Inc.	^	(2)	Energy: Oil & Gas	LIBOR	8.25 %	12.64 %	2/11/2020	7/30/2026	18,600	18,283	18,740	2.04
Jazz Acquisition, Inc.	^	(2)	Aerospace & Defense	LIBOR	8.00 %	12.38 %	6/13/2019	6/18/2027	23,450	23,227	21,875	2.38
Outcomes Group Holdings, Inc.	^^	(2)	Business Services	LIBOR	7.50 %	12.23 %	10/23/2018	10/26/2026	1,731	1,728	1,690	0.18
PAI Holdco, Inc.	^	(2)(3)	Automotive	LIBOR	5.50 %, 2.00 % PIK	11.91 %	10/28/2020	10/28/2028	14,089	13,771	13,874	1.51
Peraton Corp.	^^	(2)(3)	Aerospace & Defense	LIBOR	7.75 %	12.09 %	2/24/2021	2/1/2029	11,941	11,790	11,550	1.26
Quartz Holding Company	^^	(2)	Software	LIBOR	8.00 %	12.38 %	4/2/2019	4/2/2027	7,048	6,963	6,764	0.74
Stonegate Pub Company Bidco Limited (United Kingdom)	^	(2)(7)	Beverage & Food	SONIA	8.50 %	11.74 %	3/12/2020	3/12/2028	£ 20,000	24,831	22,281	2.43

CARLYLE SECURED LENDING, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2022
(dollar amounts in thousands)

Investments—non-controlled/non-affiliated ⁽¹⁾	Footnotes	Industry	Reference Rate ⁽²⁾	Spread ⁽²⁾	Interest Rate ⁽²⁾	Acquisition Date	Maturity Date	Par/Principal	Amortized Cost ⁽⁴⁾	Fair Value ⁽⁵⁾	% of Net Assets
								Amount **			
TruGreen Limited Partnership ^	(2)(3)	Consumer Services	LIBOR	8.50 %	13.43 %	11/16/2020	11/2/2028	\$ 13,000	\$ 12,791	\$ 11,120	1.21 %
World 50, Inc. ^	(9)	Business Services	FIXED	11.50 %	11.50 %	1/10/2020	1/9/2027	18,552	18,267	17,628	1.92
Second Lien Debt Total									\$ 271,266	\$ 262,703	28.63 %

Investments—non-controlled/non-affiliated ⁽¹⁾	Footnotes	Industry	Acquisition Date	Shares/ Units	Cost	Fair Value ⁽⁵⁾	% of Net Assets
Equity Investments (4.8 % of fair value)							
ANLG Holdings, LLC	^ (6)	Capital Equipment	6/22/2018	592	\$ 592	\$ 675	0.07 %
Appriss Health, LLC	^ (6)	Healthcare & Pharmaceuticals	5/6/2021	5	5,002	4,821	0.53
Atlas Ontario LP (Canada)	^ (6)(7)	Business Services	4/7/2021	5,114	5,114	5,114	0.56
Avenu Holdings, LLC	^ (6)	Sovereign & Public Finance	9/28/2018	172	104	545	0.06
Blackbird Holdco, Inc.	^ (6)	Capital Equipment	12/14/2021	11	10,809	10,210	1.11
Buckeye Parent, LLC	^ (6)	Automotive	12/22/2021	885	885	576	0.06
Chartis Holding, LLC	^ (6)	Business Services	5/1/2019	433	428	595	0.07
CIP Revolution Holdings, LLC	^ (6)	Media: Advertising, Printing & Publishing	8/19/2016	318	318	257	0.03
Cority Software Inc. (Canada)	^ (6)(7)	Software	7/2/2019	250	250	641	0.07
Derm Growth Partners III, LLC	^ (6)	Healthcare & Pharmaceuticals	5/31/2016	1,000	1,000	—	—
Diligent Corporation	^ (6)	Telecommunications	4/5/2021	12	11,509	10,960	1.19
ECP Parent, LLC	^ (6)	Healthcare & Pharmaceuticals	3/29/2018	268	—	290	0.03
GB Vino Parent, L.P.	^ (6)	Beverage & Food	10/29/2021	4	351	249	0.03
Integrity Marketing Group, LLC	^ (6)	Diversified Financial Services	12/21/2021	16,705	16,472	16,597	1.81
K2 Insurance Services, LLC	^ (6)	Diversified Financial Services	7/3/2019	433	306	867	0.09
Legacy.com, Inc.	^ (6)	High Tech Industries	3/20/2017	1,500	1,500	1,079	0.12
NearU Holdings LLC	^ (6)	Consumer Services	8/16/2022	25	2,470	2,470	0.27
NEFCO Holding Company LLC	^ (6)	Construction & Building	8/5/2022	1	628	628	0.07
North Haven Goldfinch Topco, LLC	^ (6)	Containers, Packaging & Glass	6/18/2018	2,315	2,315	1,300	0.14
Pascal Ultimate Holdings, L.P	^ (6)	Capital Equipment	7/21/2021	36	364	850	0.09
Picard Parent, Inc.	^ (6)	High Tech Industries	9/30/2022	9	8,520	8,520	0.93
Profile Holdings I, LP	^ (6)	Chemicals, Plastics & Rubber	3/8/2022	5	523	673	0.07
Sinch AB (Sweden)	^ (6)(7)	High Tech Industries	3/26/2019	104	1,168	382	0.04
Tailwind HMT Holdings Corp.	^ (6)	Energy: Oil & Gas	11/17/2017	22	1,558	1,454	0.16
Talon MidCo 1 Limited	^ (6)	Software	8/17/2022	145,631	1,456	1,611	0.18
Tank Holding Corp.	^ (6)	Capital Equipment	3/26/2019	850	—	2,687	0.29
Titan DI Preferred Holdings, Inc.	^ (6)	Energy: Oil & Gas	2/11/2020	14,666	14,439	14,263	1.55
Turbo Buyer, Inc.	^ (6)	Automotive	12/2/2019	1,925	933	2,307	0.25

CARLYLE SECURED LENDING, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2022
(dollar amounts in thousands)

Investments—non-controlled/non-affiliated ⁽¹⁾	Footnotes	Industry	Acquisition Date	Shares/ Units	Cost	Fair Value ⁽⁵⁾	% of Net Assets
U.S. Legal Support Investment Holdings, LLC	^ (6)	Business Services	11/30/2018	641	\$ 641	\$ 551	0.06 %
Unifrutti Financing PLC (Cyprus)	^ (6)(7)	Beverage & Food	10/22/2020	1	531	702	0.08
Unifrutti Financing PLC (Cyprus)	^ (6)(7)	Beverage & Food	10/22/2020	—	133	306	0.03
W50 Parent LLC	^ (6)	Business Services	1/10/2020	500	190	698	0.08
Zenith American Holding, Inc.	^ (6)	Business Services	12/13/2017	1,565	760	1,312	0.14
Equity Investments Total					\$ 91,269	\$ 94,190	10.27 %
Total investments—non-controlled/non-affiliated					\$ 1,734,252	\$ 1,671,488	182.19 %

Investments—non-controlled/affiliated	Footnotes	Industry	Reference Rate ⁽²⁾	Spread ⁽²⁾	Interest Rate ⁽²⁾	Acquisition Date	Maturity Date	Par/ Principal Amount **	Amortized Cost ⁽⁴⁾	Fair Value ⁽⁵⁾	% of Net Assets
First Lien Debt (2.3 % of fair value)											
Direct Travel, Inc.	^* (2)(3)(12)(15)	Leisure Products & Services	SOFR	8.50 %	13.23 %	10/14/2016	10/1/2025	\$ 43,520	\$ 42,012	\$ 42,636	4.65 %
Direct Travel, Inc.	^ (2)(3)(12)(14)(15)	Leisure Products & Services	SOFR	6.00 %	9.79 %	10/1/2020	10/1/2025	2,731	2,614	2,731	0.30
First Lien Debt Total									\$ 44,626	\$ 45,367	4.95 %

Investments—non-controlled/affiliated	Footnotes	Industry	Acquisition Date	Shares/ Units	Cost	Fair Value ⁽⁵⁾	% of Net Assets
Equity Investments (0.0 % of fair value)							
Direct Travel, Inc.	^ (6)(12)	Leisure Products & Services	10/1/2020	43	\$ —	\$ —	— %
Equity Investments Total					43	\$ —	— %
Total investments—non-controlled/affiliated					\$ 44,626	\$ 45,367	4.95 %

CARLYLE SECURED LENDING, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2022
(dollar amounts in thousands)

								Par Amount/ LLC		Fair Value	% of Net
Investments— controlled/affiliated	Footnotes	Industry	Reference Rate ⁽²⁾	Spread ⁽²⁾	Interest Rate ⁽²⁾	Acquisition Date	Maturity Date	Interest	Cost	⁽⁵⁾	Assets
Investment Funds (13.3 % of fair value)											
Middle Market Credit Fund II, LLC, Member's Interest	^ (7)(10)	Investment Funds			13.00 %	11/3/2020	12/31/2030	\$ 78,122	\$ 78,096	\$ 72,957	7.96 %
Middle Market Credit Fund, LLC, Subordinated Loan and Member's Interest	^ (7)(10)	Investment Funds			10.40 %	2/29/2016	12/31/2024	193,000	193,001	190,065	20.72
Middle Market Credit Fund, Mezzanine Loan	(2)(7)(9)(10)	Investment Funds	LIBOR	9.00 %	13.77 %	6/30/2016	5/21/2023	—	—	—	—
Investment Funds Total									\$ 271,097	\$ 263,022	28.67 %
Total investments—controlled/affiliated									\$ 271,097	\$ 263,022	28.67 %
									2,049,975	1,979,877	
Total investments									\$	\$	215.81 %

^ Denotes that all or a portion of the assets are owned by Carlyle Secured Lending, Inc. (together with its consolidated subsidiaries, "we," "us," "our," "CSL" or the "Company"). The Company has entered into a senior secured revolving credit facility (as amended, the "Credit Facility"). The lenders of the Credit Facility have a first lien security interest in substantially all of the portfolio investments held by the Company (see Note 8, Borrowings, to these consolidated financial statements). Accordingly, such assets are not available to creditors of Carlyle Direct Lending CLO 2015-1R LLC (the "2015-1 Issuer").

* Denotes that all or a portion of the assets are owned by the Company's wholly owned subsidiary, the 2015-1 Issuer, and secure the notes issued in connection with a term debt securitization completed by the Company on June 26, 2015 (see Note 8, Borrowings, to these consolidated financial statements). Accordingly, such assets are not available to the creditors of the Company.

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

- Unless otherwise indicated, issuers of debt and equity investments held by the Company are domiciled in the United States. Under the Investment Company Act of 1940, as amended (together with the rules and regulations promulgated thereunder, the "Investment Company Act"), the Company would be deemed to "control" a portfolio company if the Company owned more than 25% of its outstanding voting securities and/or held the power to exercise control over the management or policies of the portfolio company. As of December 31, 2022, the Company does not "control" any of these portfolio companies. Under the Investment Company Act, the Company would be deemed an "affiliated person" of a portfolio company if the Company owns 5% or more of the portfolio company's outstanding voting securities. As of December 31, 2022, the Company is not an "affiliated person" of any of these portfolio companies. Certain portfolio company investments are subject to contractual restrictions on sales.
- Variable rate loans to the portfolio companies bear interest at a rate that is determined by reference to either LIBOR ("L"), the Secured Overnight Financing Rate ("SOFR"), or an alternate base rate (commonly based on the Federal Funds Rate or the U.S. Prime Rate), which generally resets quarterly. For each such loan, the Company has indicated the reference rate used and provided the spread and the interest rate in effect as of December 31, 2022. As of December 31, 2022, the reference rates for variable rate loans were the 30-day LIBOR at 4.39 %, the 90-day LIBOR at 4.77 %, the 180-day LIBOR at 5.14 %, the 30-day SOFR at 4.36 % and the 90-day SOFR at 4.59 %.
- Loan includes interest rate floor feature, which is generally 1.00 %.
- Amortized cost represents original cost, including origination fees and upfront fees received that are deemed to be an adjustment to yield, adjusted for the accretion/amortization of discounts/premiums, as applicable, on debt investments using the effective interest method.
- Fair value is determined in good faith by or under the direction of the Board of Directors of the Company (see Note 2, Significant Accounting Policies, and Note 3, Fair Value Measurements, to these consolidated financial statements), pursuant to the Company's valuation policy. The fair value of all first lien and second lien debt investments, equity investments and the investment fund was determined using significant unobservable inputs.
- Security acquired in transaction exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"), and may be deemed to be "restricted securities" under the Securities Act, unless otherwise noted. As of December 31, 2022, the aggregate fair value of these securities is \$ 94,190 , or 10.27 % of the Company's net assets.
- The Company has determined the indicated investments are non-qualifying assets under Section 55(a) of the Investment Company Act. Under the Investment Company Act, the Company may not acquire any non-qualifying assets unless, at the time such acquisition is made, qualifying assets represent at least 70% of the Company's total assets.
- Loan was on non-accrual status as of December 31, 2022.
- Represents a corporate mezzanine loan, which is subordinated to senior secured term loans of the portfolio company/investment fund.

CARLYLE SECURED LENDING, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2022
(dollar amounts in thousands)

- (10) Under the Investment Company Act, the Company is deemed to be an "affiliated person" of and "control" this investment fund because the Company owns more than 25% of the investment fund's outstanding voting securities and/or has the power to exercise control over management or policies of such investment fund. See Notes 5, Middle Market Credit Fund, LLC and 6, Middle Market Credit Fund II, LLC, to these consolidated financial statements for more details. Transactions related to investments in controlled affiliates for the year ended December 31, 2022, were as follows:

	Fair Value as of December 31, 2021	Additions/Purchases	Reductions/Sales/Paydowns	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Fair Value as of December 31, 2022	Dividend and Interest Income
Investments—controlled/affiliated							
Middle Market Credit Fund II, LLC, Member's Interest	\$ 77,958	\$ —	\$ —	\$ —	\$ (5,001)	\$ 72,957	\$ 10,348
Middle Market Credit Fund, LLC, Subordinated Loan and Member's Interest	184,141	—	—	—	5,924	190,065	20,500
Middle Market Credit Fund, Mezzanine Loan	—	—	—	—	—	—	—
Total investments—controlled/affiliated	\$ 262,099	\$ —	\$ —	\$ —	\$ 923	\$ 263,022	\$ 30,848

	Fair Value as of December 31, 2021	Additions/Purchases	Reductions/Sales/Paydowns	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Fair Value as of December 31, 2022	Dividend and Interest Income
Investments—controlled/affiliated							
SolAero Technologies Corp. (Priority Facilities)	\$ 2,251	\$ —	\$ (2,240)	\$ —	\$ (11)	\$ —	\$ 8
SolAero Technologies Corp. (A1 Term Loan)	2,850	—	(3,166)	—	316	—	1,031
SolAero Technologies Corp. (A2 Term Loan)	7,835	—	(8,707)	—	872	—	2,834
SolAero Technologies Corp. (Equity)	—	—	(4,830)	2,015	2,815	—	—
Total investments—controlled/affiliated	\$ 12,936	\$ —	\$ (18,943)	\$ 2,015	\$ 3,992	\$ —	\$ 3,873

- (11) In addition to the interest earned based on the stated interest rate of this loan, which is the amount reflected in this schedule, the Company is entitled to receive additional interest as a result of an agreement among lenders, which has been included in the spread of each applicable investment. Pursuant to the agreement among lenders in respect of this loan, this investment represents a first lien/last out loan, which has a secondary priority behind the first lien/first out loan with respect to principal, interest and other payments.
- (12) Under the Investment Company Act, the Company is deemed an "affiliated person" of this portfolio company because the Company owns 5% or more of the portfolio company's outstanding voting securities. Transactions related to the portfolio company during the year ended December 31, 2022 were as follows:

	Fair Value as of December 31, 2021	Additions/Purchases	Reductions/Sales/Paydowns	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Fair Value as of December 31, 2022	Dividend and Interest Income
Investments—non-controlled/affiliated							
Direct Travel, Inc.	\$ 27,555	\$ 7,330	\$ (1,177)	\$ —	\$ 8,928	\$ 42,636	\$ 9,864
Direct Travel, Inc.	2,731	11	—	—	(11)	2,731	232
Direct Travel, Inc. (Equity)	—	—	—	—	—	—	—
Total investments—non-controlled/affiliated	\$ 30,286	\$ 7,341	\$ (1,177)	\$ —	\$ 8,917	\$ 45,367	\$ 10,096

- (13) The investment is secured by receivables purchased from the portfolio company, with an implied discount of 12.10 %. The investment was made via a tranching participation arrangement between the purchaser of such receivables and the Company. The investment has a secondary priority behind the rights of such purchaser.

CARLYLE SECURED LENDING, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2022
(dollar amounts in thousands)

(14) As of December 31, 2022, the Company had the following unfunded commitments to fund delayed draw and revolving senior secured loans:

Investments—non-controlled/non-affiliated	Type	Unused Fee	Par/ Principal Amount	Fair Value
First and Second Lien Debt—unfunded delayed draw and revolving term loans commitments				
ADPD Holdings, LLC	Delayed Draw	0.50 %	\$ 3,333	\$ (82)
ADPD Holdings, LLC	Revolver	0.50	621	(15)
Advanced Web Technologies Holding Company	Revolver	0.50	854	(9)
Advanced Web Technologies Holding Company	Delayed Draw	1.00	1,602	(16)
Airnov, Inc.	Revolver	0.50	688	(4)
Alpine Acquisition Corp II	Revolver	0.50	3,447	(128)
American Physician Partners, LLC	Delayed Draw	1.00	1,596	(32)
Analogic Corporation	Revolver	0.50	19	—
Applied Technical Services, LLC	Revolver	0.50	37	—
Appriss Health, LLC	Revolver	0.50	2,963	(114)
Apptio, Inc.	Revolver	0.50	947	—
Ascend Buyer, LLC	Revolver	0.50	1,284	(23)
Associations, Inc.	Revolver	0.50	723	(21)
Atlas AU Bidco Pty Ltd (Australia)	Revolver	0.50	268	(8)
Avalara, Inc.	Revolver	0.50	2,250	(68)
Blackbird Purchaser, Inc.	Delayed Draw	1.00	4,597	(264)
BlueCat Networks, Inc. (Canada)	Delayed Draw	0.50	645	(18)
BMS Holdings III Corp.	Delayed Draw	2.65	4,844	(87)
Bradyifs Holdings, LLC	Revolver	0.50	739	(7)
Bradyifs Holdings, LLC	Delayed Draw	1.00	2,634	(27)
Bubbles Bidco S.P.A. (Italy)	Delayed Draw	2.80	€ 873	—
Bubbles Bidco S.P.A. (Italy)	Revolver	—	€ 537	—
Celerion Buyer, Inc.	Revolver	0.50	249	(6)
Celerion Buyer, Inc.	Delayed Draw	1.00	499	(12)
Chartis Holding, LLC	Revolver	0.50	217	(1)
Chemical Computing Group ULC (Canada)	Revolver	0.50	29	—
Comar Holding Company, LLC	Revolver	0.50	1,467	(49)
Cority Software Inc. (Canada)	Revolver	0.50	3,000	(29)
CPI Intermediate Holdings, Inc.	Delayed Draw	—	927	(19)
CST Holding Company	Revolver	0.50	423	(13)
DCA Investment Holding LLC	Delayed Draw	1.00	169	(9)
Denali Midco 2, LLC	Delayed Draw	1.00	2,286	(87)
Diligent Corporation	Revolver	0.50	33	(1)
Direct Travel, Inc.	Delayed Draw	0.50	1,657	—

CARLYLE SECURED LENDING, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2022
(dollar amounts in thousands)

Investments—non-controlled/non-affiliated	Type	Unused Fee	Par/ Principal Amount	Fair Value
Dwyer Instruments, Inc.	Revolver	0.50 %	\$ 994	\$ (15)
Dwyer Instruments, Inc.	Delayed Draw	1.00	161	(2)
Eliassen Group, LLC	Delayed Draw	1.00	3,310	(38)
Ellkay, LLC	Revolver	0.50	1,786	(64)
EPS Nass Parent, Inc.	Revolver	0.50	30	(1)
EPS Nass Parent, Inc.	Delayed Draw	1.00	37	(2)
EvolveIP, LLC	Revolver	0.50	655	(12)
Excel Fitness Holdings, Inc.	Revolver	0.50	438	(20)
Excelitas Technologies Corp.	Revolver	0.50	160	(6)
Excelitas Technologies Corp.	Delayed Draw	0.50	152	(6)
FPG Intermediate Holdco, LLC	Delayed Draw	1.00	3,973	(174)
Greenhouse Software, Inc.	Revolver	0.50	2,204	(81)
Hadrian Acquisition Limited (United Kingdom)	Delayed Draw	2.33	£ 2,086	(39)
Harbour Benefit Holdings, Inc.	Revolver	0.50	3,180	(19)
Heartland Home Services, Inc.	Delayed Draw	0.75	5,469	(96)
Heartland Home Services, Inc.	Revolver	0.50	619	(6)
Hercules Borrower LLC	Revolver	0.50	1,929	(64)
Hoosier Intermediate, LLC	Revolver	0.50	1,600	(87)
HS Spa Holdings Inc.	Revolver	0.50	1,235	(34)
iCIMS, Inc.	Revolver	0.50	2,432	(89)
iCIMS, Inc.	Delayed Draw	—	6,784	(247)
IQN Holding Corp.	Delayed Draw	1.00	696	(11)
IQN Holding Corp.	Revolver	0.50	489	(8)
Jeg's Automotive, LLC	Delayed Draw	1.00	4,167	(251)
K2 Insurance Services, LLC	Revolver	0.50	1,120	(11)
Kaseya, Inc.	Revolver	0.50	2,054	(60)
Kaseya, Inc.	Delayed Draw	0.50	1,146	(33)
Lifelong Learner Holdings, LLC	Revolver	0.50	2	—
Liqui-Box Holdings, Inc.	Revolver	0.50	596	—
LVF Holdings, Inc.	Revolver	0.50	992	(54)
LVF Holdings, Inc.	Delayed Draw	1.00	4,670	(254)
Material Holdings, LLC	Delayed Draw	—	977	(44)
Material Holdings, LLC	Revolver	1.00	499	(22)
Medical Manufacturing Technologies, LLC	Revolver	0.50	1,446	(27)
Medical Manufacturing Technologies, LLC	Delayed Draw	1.00	826	(16)
NEFCO Holding Company LLC	Delayed Draw	1.00	933	(18)
NEFCO Holding Company LLC	Revolver	0.50	763	(15)

CARLYLE SECURED LENDING, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2022
(dollar amounts in thousands)

Investments—non-controlled/non-affiliated	Type	Unused Fee	Par/ Principal	
			Amount	Fair Value
NMI AcquisitionCo, Inc.	Revolver	0.50 %	\$ 1,280	\$ (33)
North Haven Fairway Buyer, LLC	Revolver	0.50	1,154	(21)
North Haven Stallone Buyer, LLC	Delayed Draw	1.00	200	(4)
Oak Purchaser, Inc.	Delayed Draw	0.50	1,623	(38)
Oak Purchaser, Inc.	Revolver	0.50	584	(14)
PF Atlantic Holdco 2, LLC	Delayed Draw	1.00	7,448	(130)
PF Atlantic Holdco 2, LLC	Revolver	0.50	2,759	(48)
PPT Management Holdings, LLC	Revolver	0.50	587	(162)
Prophix Software Inc. (Canada)	Revolver	0.50	1,993	—
PXO Holdings I Corp.	Delayed Draw	1.00	885	(16)
PXO Holdings I Corp.	Revolver	0.50	1,315	(24)
QNNECT, LLC	Delayed Draw	1.00	1,386	(42)
Quantic Electronics, LLC	Revolver	0.50	276	(14)
Quantic Electronics, LLC	Delayed Draw	1.00	2,126	(109)
Radwell Parent, LLC	Revolver	0.38	1,395	(42)
RSC Acquisition, Inc.	Revolver	0.50	462	(21)
RSC Acquisition, Inc.	Delayed Draw	1.00	950	(43)
Sapphire Convention, Inc.	Revolver	0.50	4,188	(92)
SCP Eye Care HoldCo, LLC	Revolver	0.50	17	—
SCP Eye Care HoldCo, LLC	Delayed Draw	1.00	39	(1)
Smarsh Inc.	Revolver	0.50	408	(17)
Smarsh Inc.	Delayed Draw	1.00	816	(34)
Spotless Brands, LLC	Revolver	0.50	1,096	(33)
Tank Holding Corp.	Revolver	0.38	1,379	(37)
The Carlstar Group LLC	Revolver	0.50	3,657	(48)
Trader Corporation (Canada)	Revolver	0.50	C\$ 906	(31)
Trafigura Trading LLC	Revolver	0.50	388	(3)
Tufin Software North America, Inc.	Revolver	0.50	1,339	(41)
Tufin Software North America, Inc.	Delayed Draw	—	115	(4)
Turbo Buyer, Inc.	Delayed Draw	1.00	2,967	(53)
Turbo Buyer, Inc.	Revolver	0.50	1,217	(22)
U.S. Legal Support, Inc.	Delayed Draw	0.50	2,032	(37)
U.S. Legal Support, Inc.	Revolver	0.50	735	(13)
Wineshipping.com LLC	Delayed Draw	1.00	1,609	(127)
Wineshipping.com LLC	Revolver	0.50	1,509	(120)
Total unfunded commitments			\$ 158,206	\$ (4,549)

CARLYLE SECURED LENDING, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2022
(dollar amounts in thousands)

(15) Loans include a credit spread adjustment that ranges from 0.10 % to 0.26 %.

As of December 31, 2022, investments at fair value consisted of the following:

Type	Amortized Cost	Fair Value	% of Fair Value
First Lien Debt	\$ 1,416,343	\$ 1,359,962	68.6 %
Second Lien Debt	271,266	262,703	13.3
Equity Investments	91,269	94,190	4.8
Investment Funds	271,097	263,022	13.3
Total	\$ 2,049,975	\$ 1,979,877	100.0 %

The rate type of debt investments at fair value as of December 31, 2022 was as follows:

Rate Type	Amortized Cost	Fair Value	% of Fair Value of First and Second Lien Debt
Floating Rate	\$ 1,663,454	\$ 1,599,078	98.5 %
Fixed Rate	24,155	23,587	1.5
Total	\$ 1,687,609	\$ 1,622,665	100.0 %

CARLYLE SECURED LENDING, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2022
(dollar amounts in thousands)

The industry composition of investments at fair value as of December 31, 2022 was as follows:

Industry	Amortized Cost	Fair Value	% of Fair Value	
Aerospace & Defense	\$ 145,220	\$ 136,668	6.9	%
Automotive	86,452	86,903	4.4	
Beverage & Food	76,837	72,283	3.6	
Business Services	95,138	93,620	4.7	
Capital Equipment	60,328	61,262	3.1	
Chemicals, Plastics & Rubber	77,372	76,547	3.9	
Construction & Building	23,459	23,122	1.2	
Consumer Goods: Durable	437	427	0.0	
Consumer Goods: Non-Durable	10,686	10,333	0.5	
Consumer Services	115,254	112,705	5.7	
Containers, Packaging & Glass	46,300	44,558	2.2	
Diversified Financial Services	78,558	76,996	3.9	
Energy: Oil & Gas	34,280	34,457	1.7	
Environmental Industries	59,306	58,155	2.9	
Healthcare & Pharmaceuticals	259,077	234,876	11.9	
High Tech Industries	139,652	135,718	6.9	
Investment Funds	271,097	263,022	13.3	
Leisure Products & Services	117,164	112,926	5.7	
Media: Advertising, Printing & Publishing	318	257	0.0	
Media: Diversified & Production	19,765	19,760	1.0	
Metals & Mining	8,076	8,185	0.4	
Retail	31,258	30,796	1.6	
Software	178,991	175,981	8.9	
Sovereign & Public Finance	182	623	0.0	
Telecommunications	75,795	70,907	3.6	
Transportation: Cargo	7,406	7,188	0.4	
Utilities: Electric	906	877	0.0	
Wholesale	30,661	30,725	1.6	
Total	\$ 2,049,975	\$ 1,979,877	100.0	%

CARLYLE SECURED LENDING, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2022
(dollar amounts in thousands)

The geographical composition of investments at fair value as of December 31, 2022 was as follows:

Geography	Amortized Cost	Fair Value	% of Fair Value	
Australia	\$ 2,796	\$ 2,796	0.1	%
Canada	47,906	48,474	2.4	
Cyprus	6,552	6,967	0.4	
Italy	5,815	5,465	0.3	
Luxembourg	41,453	39,066	2.0	
Sweden	1,168	382	0.0	
United Kingdom	72,441	69,353	3.5	
United States	1,871,844	1,807,374	91.3	
Total	\$ 2,049,975	\$ 1,979,877	100.0	%

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

CARLYLE SECURED LENDING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2023
(dollar amounts in thousands, except per share data)

1. ORGANIZATION

Carlyle Secured Lending, Inc. (together with its consolidated subsidiaries, “CSL” or the “Company”) is a Maryland corporation formed on February 8, 2012, and structured as an externally managed, non-diversified closed-end investment company. The Company has elected to be regulated as a business development company (“BDC”) under the Investment Company Act of 1940, as amended (together with the rules and regulations promulgated thereunder, the “Investment Company Act”). In addition, the Company has elected to be treated, and intends to continue to comply with the requirements to qualify annually, as a regulated investment company (“RIC”) under Subchapter M of the Internal Revenue Code of 1986, as amended (together with the rules and regulations promulgated thereunder, the “Code”).

The Company’s investment objective is to generate current income and, to a lesser extent, capital appreciation primarily through assembling a portfolio of secured debt investments in U.S. middle market companies. The Company’s core investment strategy focuses on lending to U.S. middle market companies, which the Company defines as companies with approximately \$25 million to \$100 million of earnings before interest, taxes, depreciation and amortization (“EBITDA”), supported by financial sponsors. This core strategy is opportunistically supplemented with differentiated and complementary lending and investing strategies, which take advantage of the broad capabilities of Carlyle’s Global Credit platform while offering risk-diversifying portfolio benefits. The Company seeks to achieve its objective primarily through direct origination of secured debt instruments, including first lien senior secured loans (which may include stand-alone first lien loans, first lien/last out loans and “unitranche” loans) and second lien senior secured loans (collectively, “Middle Market Senior Loans”), with a minority of its assets invested in higher yielding investments (which may include unsecured debt, subordinated debt and investments in equities and structured products). The Middle Market Senior Loans are generally made to private U.S. middle market companies that are, in many cases, controlled by private equity firms.

The Company invests primarily in loans to middle market companies whose debt has been rated below investment grade, or would likely be rated below investment grade if it was rated. These securities, which are often referred to as “junk,” have predominately speculative characteristics with respect to the issuer’s capacity to pay interest and repay principal.

On May 2, 2013, the Company completed its initial closing of capital commitments (the “Initial Closing”) and subsequently commenced substantial investment operations. Effective March 15, 2017, the Company changed its name from “Carlyle GMS Finance, Inc.” to “TCG BDC, Inc.” On June 19, 2017, the Company closed its initial public offering, issuing 9,454,200 shares of its common stock (including shares issued pursuant to the exercise of the underwriters’ over-allotment option on July 5, 2017) at a public offering price of \$ 18.50 per share. Net of underwriting costs, the Company received cash proceeds of \$ 169,488 . Shares of common stock of the Company began trading on the Nasdaq Global Select Market under the symbol “CGBD” on June 14, 2017. Effective April 12, 2022, the Company changed its name from “TCG BDC, Inc.” to “Carlyle Secured Lending, Inc.”

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

TCG BDC SPV LLC (the “SPV”) is a Delaware limited liability company that was formed on January 3, 2013. Prior to the termination of its senior secured credit facility on December 11, 2020, the SPV invested in first and second lien senior secured loans. The SPV is a wholly owned subsidiary of the Company and is consolidated in these consolidated financial statements commencing from the date of its formation, January 3, 2013.

On June 26, 2015, the Company completed a \$ 400,000 term debt securitization (the “2015-1 Debt Securitization”). The notes offered in the 2015-1 Debt Securitization (the “2015-1 Notes”) were issued by Carlyle Direct Lending CLO 2015-1R LLC (the “2015-1 Issuer”), a wholly owned and consolidated subsidiary of the Company. On August 30, 2018, the 2015-1 Issuer refinanced the 2015-1 Debt Securitization (the “2015-1 Debt Securitization Refinancing”) by redeeming in full the

[Table of Contents](#)

2015-1 Notes and issuing new notes (the "2015-1R Notes"). The 2015-1R Notes are secured by a diversified portfolio of the 2015-1 Issuer consisting primarily of first and second lien senior secured loans. Refer to Note 8, Borrowings, to these consolidated financial statements for details. The 2015-1 Issuer is consolidated in these consolidated financial statements commencing from the date of its formation, May 8, 2015.

On February 29, 2016, the Company and Credit Partners USA LLC ("Credit Partners") entered into an amended and restated limited liability company agreement, which was subsequently amended on June 24, 2016, February 22, 2021, May 16, 2022 and April 20, 2023 (as amended, the "Limited Liability Company Agreement") to co-manage Middle Market Credit Fund, LLC ("Credit Fund"). Credit Fund primarily invests in first lien loans of middle market companies. Credit Fund is managed by a six-member board of managers, on which the Company and Credit Partners each have equal representation. The Company and Credit Partners each have 50 % economic ownership of Credit Fund and have commitments to fund, from time to time, capital of up to \$ 250,000 each. Refer to Note 5, Middle Market Credit Fund, LLC, to these consolidated financial statements for details.

On May 5, 2020, the Company issued and sold 2,000,000 shares of cumulative convertible preferred stock, par value \$ 0.01 per share (the "Preferred Stock"), to an affiliate of Carlyle in a private placement at a price of \$ 25 per share. See Note 10, Net Assets, to these consolidated financial statements for further information about the Preferred Stock.

On November 3, 2020, the Company and Cliffwater Corporate Lending Fund ("CCLF"), an investment vehicle managed by Cliffwater LLC, entered into a limited liability company agreement to co-manage Middle Market Credit Fund II, LLC ("Credit Fund II"). Credit Fund II invests in senior secured loans of middle market companies. Credit Fund II is managed by a four-member board of managers, on which the Company and CCLF each have equal representation. The Company and CCLF have approximately 84.13 % and 15.87 % economic ownership of Credit Fund II, respectively. The Company contributed certain senior secured debt investments with an aggregate principal balance of approximately \$ 250 million to Credit Fund II in exchange for its 84.13 % economic interest and gross cash proceeds of approximately \$ 170 million. See Note 6, Middle Market Credit Fund II, LLC, to these consolidated financial statements for details.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

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

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make assumptions and estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management's estimates are based on historical experiences and other factors, including expectations of future events that management

[Table of Contents](#)

believes to be reasonable under the circumstances. It also requires management to exercise judgment in the process of applying the Company's accounting policies. Assumptions and estimates regarding the valuation of investments and their resulting impact on base management and incentive fees involve a higher degree of judgment and complexity and these assumptions and estimates may be significant to the consolidated financial statements. Actual results could differ from these estimates and such differences could be material.

Investments

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

Derivative Instruments

The Company follows the guidance in Topic 815, *Derivatives and Hedging* ("ASC 815"), when accounting for derivative instruments. The Company recognizes all derivative instruments at fair value as either assets or liabilities in its consolidated financial statements. Derivative instruments are measured in terms of the notional contract amount and derive their value based upon one or more underlying instruments. Derivative instruments are subject to various risks similar to non-derivative instruments including market, credit, liquidity, and operational risks. The Company manages these risks on an aggregate basis as part of its risk management process.

The Company uses interest rate swaps to hedge some or all of the Company's fixed rate debt. The Company designated the interest rate swaps as the hedging instrument in an effective hedge accounting relationship and therefore the periodic payments and receipts are recognized as components of interest expense and credit facility fees within the accompanying Consolidated Statements of Operations. Depending on the nature of the balance at the end of the period, the fair value of the interest rate swap is either an asset and included in prepaid expenses and other assets on the accompanying Consolidated Statements of Assets and Liabilities or a liability and included in other accrued expenses and liabilities on the accompanying Consolidated Statements of Assets and Liabilities. The change in fair value of the interest rate swap is offset by a change in the carrying value of the fixed rate debt. The change in fair value of the interest rate swap is reflected as net unrealized gain (loss) on derivative instruments within the Consolidated Statements of Cash Flows.

Any amounts paid to the counterparty to cover collateral obligations under the terms of the interest rate swap agreement are included in prepaid expenses and other assets on the accompanying Consolidated Statements of Assets and Liabilities. Any amounts paid from the counterparty to cover collateral under the terms of the interest rate swap agreement are included in other accrued expenses and liabilities on accompanying Consolidated Statements of Assets and Liabilities.

Cash, Cash Equivalents and Restricted Cash

Cash, cash equivalents and restricted cash consist of demand deposits and highly liquid investments (e.g., money market funds, U.S. treasury notes) with original maturities of three months or less. Cash equivalents are carried at amortized cost, which approximates fair value. The Company's cash, cash equivalents and restricted cash are held with one large financial institution and cash held in such financial institution may, at times, exceed the Federal Deposit Insurance Corporation insured limit. As of December 31, 2023 and 2022, the Company held restricted cash balances of \$ 37,891 and \$ 14,412 , respectively, which represent amounts that are collected and held by trustees appointed by the Company for payment of interest expense and principal on the outstanding borrowings, or reinvestment into new assets. The amounts are held by the trustees as custodians of the assets securing certain of the Company's financing transactions. There was no restricted cash balances denominated in a foreign currency as of December 31, 2023 and 2022.

Revenue Recognition

Interest from Investments

Interest income is recorded on an accrual basis and includes the accretion of discounts and amortization of premiums. Discounts from and premiums to par value on debt investments purchased are accreted/amortized into interest income over the life of the respective security using the effective interest method. The amortized cost of debt investments represents the original

[Table of Contents](#)

cost, including origination fees and upfront fees received that are deemed to be an adjustment to yield, adjusted for the accretion of discounts and amortization of premiums, if any.

The Company may have loans in its portfolio that contain payment-in-kind ("PIK") provisions. PIK income represents interest that is accrued and recorded as interest income at the contractual rates, increases the loan principal on the respective capitalization dates, and is generally due at maturity. As of December 31, 2023 and 2022, the fair value of the loans in the portfolio with PIK provisions was \$ 337,061 and \$ 176,773 , respectively, which represents approximately 18.3 % and 8.9 %, respectively, of total investments at fair value. For the years ended December 31, 2023, 2022 and 2021, the Company earned \$ 20,491 , \$ 23,067 , and \$ 9,346 in PIK income, respectively. In 2022, the Company began presenting PIK income as a separate financial statement line item in the accompanying Consolidated Statements of Operations, which had previously been included in interest income. Prior periods have been conformed to the current presentation.

In 2022, the Company separately presented interest receivable and dividend receivable on the accompanying Consolidated Statements of Cash Flows. In 2023, the amounts are presented collectively on the Consolidated Statements of Cash Flows. Prior periods have been conformed to the current presentation.

Dividend Income

Dividend income from the investment funds, Credit Fund and Credit Fund II, and other investments funds, if any, is recorded on the record date for the investment fund to the extent that such amounts are payable by the investment funds and are expected to be collected.

Other Income

Other income may include income such as consent, waiver, amendment, unused, underwriting, arranger and prepayment fees associated with the Company's investment activities as well as any fees for managerial assistance services rendered by the Company to the portfolio companies. Such fees are recognized as income when earned or the services are rendered. The Company may receive fees for guaranteeing the outstanding debt of a portfolio company. Such fees are amortized into other income over the life of the guarantee. The unamortized amount, if any, is included in prepaid expenses and other assets in the accompanying Consolidated Statements of Assets and Liabilities. For the years ended December 31, 2023, 2022 and 2021, the Company earned \$ 5,003 , \$ 7,583 and \$ 6,397 , respectively, in other income, primarily from prepayment, commitment and amendment fees.

Non-Accrual Income

Loans are generally placed on non-accrual status when principal or interest payments are past due or when there is reasonable doubt that principal or interest will be collected in full. Accrued and unpaid interest is generally reversed when a loan is placed on non-accrual status. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon management's judgment regarding collectability. Non-accrual loans are restored to accrual status when past due principal and interest are current or there is no longer any reasonable doubt that such principal or interest will be collected in full and, in management's judgment, are likely to remain current. Management may determine not to place a loan on non-accrual status if the loan has sufficient collateral value and is in the process of collection. As of December 31, 2023 and 2022, the fair value of the loans in the portfolio on non-accrual status was \$ 38,061 and \$ 57,932 , respectively. The remaining first and second lien debt investments were performing and current on their interest payments as of December 31, 2023 and 2022 and for the periods then ended.

Credit Facility, Senior Notes and 2015-1R Notes – Related Costs, Expenses and Deferred Financing Costs

The Company entered into a senior secured revolving credit facility (as amended, the "Credit Facility"). Interest expense and unused commitment fees on the Credit Facility are recorded on an accrual basis. Unused commitment fees are included in interest expense and credit facility fees in the accompanying Consolidated Statements of Operations.

On December 30, 2019, the Company closed a private offering of \$ 115.0 million in aggregate principal amount of 4.75 % senior unsecured notes due December 31, 2024 ("the 2019 Notes"). On December 11, 2020, the Company issued \$ 75.0 million in aggregate principal amount of 4.50 % senior unsecured notes due December 31, 2024 (the "2020 Notes" and together with the 2019 Notes, the "2024 Notes").

On November 20, 2023, we closed an issuance of \$ 85.0 million in aggregate principal of 8.20 % senior unsecured notes due December 1, 2028 (the "2028 Notes" and together with the 2024 Notes, the "Senior Notes"). We may redeem the 2028 Notes in whole or in part at our option on or after December 1, 2025. The 2028 Notes are general unsecured obligations of ours

[Table of Contents](#)

that rank pari passu with all outstanding and future unsecured unsubordinated indebtedness issued by us. The Credit Facility, the 2015-1R Notes and Senior Notes are recorded at carrying value, which approximates fair value.

Deferred financing costs include capitalized expenses related to the closing or amendments of the Credit Facility. Amortization of deferred financing costs for the Credit Facility is computed on the straight-line basis over its term. The unamortized balance of such costs is included in prepaid expenses and other assets in the accompanying Consolidated Statements of Assets and Liabilities. The amortization of such costs is included in interest expense and credit facility fees in the accompanying Consolidated Statements of Operations.

Debt issuance costs include capitalized expenses including structuring and arrangement fees related to the offering of the 2015-1R Notes and Senior Notes. Amortization of debt issuance costs for the notes is computed on the effective yield method over the term of the notes. The unamortized balance of such costs is presented as a direct deduction to the carrying amount of the notes in the accompanying Consolidated Statements of Assets and Liabilities. The amortization of such costs is included in interest expense and credit facility fees in the accompanying Consolidated Statements of Operations.

In 2022, the Company began presenting interest expense and credit facility fees together in the accompanying Consolidated Statements of Operations, which had previously been presented as separate financial statement line items. Prior periods have been conformed to the current presentation.

Income Taxes

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

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

In addition, based on the excise distribution requirements, the Company is subject to a 4% nondeductible federal excise tax on undistributed income unless the Company distributes in a timely manner an amount at least equal to the sum of (1) 98% of its ordinary income for each calendar year, (2) 98.2% of capital gain net income (both long-term and short-term) for the one-year period ending October 31 in that calendar year and (3) any income realized, but not distributed, in the preceding year. For this purpose, however, any ordinary income or capital gain net income retained by the Company that is subject to corporate income tax is considered to have been distributed. The Company intends to make sufficient distributions each taxable year to satisfy the excise distribution requirements as reasonable. For the years ended December 31, 2023, 2022 and 2021, the Company incurred \$ 2,435 , \$ 1,829 and \$ 782 , respectively, in excise tax expense.

The Company evaluates tax positions taken or expected to be taken in the course of preparing its consolidated financial statements to determine whether the tax positions are "more likely than not" to be sustained by the applicable tax authority. The SPV and the 2015-1 Issuer are disregarded entities for tax purposes and are consolidated with the tax return of the Company. All penalties and interest associated with income taxes, if any, are included in income tax expense.

Dividends and Distributions to Common Stockholders

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

Prior to July 5, 2017, the Company had an "opt in" dividend reinvestment plan. Effective on July 5, 2017, the Company converted the "opt in" dividend reinvestment plan to an "opt out" dividend reinvestment plan that provides for reinvestment of dividends and other distributions on behalf of the common stockholders, other than those common stockholders who have "opted out" of the plan. As a result of adopting the plan, if the Board of Directors authorizes, and the Company declares, a cash dividend or distribution, the common stockholders who have not elected to "opt out" of the dividend reinvestment plan will have their cash dividends or distributions automatically reinvested in additional shares of the Company's

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

Functional Currency

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

Earnings Per Common Share

The Company computes earnings per common share in accordance with ASC 260, *Earnings Per Share* ("ASC 260"). Basic earnings per common share is calculated by dividing the net increase (decrease) in net assets resulting from operations attributable to common stock by the weighted average number of shares of common stock outstanding. Diluted earnings per common share reflects the assumed conversion of all dilutive securities.

Recent Accounting Standards Updates

In December 2022, the FASB issued ASU No. 2022-06, Reference Rate Reform (Topic 848), which defers the sunset date of Topic 848 from December 31, 2022 to December 31, 2024. The expedients and exceptions provided by the amendments do not apply to contract modifications and hedging relationships entered into or evaluated after December 31, 2022, except for hedging transactions as of December 31, 2022, that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationship. The Company does not expect this guidance to impact its consolidated financial statements.

In November 2023, the FASB issued ASU No. 2023-07, Segment Reporting (Topic 280), which improves reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The amendments are effective for fiscal years beginning after December 15, 2023 and interim period within fiscal years beginning after December 15, 2024. The Company does not expect this guidance to impact its consolidated financial statements.

3. FAIR VALUE MEASUREMENTS

The Company applies fair value accounting in accordance with the terms of FASB ASC Topic 820, *Fair Value Measurement* ("ASC 820"). ASC 820 defines fair value as the amount that would be exchanged to sell an asset or transfer a liability in an orderly transfer between market participants at the measurement date. Effective September 8, 2022, the Investment Adviser, as the valuation designee pursuant to Rule 2a-5 under the Investment Company Act, determines in good faith the fair value of the Company's investment portfolio for which market quotations are not readily available. The Investment Adviser values securities/instruments traded in active markets on the measurement date by multiplying the closing price of such traded securities/instruments by the quantity of shares or amount of the instrument held. The Investment Adviser may also obtain quotes with respect to certain of its investments, such as its securities/instruments traded in active markets and its liquid securities/instruments that are not traded in active markets, from pricing services, brokers, or counterparties (i.e., "consensus pricing"). When doing so, the Investment Adviser determines whether the quote obtained is sufficient according to U.S. GAAP to determine the fair value of the security. The Investment Adviser may use the quote obtained or alternative pricing sources may be utilized including valuation techniques typically utilized for illiquid securities/instruments.

Securities/instruments that are illiquid or for which the pricing source does not provide a valuation or methodology or provides a valuation or methodology that, in the judgment of the Investment Adviser, does not represent fair value shall each be valued as of the measurement date using all techniques appropriate under the circumstances and for which sufficient data is available. These valuation techniques may vary by investment and include comparable public market valuations, comparable precedent transaction valuations and/or discounted cash flow analyses. The process generally used to determine the applicable value is as follows: (i) the value of each portfolio company or investment is initially reviewed by the investment professionals responsible for such portfolio company or investment and, for non-traded investments, a standardized template designed to

[Table of Contents](#)

approximate fair market value based on observable market inputs, updated credit statistics and unobservable inputs is used to determine a preliminary value, which is also reviewed alongside consensus pricing, where available; (ii) preliminary valuation conclusions are documented and reviewed by a valuation committee comprised of personnel of the Investment Adviser; (iii) the Board of Directors engages a third-party valuation firm to provide positive assurance on portions of the Middle Market Senior Loans and equity investments portfolio each quarter (such that each non-traded investment other than Credit Fund is reviewed by a third-party valuation firm at least once on a rolling twelve month basis) including a review of management's preliminary valuation and conclusion on fair value; (iv) if applicable, prior to September 8, 2022, the Audit Committee of the Board of Directors (the "Audit Committee") reviewed the assessments of the Investment Adviser and the third-party valuation firm; and (v) if applicable, prior to September 8, 2022, the Board of Directors discussed the valuation recommendations of the Audit Committee and determined the fair value of each investment in the portfolio in good faith based on the input of the Investment Adviser and, where applicable, the third-party valuation firm.

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

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

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

Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of the Company's investments may fluctuate from period to period. Because of the inherent uncertainty of valuation, these estimated values may differ significantly from the values that would have been reported had a ready market for the investments existed, and it is reasonably possible that the difference could be material.

In addition, changes in the market environment and other events that may occur over the life of the investments may cause the realized gains or losses on investments to be different from the net change in unrealized appreciation or depreciation currently reflected in the consolidated financial statements as of December 31, 2023, 2022 and 2021.

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

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

- Level 1—inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date. Financial instruments in this category generally include unrestricted securities, including equities and derivatives, listed in active markets. The Investment Adviser does not adjust the quoted price for these investments, even in situations where the Company holds a large position and a sale could reasonably impact the quoted price.
- Level 2—inputs to the valuation methodology are either directly or indirectly observable as of the reporting date and are those other than quoted prices in active markets. Financial instruments in this category generally include less liquid and restricted securities listed in active markets, securities traded in other than active markets, government and agency securities, and certain over-the-counter derivatives where the fair value is based on observable inputs.

[Table of Contents](#)

- Level 3—inputs to the valuation methodology are unobservable and significant to overall fair value measurement. The inputs into the determination of fair value require significant management judgment or estimation. Financial instruments in this category generally include investments in privately-held entities, collateralized loan obligations, and certain over-the-counter derivatives where the fair value is based on unobservable inputs.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the overall fair value measurement. The Investment Adviser's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. Investments in Credit Fund and Credit Fund II are valued based on the legal form of investment. For those structured through LLC membership interests, the practical expedient, or net asset value method, is used. For those structured through subordinated notes, a discounted cash flow method is used.

Transfers between levels, if any, are recognized at the beginning of the year in which the transfers occur. For the years ended December 31, 2023 and 2022, there were no transfers between levels.

The following tables summarize the Company's investments measured at fair value on a recurring basis by the above fair value hierarchy levels as of December 31, 2023 and 2022:

December 31, 2023				
	Level 1	Level 2	Level 3	Total
Assets				
First Lien Debt	\$ —	\$ —	\$ 1,311,503	\$ 1,311,503
Second Lien Debt	—	—	188,175	188,175
Equity Investments	—	—	92,824	92,824
Mezzanine Loan	—	—	—	—
Subordinated Loan and Member's Interest	—	—	181,960	181,960
Total	\$ —	\$ —	\$ 1,774,462	\$ 1,774,462
Investments measured at net asset value ⁽¹⁾				\$ 67,419
Total Investments				\$ 1,841,881
Derivative assets ⁽²⁾	—	985	—	985
Total				\$ 1,842,866

December 31, 2022				
	Level 1	Level 2	Level 3	Total
Assets				
First Lien Debt	\$ —	\$ —	\$ 1,359,962	\$ 1,359,962
Second Lien Debt	—	—	262,703	262,703
Equity Investments	—	—	94,190	94,190
Mezzanine Loan	—	—	—	—
Subordinated Loan and Member's Interest	—	—	190,065	190,065
Total	\$ —	\$ —	\$ 1,906,920	\$ 1,906,920
Investments measured at net asset value ⁽¹⁾				\$ 72,957
Total Investments				\$ 1,979,877

(1) Amount represents the Company's investment in Credit Fund II. The Company, as a practical expedient, estimates the fair value of this investment using the net asset value of the Company's member's interest in Credit Fund II. As such, the fair value of the Company's investment in Credit Fund II has not been categorized within the fair value hierarchy.

(2) Located in prepaid expenses and other assets on the accompanying Consolidated Statements of Assets and Liabilities.

[Table of Contents](#)

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

Financial Assets						
For the year ended December 31, 2023						
	First Lien Debt	Second Lien Debt	Equity Investments	Investment Fund - Mezzanine Loan	Investment Fund - Subordinated Loan and Member's Interest	Total
Balance, beginning of year	\$ 1,359,962	\$ 262,703	\$ 94,190	\$ —	\$ 190,065	\$ 1,906,920
Purchases	218,836	5,133	7,507	—	—	231,476
Sales	(95,298)	(11,704)	(2,105)	—	—	(109,107)
Paydowns	(167,357)	(74,493)	(12,796)	—	—	(254,646)
Accretion of discount	6,422	1,548	465	—	—	8,435
Net realized gains (losses)	(22,734)	(93)	1,589	—	—	(21,238)
Net change in unrealized appreciation (depreciation)	11,672	5,081	3,974	—	(8,105)	12,622
Balance, end of year	\$ 1,311,503	\$ 188,175	\$ 92,824	\$ —	\$ 181,960	\$ 1,774,462
Net change in unrealized appreciation (depreciation) relating to Level 3 investments still held at the reporting date and included within the Consolidated Statements of Operations	\$ 185	\$ 2,727	\$ 5,320	\$ —	\$ (8,105)	\$ 127

Financial Assets						
For the year ended December 31, 2022						
	First Lien Debt	Second Lien Debt	Equity Investments	Investment Fund - Mezzanine Loan	Investment Fund - Subordinated Loan	Total
Balance, beginning of year	\$ 1,232,084	\$ 341,776	\$ 77,093	\$ —	\$ 184,141	\$ 1,835,094
Purchases	639,337	1,284	20,165	—	—	660,786
Sales	(216,259)	(23,703)	(5,094)	—	—	(245,056)
Paydowns	(289,855)	(43,325)	(1,083)	—	—	(334,263)
Accretion of discount	8,701	1,088	201	—	—	9,990
Net realized gains (losses)	2,626	(5,615)	3,954	—	—	965
Net change in unrealized appreciation (depreciation)	(16,672)	(8,802)	(1,046)	—	5,924	(20,596)
Balance, end of year	\$ 1,359,962	\$ 262,703	\$ 94,190	\$ —	\$ 190,065	\$ 1,906,920
Net change in unrealized appreciation (depreciation) relating to Level 3 investments still held at the reporting date and included within the Consolidated Statements of Operations	\$ (12,385)	\$ (8,680)	\$ (2,534)	\$ —	\$ 5,924	\$ (17,675)

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

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

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

[Table of Contents](#)

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

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

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

The following tables summarize the quantitative information related to the significant unobservable inputs for Level 3 instruments which are carried at fair value as of December 31, 2023 and 2022:

	Fair Value as of December 31, 2023	Valuation Techniques	Significant Unobservable Inputs	Range		Weighted Average
				Low	High	
Investments in First Lien Debt	\$ 1,040,756	Discounted Cash Flow	Discount Rate	8.79 %	18.80 %	11.83 %
	70,040	Consensus Pricing	Indicative Quotes	88.25 %	100.00 %	96.99 %
	200,707	Income Approach	Discount Rate	10.73 %	14.10 %	11.69 %
		Market Approach	Comparable Multiple	8.42 x	12.34 x	10.05 x
Total First Lien Debt	1,311,503					
Investments in Second Lien Debt	167,006	Discounted Cash Flow	Discount Rate	10.05 %	18.29 %	13.48 %
	18,098	Consensus Pricing	Indicative Quotes	100.00 %	100.00 %	100.00 %
	3,071	Income Approach	Discount Rate	10.87 %	10.87 %	10.87 %
Total Second Lien Debt	188,175					
Investments in Equity	92,824	Income Approach	Discount Rate	11.65 %	14.47 %	13.26 %
		Market Approach	Comparable Multiple	6.25 x	18.00 x	10.05 x
Total Equity Investments	92,824					
Investments in Credit Fund						
Subordinated Loan and Member's Interest	181,960	Discounted Cash Flow	Discount Rate	9.75 %	9.75 %	9.75 %
		Discounted Cash Flow	Default Rate	3.00 %	3.00 %	3.00 %
		Discounted Cash Flow	Recovery Rate	65.00 %	65.00 %	65.00 %
Total Investments in Credit Fund	181,960					
Total Level 3 Investments	\$ 1,774,462					

[Table of Contents](#)

	Fair Value as of December 31, 2022	Valuation Techniques	Significant Unobservable Inputs	Range		
				Low	High	Weighted Average
Investments in First Lien Debt	\$ 1,157,414	Discounted Cash Flow	Discount Rate ⁽¹⁾	9.90 %	21.40 %	12.01 %
	74,457	Consensus Pricing	Indicative Quotes	97.00 %	100.00 %	97.95 %
	128,091	Income Approach	Discount Rate	9.03 %	19.31 %	13.34 %
		Market Approach	Comparable Multiple	5.21 x	10.51 x	9.81 x
Total First Lien Debt	1,359,962					
Investments in Second Lien Debt	262,703	Discounted Cash Flow	Discount Rate ⁽¹⁾	12.46 %	17.60 %	13.97 %
Total Second Lien Debt	262,703					
Investments in Equity	94,190	Income Approach	Discount Rate ⁽¹⁾	7.22 %	18.25 %	13.92 %
		Market Approach	Comparable Multiple	8.40 x	17.24 x	10.41 x
Total Equity Investments	94,190					
Investments in Credit Fund						
Subordinated Loan and Member's Interest	190,065	Discounted Cash Flow	Discount Rate	10.25 %	10.25 %	10.25 %
		Discounted Cash Flow	Default Rate	3.00 %	3.00 %	3.00 %
		Discounted Cash Flow	Recovery Rate	65.00 %	65.00 %	65.00 %
Total Investments in Credit Fund	190,065					
Total Level 3 Investments	\$ 1,906,920					

(1) Effective December 31, 2023, the significant unobservable input disclosed for discount rate include forward reference rates. Prior periods were conformed to the current presentation.

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

The significant unobservable input used in the fair value measurement of the Company's investment in the mezzanine loan of Credit Fund is the recovery rate of principal and interest. A significant decrease in the recovery rate would result in a significantly lower fair value measurement.

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

Financial instruments disclosed but not carried at fair value

The following table presents the carrying value (before debt issuance costs and effective interest rate swap hedges) and fair value of the Credit Facility, Senior Notes, and 2015-1R Notes disclosed but not carried at fair value as of December 31, 2023 and 2022:

	December 31, 2023		December 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Secured borrowings	\$ 260,356	\$ 260,356	\$ 440,441	\$ 440,441
2024 Notes	190,000	175,677	190,000	174,676
2028 Notes	85,000	85,985	—	—
Aaa/AAA Class A-1-1-R Notes	234,800	234,636	234,800	232,170
Aaa/AAA Class A-1-2-R Notes	50,000	49,870	50,000	49,655
Aaa/AAA Class A-1-3-R Notes	25,000	24,530	25,000	24,013
AA Class A-2-R Notes	66,000	66,066	66,000	63,802
A Class B Notes	46,400	46,511	46,400	44,465
BBB- Class C Notes	27,000	26,676	27,000	25,920
Total	\$ 984,556	\$ 970,307	\$ 1,079,641	\$ 1,055,142

The carrying values of the secured borrowings generally approximate their respective fair values due to their variable interest rates. Secured borrowings are categorized as Level 3 within the hierarchy.

The carrying values of the 2024 Notes and 2028 Notes approximate their respective fair values. The 2024 Notes are categorized as Level 3 within the hierarchy and are valued generally using discounted cash flow analysis. The significant unobservable inputs used in the fair value measurement of the Company's 2024 Notes are discount rates. Significant increases in discount rates in isolation would result in a significantly lower fair value measurement. The carrying value of the 2028 Notes approximates their fair value due to their inclusion of the fair value of the interest rate swap, as further discussed in Note 7, Derivative Instruments, to these consolidated financial statements. The 2028 Notes are categorized as Level 3 within the hierarchy.

The carrying value of the 2015-1R Notes approximates their fair value. The 2015-1R Notes are categorized as Level 3 within the hierarchy and are valued generally using market quotation(s) received from broker/dealer(s), which are significant unobservable inputs.

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

4. RELATED PARTY TRANSACTIONS
Investment Advisory Agreement

On April 3, 2013, the Company's Board of Directors, including a majority of the directors who are not "interested persons" as defined in Section 2(a)(19) of the Investment Company Act (the "Independent Directors"), approved an investment advisory agreement (the "Original Investment Advisory Agreement") between the Company and the Investment Adviser in accordance with, and on the basis of an evaluation satisfactory to such directors as required by, Section 15(c) of the Investment Company Act. The Original Investment Advisory Agreement was amended on September 15, 2017 and August 6, 2018 after receipt of requisite Board and stockholders' approvals, as applicable (as amended, the "Investment Advisory Agreement").

Unless terminated earlier, the Investment Advisory Agreement renews automatically for successive annual periods, provided that such continuance is specifically approved at least annually by the vote of the Board of Directors and by the vote of a majority of the Independent Directors. On May 4, 2023, the Company's Board of Directors, including a majority of the Independent Directors, approved at an in-person meeting the continuance of the Company's Investment Advisory Agreement with the Adviser for an additional one year term. The Investment Advisory Agreement will automatically terminate in the event of an assignment and may be terminated by either party without penalty upon at least 60 days' written notice to the other party. Subject to the overall supervision of the Board of Directors, the Adviser provides investment advisory services to the Company. For providing these services, the Adviser receives fees from the Company consisting of two components—a base management fee and an incentive fee.

[Table of Contents](#)

The base management fee is calculated at an annual rate of 1.50 % of the average value of the Company's gross assets at the end of the two most recently completed fiscal quarters; provided, however, the base management fee is calculated at an annual rate of 1.00 % of the Company's gross assets as of the end of the two most recently completed calendar quarters that exceeds the product of (A) 200 % and (B) the average value of the Company's net asset value at the end of the two most recently completed calendar quarters. "Gross assets" is determined on a consolidated basis in accordance with U.S. GAAP, includes assets acquired through the incurrence of debt (see Note 8, Borrowings, to these consolidated financial statements), and excludes cash and any temporary investments in cash equivalents. For purposes of this calculation, cash and cash equivalents includes U.S. government securities and other high quality investment grade debt investments that mature in 12 months or less from the date of investment. The base management fee is payable quarterly in arrears, will be appropriately adjusted for any share issuances or repurchases during such the applicable fiscal quarters, and will be appropriately pro-rated for any partial month or quarter.

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

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

Pre-incentive fee net investment income, expressed as a rate of return on the value of the Company's net assets at the end of the immediately preceding calendar quarter, has been compared to a "hurdle rate" of 1.50 % per quarter (6.00 % annualized) or a "catch-up rate" of 1.82 % per quarter (7.28 % annualized), as applicable.

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

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

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

[Table of Contents](#)

Below is a summary of the base management fees and incentive fees incurred during the years ended December 31, 2023, 2022 and 2021.

	For the years ended December 31,		
	2023	2022	2021
Base management fees	\$ 28,515	\$ 28,803	\$ 28,343
Total incentive fees	22,622	21,414	17,680
Total base management fees and incentive fees	\$ 51,137	\$ 50,217	\$ 46,023

Accrued capital gains incentive fees are based upon the cumulative net realized and unrealized appreciation (depreciation) from inception. Accordingly, the accrual for any capital gains incentive fee under U.S. GAAP in a given period may result in an additional expense if such cumulative amount is greater than in the prior period or a reduction of previously recorded expense if such cumulative amount is less than in the prior period. If such cumulative amount is negative, then there is no accrual. For the years ended December 31, 2023, 2022 and 2021, there were no accrued or realized capital gains incentive fees.

As of December 31, 2023 and 2022, \$ 13,067 and \$ 12,681 , respectively, was included in base management and incentive fees payable in the accompanying Consolidated Statements of Assets and Liabilities.

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

Administration Agreement

On April 3, 2013, the Company's Board of Directors approved the Administration Agreement (the "Administration Agreement") between the Company and the Administrator. Pursuant to the Administration Agreement, the Administrator provides services and receives reimbursements equal to an amount that reimburses the Administrator for its costs and expenses and the Company's allocable portion of overhead incurred by the Administrator in performing its obligations under the Administration Agreement, including the Company's allocable portion of the compensation paid to or compensatory distributions received by the Company's officers (including the Chief Financial Officer and Chief Compliance Officer) and respective staff who provide services to the Company, operations staff who provide services to the Company, and any internal audit staff, to the extent internal audit performs a role in the Company's Sarbanes-Oxley Act of 2002, as amended (the "Sarbanes-Oxley Act"), internal control assessment. Reimbursement under the Administration Agreement occurs quarterly in arrears.

Unless terminated earlier, the Administration Agreement will renew automatically for successive annual periods, provided that such continuance is specifically approved at least annually by (i) the vote of the Board of Directors or by a majority vote of the outstanding voting securities of the Company and (ii) the vote of a majority of the Company's Independent Directors. On May 4, 2023, the Company's Board of Directors, including a majority of the Independent Directors, approved the continuance of the Administration Agreement for a one year period. The Administration Agreement may not be assigned by a party without the consent of the other party and may be terminated by either party without penalty upon at least 60 days' written notice to the other party.

For the years ended December 31, 2023, 2022 and 2021, the Company incurred \$ 1,280 , \$ 1,636 and \$ 1,338 , respectively, in fees under the Administration Agreement, which were included in administrative service fees in the accompanying Consolidated Statements of Operations. As of December 31, 2023 and 2022, \$ 2,991 and \$ 1,711 , respectively, was unpaid and included in administrative service fees payable in the accompanying Consolidated Statements of Assets and Liabilities.

Sub-Administration Agreements

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

On April 3, 2013, the Administrator entered into a sub-administration agreement with State Street Bank and Trust Company ("State Street" and, such agreement, the "State Street Sub-Administration Agreement" and, together with the Carlyle Sub-Administration Agreement, the "Sub-Administration Agreements"). Unless terminated earlier, the State Street Sub-

[Table of Contents](#)

Administration Agreement renews automatically for successive annual periods, provided that such continuance is specifically approved at least annually by (i) the vote of the Board of Directors or by the vote of a majority of the outstanding voting securities of the Company and (ii) the vote of a majority of the Company's Independent Directors. On May 4, 2023, the Company's Board of Directors, including a majority of the Independent Directors, approved the continuance of the State Street Sub-Administration Agreement for a one year period. The State Street Sub-Administration Agreement may be terminated upon at least 60 days' written notice and without penalty by the vote of a majority of the outstanding securities of the Company, or by the vote of the Board of Directors or by either party to the State Street Sub-Administration Agreement.

For the years ended December 31, 2023, 2022 and 2021, fees incurred in connection with the State Street Sub-Administration Agreement, which amounted to \$ 669 , \$ 807 and \$ 684 , respectively, were included in other general and administrative expenses in the accompanying Consolidated Statements of Operations. As of December 31, 2023 and 2022, \$ 222 and \$ 298 , respectively, was unpaid and included in other accrued expenses and liabilities in the accompanying Consolidated Statements of Assets and Liabilities.

License Agreement

The Company has entered into a royalty free license agreement with CIM, which wholly owns the Investment Adviser and is a wholly owned subsidiary of Carlyle, pursuant to which CIM has granted the Company a non-exclusive, revocable and non-transferable license to use the name and mark "Carlyle."

Board of Directors

The Company's Board of Directors currently consists of seven members, four of whom are Independent Directors. The Board of Directors has established an Audit Committee, a Pricing Committee, a Nominating and Governance Committee and a Compensation Committee, the members of each of which consist of the Company's Independent Directors. The Board of Directors may establish additional committees in the future. For the years ended December 31, 2023, 2022 and 2021, the Company incurred \$ 444 , \$ 640 and \$ 561 , respectively, in fees and expenses associated with its Independent Directors' services on the Company's Board of Directors and its committees. These fees are included in directors' fees and expenses in the accompanying Consolidated Statements of Operations. As of December 31, 2023 and 2022, no fees or expenses associated with its Independent Directors were payable.

Transactions with Investment Funds

At times, the Company will engage in purchase and sale transactions with Credit Fund, as detailed below. See Note 5, Middle Market Credit Fund, LLC, to these consolidated financial statements for further information about Credit Fund.

	For the years ended December 31,		
	2023	2022	2021
Number of investments sold	3	8	8
Proceeds from investments	\$ 18,237	\$ 113,509	\$ 118,204
Realized gain (loss) from investments	\$ (94)	\$ (439)	\$ 1,075

At times, the Company will engage in purchase and sale transactions with Credit Fund II, as detailed below. See Note 6, Middle Market Credit Fund II, LLC, to these consolidated financial statements for further information about Credit Fund II.

	For the years ended December 31,		
	2023	2022	2021
Number of investments purchased	1	—	—
Cost of investments purchased	\$ 6,581	\$ —	\$ —
Number of investments sold	11	10	17
Proceeds from investments	\$ 51,231	\$ 68,167	\$ 84,554
Realized gain (loss) from investments	\$ (66)	\$ (840)	\$ 468

Cumulative Convertible Preferred Stock

On May 5, 2020, the Company issued and sold 2,000,000 shares of the cumulative convertible preferred stock, par value \$ 0.01 per share, to an affiliate of Carlyle in a private placement at a price of \$ 25 per share. For years ended December 31,

[Table of Contents](#)

2023, 2022 and 2021, the Company declared and paid dividends on the Preferred Stock of \$ 3,500 , respectively. See Note 10, Net Assets, to these consolidated financial statements for further information about the Preferred Stock.

Transactions with Carlyle

On November 13, 2023, the Company paid an affiliate of Carlyle a fee for underwriting services rendered in connection with the issuance of the 2028 Notes in the amount of 3.15 % of the aggregate principal of the notes underwritten by the affiliate. See Note 8, Borrowings, to these consolidated financial statements for further information about the 2028 Notes.

5. MIDDLE MARKET CREDIT FUND, LLC

Overview

On February 29, 2016, the Company and Credit Partners entered into an amended and restated limited liability company agreement, which was subsequently amended and restated on June 24, 2016, February 22, 2021, May 16, 2022 and April 20, 2023 (as amended, the "Limited Liability Company Agreement") to co-manage Credit Fund, a Delaware limited liability company that is not consolidated in the Company's consolidated financial statements. Credit Fund primarily invests in first lien loans of middle market companies. Credit Fund is managed by a six -member board of managers, on which the Company and Credit Partners each have equal representation. Establishing a quorum for Credit Fund's board of managers requires at least four members to be present at a meeting, including at least two of the Company's representatives and two of Credit Partners' representatives. The Company and Credit Partners each have 50 % economic ownership of Credit Fund and have commitments to fund, from time to time, capital of up to \$ 250,000 each. Funding of such commitments generally requires the approval of the board of Credit Fund, including the board members appointed by the Company. By virtue of its membership interest, the Company and Credit Partners each indirectly bear an allocable share of all expenses and other obligations of Credit Fund.

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

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

Selected Financial Data

Since inception of Credit Fund and through December 31, 2023 and 2022, the Company and Credit Partners each made capital contributions of \$ 1 in members' equity and \$ 216,000 in subordinated loans to Credit Fund. On May 25, 2021, the Company and Credit Partners each received an aggregate return of capital on the subordinated loans of \$ 23,000 . Below is

[Table of Contents](#)

certain summarized consolidated financial information for Credit Fund as of December 31, 2023 and 2022.

	As of December 31,	
	2023	2022
Selected Consolidated Balance Sheet Information:		
ASSETS		
Investments, at fair value (amortized cost of \$ 794,899 and \$ 953,467 , respectively)	\$ 761,112	\$ 902,720
Cash, cash equivalents and restricted cash ⁽¹⁾	36,177	28,030
Other assets	7,812	9,681
Total assets	\$ 805,101	\$ 940,431
LIABILITIES AND MEMBERS' EQUITY		
Secured borrowings	\$ 447,221	\$ 588,621
Other liabilities	31,617	19,940
Subordinated loans and members' equity ⁽²⁾	326,263	331,870
Total liabilities and members' equity	\$ 805,101	\$ 940,431

(1) As of December 31, 2023 and 2022, \$ 14,106 and \$ 14,393 , respectively, of Credit Fund's cash and cash equivalents was restricted.

(2) As of December 31, 2023 and 2022, the fair value of the Company's ownership interest in the subordinated loans and members' equity was \$ 181,960 and \$ 190,065 , respectively.

	For the Years Ended December 31,		
	2023	2022	2021
Selected Consolidated Statement of Operations Information:			
Total investment income	\$ 90,448	\$ 69,779	\$ 68,397
Expenses			
Interest and credit facility expenses	41,457	25,195	21,763
Other expenses	1,939	2,050	1,992
Total expenses	43,396	27,245	23,755
Net investment income (loss)	47,052	42,534	44,642
Net realized gain (loss) on investments	(25,619)	(269)	(1,440)
Net change in unrealized appreciation (depreciation) on investments	16,960	(37,614)	11,024
Net increase (decrease) resulting from operations	\$ 38,393	\$ 4,651	\$ 54,226

Below is a summary of Credit Fund's portfolio, followed by a listing of the loans in Credit Fund's portfolio as of December 31, 2023 and 2022:

	As of December 31,	
	2023	2022
Senior secured loans ⁽¹⁾	\$ 803,541	\$ 955,605
Number of portfolio companies in Credit Fund	38	45
Average amount per portfolio company ⁽¹⁾	\$ 21,146	\$ 21,236
Number of loans on non-accrual status	3	—
Fair value of loans on non-accrual status	\$ 13,263	\$ —
Percentage of portfolio at floating interest rates ⁽²⁾⁽³⁾	100.0 %	100.0 %
Fair value of loans with PIK provisions	\$ 36,481	\$ 49,950
Percentage of portfolio with PIK provisions ⁽³⁾	4.8 %	5.5 %

(1) At par/principal amount.

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

(3) Percentages based on fair value.

Consolidated Schedule of Investments as of December 31, 2023

Investments ⁽¹⁾	Footnotes	Industry	Reference Rate ⁽²⁾	Spread ⁽²⁾	Interest Rate ⁽²⁾	Maturity Date	Par/ Principal Amount	Amortized Cost ⁽⁴⁾	Fair Value ⁽⁵⁾
First Lien Debt (100.0 % of fair value)									
ACR Group Borrower, LLC	^+ (2)(3)(8)	Aerospace & Defense	SOFR	4.25 %	9.60 %	3/31/2028	\$ 37,564	\$ 37,165	\$ 37,338
Allied Benefit Systems Intermediate LLC	+ (2)(3)	Healthcare & Pharmaceuticals	SOFR	5.25 %	10.63 %	10/31/2030	8,639	8,511	8,509
Alpine Acquisition Corp II	+ (2)(3)(6)	Transportation: Cargo	SOFR	6.00 %	11.46 %	11/30/2026	9,899	9,531	9,462
API Technologies Corp.	+ (2)(6)(7)	Aerospace & Defense	SOFR	1.00 %, 6.00 % PIK	12.36 %	5/9/2027	14,752	13,905	8,870
API Technologies Corp.	^ (2)(3)(6)	Aerospace & Defense	SOFR	1.00 %, 6.00 % PIK	12.36 %	5/9/2027	1,303	620	1,264
Avalign Technologies, Inc.	+ (2)(6)	Healthcare & Pharmaceuticals	SOFR	4.50 %	9.98 %	12/22/2025	14,145	14,099	13,120
BMS Holdings III Corp.	+ (2)(3)(6)	Construction & Building	SOFR	5.50 %	10.97 %	9/30/2026	11,018	10,956	10,768
Chartis Holding, LLC	^+ (2)(3)(6)(8)	Business Services	SOFR	5.00 %	10.52 %	5/1/2025	8,002	8,002	7,985
Chemical Computing Group ULC (Canada)	^+ (2)(3)(6)(8)	Software	SOFR	4.50 %	9.86 %	8/30/2024	11,488	11,415	11,438
Diligent Corporation	^+ (2)(3)(6)(8)	Telecommunications	SOFR	6.25 %	11.78 %	8/4/2025	9,949	9,839	9,886
Divisions Holding Corporation	+ (2)(3)(6)	Business Services	SOFR	4.75 %	10.22 %	5/27/2028	14,044	13,948	13,965
DTI Holdco, Inc.	+ (2)(3)	High Tech Industries	SOFR	4.75 %	10.13 %	4/26/2029	29,625	29,144	29,335
Eliassen Group, LLC	+ (2)(3)	Business Services	SOFR	5.50 %	10.85 %	4/14/2028	19,181	18,990	18,946
EPS Nass Parent, Inc.	^+ (2)(3)(6)(8)	Utilities: Electric	SOFR	5.75 %	11.25 %	4/19/2028	34,525	34,055	33,365
EvolveIP, LLC	^+ (2)(3)(6)	Telecommunications	SOFR	5.50 %	11.19 %	6/7/2025	42,720	42,701	40,964
Exactech, Inc.	+ (2)(3)(6)	Healthcare & Pharmaceuticals	SOFR	3.75 %	9.11 %	2/14/2025	20,856	20,823	10,636
GSM Acquisition Corp.	+ (2)(3)(6)	Leisure Products & Services	SOFR	5.00 %	10.41 %	11/16/2026	30,659	30,468	30,429
Heartland Home Services, Inc.	+ (2)(3)(6)	Consumer Services	SOFR	5.75 %	11.11 %	12/15/2026	7,169	7,104	6,848
Heartland Home Services, Inc.	+ (2)(3)(6)(8)	Consumer Services	SOFR	6.00 %	11.36 %	12/15/2026	24,008	23,947	23,054
HMT Holding Inc.	^+ (2)(3)(6)(8)	Energy: Oil & Gas	SOFR	6.00 %	11.56 %	11/17/2025	34,634	34,543	33,931
Integrity Marketing Acquisition, LLC	+ (2)(3)(6)	Diversified Financial Services	SOFR	6.05 %	11.54 %	8/27/2026	36,572	36,358	36,071
Integrity Marketing Acquisition, LLC	^+ (2)(3)(6)	Diversified Financial Services	SOFR	6.02 %	11.51 %	8/27/2026	6,879	6,829	6,781
Jensen Hughes, Inc.	^+ (2)(3)(6)(8)	Utilities: Electric	SOFR	5.75 %	11.20 %	3/22/2025	33,730	33,722	33,602
KAMC Holdings, Inc.	+ (2)(6)	Energy: Electricity	SOFR	4.00 %	9.65 %	8/14/2026	13,405	13,377	11,394
KBP Investments, LLC	+ (2)(3)(6)	Beverage & Food	SOFR	5.50 %, 1.00 % PIK	11.97 %	5/25/2027	37,453	37,305	35,217
North Haven Fairway Buyer, LLC	+ (2)(3)	Consumer Services	SOFR	6.50 %	11.85 %	5/17/2028	6,700	6,552	6,767
Output Services Group, Inc.	^ (2)(3)(6)(7)	Media: Advertising, Printing & Publishing	SOFR	6.25 %	12.07 %	11/30/2028	4,160	3,306	3,225
PF Atlantic Holdco 2, LLC	+ (2)(3)(6)	Leisure Products & Services	SOFR	5.50 %	11.12 %	11/12/2027	15,240	15,052	14,874
Premise Health Holding Corp.	+ (2)(6)	Healthcare & Pharmaceuticals	SOFR	3.75 %	9.25 %	7/10/2025	13,168	13,151	12,904
Radiology Partners, Inc.	+ (2)(6)	Healthcare & Pharmaceuticals	SOFR	4.25 %	10.18 %	7/9/2025	27,553	27,515	21,987
RevSpring Inc.	+ (2)(6)	Media: Advertising, Printing & Publishing	SOFR	4.00 %	9.61 %	10/11/2025	28,548	28,474	28,425

Consolidated Schedule of Investments as of December 31, 2023

Investments ⁽¹⁾		Footnotes	Industry	Reference Rate ⁽²⁾	Spread ⁽²⁾	Interest Rate ⁽²⁾	Maturity Date	Par/ Principal Amount	Amortized Cost ⁽⁴⁾	Fair Value ⁽⁵⁾
Striper Buyer, LLC	+	(2)(3)	Containers, Packaging & Glass	SOFR	5.50 %	10.96 %	12/30/2026	\$ 14,550	\$ 14,467	\$ 14,460
Summit Acquisition, Inc.	+	(2)(3)	Diversified Financial Services	SOFR	6.75 %	12.10 %	5/1/2030	5,940	5,772	5,967
Tank Holding Corp.	+	(2)(3)(6)	Capital Equipment	SOFR	5.75 %	11.21 %	3/31/2028	19,749	19,296	19,292
Turbo Buyer, Inc.	+	(2)(3)(8)	Automotive	SOFR	6.00 %	11.50 %	12/2/2025	33,900	33,757	33,447
U.S. TelePacific Holdings Corp.	^	(2)(3)(6)(7)	Telecommunications	SOFR	1.00 %, 6.00 % PIK	12.53 %	5/2/2026	3,799	3,270	1,168
USALCO, LLC	+	(2)(3)(6)	Chemicals, Plastics & Rubber	SOFR	6.00 %	11.61 %	10/19/2027	14,696	14,493	14,696
VRC Companies, LLC	^+	(2)(3)(6)(8)	Business Services	SOFR	5.50 %	11.14 %	6/29/2027	23,500	23,267	23,308
Welocalize, Inc.	^+	(2)(3)(6)(8)	Business Services	SOFR	4.75 %	10.20 %	12/23/2024	32,649	32,531	31,466
WRE Holding Corp.	^+	(2)(3)(6)(8)	Environmental Industries	SOFR	5.00 %	10.41 %	1/3/2025	8,070	8,068	8,021
Yellowstone Buyer Acquisition, LLC	+	(2)(3)(6)	Consumer Goods: Durable	SOFR	5.75 %	11.18 %	9/13/2027	39,100	38,571	37,927
First Lien Debt Total									\$ 794,899	\$ 761,112
Equity Investments (0.0 % of fair value)										
Output Services Group, Inc.	^		Media: Advertising, Printing & Publishing					205	\$ —	\$ —
Equity Investments Total									\$ —	\$ —
Total Investments									\$ 794,899	\$ 761,112

^ Denotes that all or a portion of the assets are owned by Credit Fund. Credit Fund has entered into a revolving credit facility with the Company (the "Credit Fund Facility"). Accordingly, such assets are not available to creditors of Credit Fund Sub.

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

- Unless otherwise indicated, issuers of investments held by Credit Fund are domiciled in the United States. As of December 31, 2023, the geographical composition of investments as a percentage of fair value was 1.5 % in Canada and 98.5 % in the United States. Certain portfolio company investments are subject to contractual restrictions on sales.
- Variable rate loans to the portfolio companies bear interest at a rate that is determined by reference to either SOFR or an alternate base rate (commonly based on the Federal Funds Rate or the U.S. Prime Rate), which generally resets quarterly. For each such loan, Credit Fund has indicated the reference rate used and provided the spread and the interest rate in effect as of December 31, 2023. As of December 31, 2023, the reference rates for Credit Fund's variable rate loans were the 30-day SOFR at 5.35 %, the 90-day SOFR at 5.33 % and the 180-day SOFR at 5.16 %.
- Loan includes interest rate floor feature, which generally ranges from 0.75 % to 1.00 %.
- Amortized cost represents original cost, including origination fees and upfront fees received that are deemed to be an adjustment to yield, adjusted for the accretion/amortization of discounts/premiums, as applicable, on debt investments using the effective interest method.
- Fair value is determined in good faith by or under the direction of the board of managers of Credit Fund, pursuant to Credit Fund's valuation policy, with the fair value of all investments determined using significant unobservable inputs, which is substantially similar to the valuation policy of the Company provided in Note 3, Fair Value Measurements, to these consolidated financial statements.
- Loans include a credit spread adjustment that ranges from 0.10 % to 0.43 %.
- Loan was on non-accrual status as of December 31, 2023.

[Table of Contents](#)

(8) As of December 31, 2023, Credit Fund had the following unfunded commitments to fund delayed draw and revolving senior secured loans:

First Lien Debt – unfunded delayed draw and revolving term loans commitments	Type	Unused Fee	Par/ Principal Amount	Fair Value
ACR Group Borrower, LLC	Revolver	0.38 %	\$ 3,570	\$ (20)
Chartis Holding, LLC	Revolver	0.50	1,003	(2)
Chemical Computing Group ULC (Canada)	Revolver	0.50	873	(4)
Diligent Corporation	Revolver	0.50	323	(2)
EPS Nass Parent, Inc.	Revolver	0.50	359	(13)
Heartland Home Services, Inc.	Revolver	0.50	772	(31)
HMT Holding Inc.	Revolver	0.50	3,351	(62)
Jensen Hughes, Inc.	Revolver	0.50	1,955	(7)
Turbo Buyer, Inc.	Revolver	0.50	933	(12)
VRC Companies, LLC	Revolver	0.50	833	(6)
Welocalize, Inc.	Revolver	0.50	5,625	(174)
WRE Holding Corp.	Revolver	0.50	1,123	(6)
Total unfunded commitments			<u>\$ 20,720</u>	<u>\$ (339)</u>

Consolidated Schedule of Investments as of December 31, 2022

Investments ⁽¹⁾	Footnotes	Industry	Reference Rate ⁽²⁾	Spread ⁽²⁾	Interest Rate ⁽²⁾	Maturity Date	Par/ Principal Amount	Amortized Cost ⁽⁴⁾	Fair Value ⁽⁵⁾
First Lien Debt (100.0 % of fair value)									
ACR Group Borrower, LLC ^+	(2)(3)(7)	Aerospace & Defense	LIBOR	4.50 %	9.22 %	3/31/2028	\$ 36,965	\$ 36,488	\$ 36,015
Acrisure, LLC +	(2)	Diversified Financial Services	LIBOR	3.50 %	7.88 %	2/13/2027	25,118	25,099	23,485
Alpine Acquisition Corp II +	(2)(3)(6)	Transportation: Cargo	SOFR	5.50 %	9.76 %	11/30/2026	10,000	9,527	9,630
Analogic Corporation +	(2)(3)(7)	Capital Equipment	LIBOR	5.25 %	9.67 %	6/22/2024	20,226	20,217	19,725
Anchor Packaging, Inc. +	(2)	Containers, Packaging & Glass	LIBOR	4.00 %	8.38 %	7/18/2026	22,221	22,157	21,360
API Technologies Corp. +	(2)	Aerospace & Defense	LIBOR	4.25 %	8.98 %	5/9/2026	14,475	14,436	13,127
Aptean, Inc. +	(2)(6)	Software	SOFR	4.25 %	8.98 %	4/23/2026	12,031	11,997	11,475
Avalign Technologies, Inc. +	(2)(6)	Healthcare & Pharmaceuticals	SOFR	4.50 %	9.03 %	12/22/2025	14,294	14,227	13,382
BMS Holdings III Corp. +	(2)(3)	Construction & Building	LIBOR	5.50 %	10.23 %	9/30/2026	11,131	11,049	10,931
Chartis Holding, LLC ^+	(2)(3)(7)	Business Services	LIBOR	5.00 %	9.77 %	5/1/2025	6,893	6,893	6,832
Chemical Computing Group ULC (Canada) ^+	(2)(3)(6)(7)	Software	SOFR	4.50 %	8.57 %	8/30/2024	13,769	13,559	13,564
Diligent Corporation ^+	(2)(3)(7)	Telecommunications	LIBOR	6.25 %	10.63 %	8/4/2025	9,880	9,706	9,449
Divisions Holding Corporation +	(2)(3)	Business Services	LIBOR	4.75 %	9.13 %	5/27/2028	24,688	24,488	24,009
DTI Holdco, Inc. +	(2)(3)	High Tech Industries	SOFR	4.75 %	8.84 %	4/26/2029	29,925	29,373	27,363
Eliassen Group, LLC +	(2)(3)	Business Services	SOFR	5.50 %	10.07 %	4/14/2028	19,375	19,148	19,150
EPS Nass Parent, Inc. ^+	(2)(3)(7)	Utilities: Electric	LIBOR	5.75 %	10.48 %	4/19/2028	34,104	33,524	32,432
EvolveIP, LLC ^+	(2)(3)(6)(7)	Telecommunications	SOFR	5.50 %	10.09 %	6/7/2025	40,392	40,361	39,633
Exactech, Inc. +	(2)(3)	Healthcare & Pharmaceuticals	LIBOR	3.75 %	8.13 %	2/14/2025	21,081	21,022	17,002
GSM Acquisition Corp. +	(2)(3)(6)	Leisure Products & Services	SOFR	5.00 %	9.83 %	11/16/2026	30,958	30,709	29,636
Heartland Home Services, Inc. +	(2)(3)	Consumer Services	LIBOR	5.75 %	10.10 %	12/15/2026	7,242	7,158	7,114
Heartland Home Services, Inc. +	(2)(3)(7)	Consumer Services	LIBOR	6.00 %	10.38 %	12/15/2026	24,255	24,176	24,014
Higginbotham Insurance Agency, Inc. +	(2)(3)	Diversified Financial Services	LIBOR	5.25 %	9.63 %	11/25/2026	4,477	4,418	4,377
HMT Holding Inc. ^+	(2)(3)(6)(7)	Energy: Oil & Gas	SOFR	5.75 %	10.15 %	11/17/2025	32,148	32,013	30,654
Integrity Marketing Acquisition, LLC +	(2)(3)	Diversified Financial Services	LIBOR	6.05 %	10.57 %	8/27/2025	36,943	36,622	35,614
Integrity Marketing Acquisition, LLC ^+	(2)(3)	Diversified Financial Services	LIBOR	6.02 %	10.57 %	8/27/2025	6,949	6,873	6,699
Jensen Hughes, Inc. ^+	(2)(3)(7)	Utilities: Electric	LIBOR	4.50 %	9.43 %	3/22/2024	34,584	34,559	33,323
K2 Insurance Services, LLC ^+	(2)(3)(7)	Diversified Financial Services	LIBOR	5.00 %	9.73 %	7/1/2026	12,799	12,799	12,665
KAMC Holdings, Inc. +	(2)	Energy: Electricity	LIBOR	4.00 %	8.73 %	8/14/2026	13,545	13,507	10,881
KBP Investments, LLC +	(2)(3)(7)	Beverage & Food	SOFR	5.50 %	10.53 %	5/25/2027	37,241	37,055	34,326
Odyssey Logistics & Technology Corp. ^+	(2)(3)	Transportation: Cargo	LIBOR	4.00 %	8.38 %	10/12/2024	9,505	9,489	9,277
Output Services Group ^+	(2)(3)	Media: Advertising, Printing & Publishing	SOFR	5.25 %	11.30 %	6/27/2026	19,190	19,169	13,097

Consolidated Schedule of Investments as of December 31, 2022

Investments ⁽¹⁾	Footnotes	Industry	Reference Rate ⁽²⁾	Spread ⁽²⁾	Interest Rate ⁽²⁾	Maturity Date	Par/ Principal Amount	Amortized Cost ⁽⁴⁾	Fair Value ⁽⁵⁾
PF Atlantic Holdco 2, LLC +	(2)(3)	Leisure Products & Services	LIBOR	5.50 %	10.25 %	11/12/2027	\$ 15,396	\$ 15,168	\$ 15,126
Premise Health Holding Corp. +	(2)	Healthcare & Pharmaceuticals	LIBOR	3.75 %	7.92 %	7/10/2025	13,306	13,280	13,199
QW Holding Corporation ^+	(2)(3)(7)	Environmental Industries	LIBOR	5.50 %	9.64 %	8/31/2026	21,574	21,437	21,105
Radiology Partners, Inc. +	(2)	Healthcare & Pharmaceuticals	LIBOR	4.25 %	8.64 %	7/9/2025	27,686	27,625	23,201
RevSpring Inc. +	(2)	Media: Advertising, Printing & Publishing	LIBOR	4.00 %	8.73 %	10/11/2025	28,848	28,737	27,719
Riveron Acquisition Holdings, Inc. +	(2)(3)	Diversified Financial Services	LIBOR	5.75 %	10.48 %	5/22/2025	11,284	11,284	11,284
Striper Buyer, LLC +	(2)(3)	Containers, Packaging & Glass	LIBOR	5.50 %	9.88 %	12/30/2026	14,700	14,593	14,604
Tank Holding Corp. +	(2)(3)(6)	Capital Equipment	SOFR	5.75 %	10.16 %	3/31/2028	19,950	19,410	19,421
Turbo Buyer, Inc. +	(2)(3)(7)	Automotive	LIBOR	6.00 %	11.13 %	12/2/2025	34,251	34,044	33,625
U.S. TelePacific Holdings Corp. +	(2)(3)(6)	Telecommunications	SOFR	1.00 %	11.57 %	5/2/2026	7,086	7,073	2,527
USALCO, LLC +	(2)(3)	Chemicals, Plastics & Rubber	LIBOR	6.00 %	10.73 %	10/19/2027	14,845	14,598	14,118
VRC Companies, LLC ^+	(2)(3)(7)	Business Services	LIBOR	5.50 %	10.59 %	6/29/2027	28,767	28,418	28,059
Welocalize, Inc. ^+	(2)(3)(7)	Business Services	LIBOR	4.75 %	9.13 %	12/23/2024	33,853	33,615	32,677
WRE Holding Corp. ^+	(2)(3)(6)(7)	Environmental Industries	SOFR	5.00 %	9.84 %	1/3/2025	8,155	8,152	7,892
Yellowstone Buyer Acquisition, LLC +	(2)(3)	Consumer Goods: Durable	LIBOR	5.75 %	10.07 %	9/13/2027	39,500	38,851	37,922
First Lien Debt Total								\$ 948,103	\$ 902,720
Equity Investments (0.0 % of fair value)									
DBI Holding, LLC ^		Transportation: Cargo					2,961	\$ —	\$ —
DBI Holding, LLC ^		Transportation: Cargo					13,996	5,364	—
Equity Investments Total								\$ 5,364	\$ —
Total Investments								\$ 953,467	\$ 902,720

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

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

- Unless otherwise indicated, issuers of investments held by Credit Fund are domiciled in the United States. As of December 31, 2022, the geographical composition of investments as a percentage of fair value was 1.5 % in Canada and 98.5 % in the United States. Certain portfolio company investments are subject to contractual restrictions on sales.
- Variable rate loans to the portfolio companies bear interest at a rate that is determined by reference to either LIBOR or an alternate base rate (commonly based on the Federal Funds Rate or the U.S. Prime Rate), which generally resets quarterly. For each such loan, Credit Fund has indicated the reference rate used and provided the spread and the interest rate in effect as of December 31, 2022. As of December 31, 2022, the reference rates for Credit Fund's variable rate loans were the 30-day LIBOR at 4.39 %, the 90-day LIBOR at 4.77 %, the 180-day LIBOR at 5.14 %, the 30-day SOFR at 4.36 % and the 90-day SOFR at 4.59 %.
- Loan includes interest rate floor feature, which is generally 1.00 %.
- Amortized cost represents original cost, including origination fees and upfront fees received that are deemed to be an adjustment to yield, adjusted for the accretion/amortization of discounts/premiums, as applicable, on debt investments using the effective interest method.
- Fair value is determined in good faith by or under the direction of the board of managers of Credit Fund, pursuant to Credit Fund's valuation policy, with the fair value of all investments determined using significant unobservable inputs, which is substantially similar to the valuation policy of the Company provided in Note 3, Fair Value Measurements, to these consolidated financial statements.
- Loans include a credit spread adjustment that ranges from 0.10 % to 0.26 %.

[Table of Contents](#)

(7) As of December 31, 2022, Credit Fund had the following unfunded commitments to fund delayed draw and revolving senior secured loans:

First Lien Debt—unfunded delayed draw and revolving term loans commitments	Type	Unused Fee	Par/ Principal Amount	Fair Value
ACR Group Borrower, LLC	Revolver	0.38 %	\$ 4,515	\$ (103)
Analogic Corporation	Revolver	0.50	226	(6)
Chartis Holding, LLC	Revolver	0.50	2,183	(15)
Chemical Computing Group ULC (Canada)	Revolver	0.50	873	(12)
Diligent Corporation	Revolver	0.50	492	(20)
EPS Nass Parent, Inc.	Delayed Draw	1.00	1,380	(63)
EPS Nass Parent, Inc.	Revolver	0.50	1,111	(51)
EvolveIP, LLC	Revolver	0.50	2,757	(49)
Heartland Home Services, Inc.	Revolver	0.50	771	(7)
HMT Holding Inc.	Revolver	0.50	6,173	(241)
Jensen Hughes, Inc.	Revolver	0.50	1,455	(51)
K2 Insurance Services, LLC	Revolver	0.50	1,170	(11)
KBP Investments, LLC	Delayed Draw	1.00	565	(44)
QW Holding Corporation	Revolver	0.50	5,498	(95)
Turbo Buyer, Inc.	Revolver	0.50	933	(17)
VRC Companies, LLC	Revolver	0.50	833	(20)
Welocalize, Inc.	Revolver	0.50	5,625	(168)
WRE Holding Corp.	Revolver	0.50	1,123	(32)
Total unfunded commitments			\$ 37,683	\$ (1,005)

Debt

The Credit Fund and Credit Fund Sub are party to separate credit facilities, as described below. Until its termination on June 28, 2022, Credit Fund Warehouse II was party to the Credit Fund Warehouse II Facility, as described below. As of December 31, 2023, 2022, and 2021, Credit Fund and Credit Fund Sub were in compliance with all covenants and other requirements of their respective credit facility agreements. Below is a summary of the borrowings and repayments under the credit facilities for the respective periods.

	Credit Fund Facility	Credit Fund Sub Facility	Credit Fund Warehouse II Facility
Outstanding balance as of December 31, 2020	\$ —	\$ 420,859	\$ 93,402
Borrowings	—	444,000	52,250
Repayments	—	(350,238)	(59,622)
Outstanding balance as of December 31, 2021	—	514,621	86,030
Borrowings	—	170,000	—
Repayments	—	(96,000)	(86,030)
Outstanding balance as of December 31, 2022	—	588,621	—
Borrowings	—	20,000	—
Repayments	—	(161,400)	—
Outstanding balance as of December 31, 2023	\$ —	\$ 447,221	\$ —

Credit Fund Facility. On June 24, 2016, Credit Fund closed on the Credit Fund Facility, which was subsequently amended on June 5, 2017, October 2, 2017, November 3, 2017, June 22, 2018, June 29, 2018, February 21, 2019, March 20, 2020, February 22, 2021, May 19, 2022 and May 21, 2023 pursuant to which Credit Fund may from time to time request mezzanine loans from the Company. The maximum principal amount of the Credit Fund Facility is \$ 100,000 (\$ 175,000 prior to the May 21, 2023 amendment), subject to availability under the Credit Fund Facility, which is based on certain advance rates multiplied by the value of Credit Fund's portfolio investments net of certain other indebtedness that Credit Fund may incur in accordance with the terms of the Credit Fund Facility. Proceeds of the Credit Fund Facility may be used for general corporate purposes, including the funding of portfolio investments. Amounts drawn under the Credit Fund Facility bear interest at the greater of zero and SOFR (LIBOR prior to the May 21, 2023 amendment) plus an applicable spread of 9.00 % and such interest payments are made quarterly. The availability period under the Credit Fund Facility will terminate on May 21, 2025, (May 21,

[Table of Contents](#)

2023 prior to the May 21, 2023 amendment), which is also its maturity date upon which Credit Fund is obligated to repay any outstanding borrowings.

Credit Fund Sub Facility. On June 24, 2016, Credit Fund Sub closed on the Credit Fund Sub Facility with lenders, which was subsequently amended on May 31, 2017, October 27, 2017, August 24, 2018, December 12, 2019, March 11, 2020, May 3, 2021, May 3, 2022, April 20, 2023 and August 28, 2023. The Credit Fund Sub Facility provides for secured borrowings during the applicable revolving period up to an amount equal to \$ 640,000 (the borrowing base as calculated pursuant to the terms of the Credit Fund Sub Facility). The aggregate maximum credit commitment can be increased up to an amount not to exceed \$ 1,400,000 , subject to certain restrictions and conditions set forth in the Credit Fund Sub Facility, including adequate collateral to support such borrowings. The Credit Fund Sub Facility has a revolving period through May 23, 2025 (May 23, 2023 prior to the April 20, 2023 amendment) and a maturity date of May 23, 2026, (May 23, 2025 prior to the April 20, 2023 amendment), which may be extended by mutual agreement of the parties to the Credit Fund Sub Facility. Borrowings under the Credit Fund Sub Facility bear interest initially at the applicable commercial paper rate (if the lender is a conduit lender) or SOFR plus 2.70 % (2.35 % prior to the April 20, 2023 amendment). The Credit Fund Sub is also required to pay an undrawn commitment fee of between 0.50 % and 0.75 % per year depending on the usage of the Credit Fund Sub Facility. Payments under the Credit Fund Sub Facility are made quarterly. Subject to certain exceptions, the Facility is secured by a first lien security interest in substantially all of the portfolio investments held by the Credit Fund Sub.

Credit Fund Warehouse II Facility. On August 16, 2019, Credit Fund Warehouse II closed on a revolving credit facility (the "Credit Fund Warehouse II Facility") with lenders. The Credit Fund Warehouse II Facility provided for secured borrowings during the applicable revolving period up to an amount equal to \$ 150,000 . The Credit Fund Warehouse II Facility was secured by a first lien security interest in substantially all of the portfolio investments held by the Credit Fund Warehouse II Facility. The maturity date of the Credit Fund Warehouse II Facility was August 16, 2022 and Credit Fund Warehouse II repaid all outstanding amounts on June 28, 2022. Amounts borrowed under the Credit Fund Warehouse II Facility during the first 12 months bore interest at a rate of LIBOR plus 1.05 %, and amounts borrowed in the second 12 months bore interest at LIBOR plus 1.15 %. Other amounts borrowed under the Credit Fund Warehouse II Facility bore interest at a rate of LIBOR plus 1.50 %.

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

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

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

The 2019-2 Notes were fully redeemed during the year ended December 31, 2021. As of the redemption date and December 31, 2021, the 2019-2 Issuer was in compliance with all covenants and other requirements of the indenture.

6. MIDDLE MARKET CREDIT FUND II, LLC

Overview

On November 3, 2020, the Company and CCLF entered into a limited liability company agreement to co-manage Credit Fund II, a Delaware limited liability company that is not consolidated in the Company's consolidated financial statements. Credit Fund II primarily invests in senior secured loans of middle market companies. Credit Fund II is managed by a four -member board, on which the Company and CCLF have equal representation. Establishing a quorum for Credit Fund II's board requires at least one of the Company's representatives and one of CCLF's representatives. The Company and CCLF have

[Table of Contents](#)

84.13 % and 15.87 % economic ownership of Credit Fund II, respectively. By virtue of its membership interest, each of the Company and CCLF indirectly bears an allocable share of all expenses and other obligations of Credit Fund II.

Credit Fund II's initial portfolio consisted of 45 senior secured loans of middle market companies with an aggregate principal balance of approximately \$ 250 million. Credit Fund II's initial portfolio was funded on November 3, 2020 with existing senior secured debt investments contributed by the Company and as part of the transaction, the Company determined that the contribution met the requirements under ASC 860, *Transfers and Servicing*.

Credit Fund II is expected to make only limited new investments in senior secured loans of middle market companies. Portfolio and investment decisions with respect to Credit Fund II must be unanimously approved by a quorum of Credit Fund II's board members consisting of at least one of the Company's representatives and one of CCLF's representatives. Therefore, although the Company owns more than 25% of the voting securities of Credit Fund II, the Company does not believe that it has control over Credit Fund II (other than for purposes of the Investment Company Act).

Middle Market Credit Fund II SPV, LLC ("Credit Fund II Sub"), a Delaware limited liability company, was formed on September 4, 2020. Credit Fund II Sub is a wholly owned subsidiary of Credit Fund II and is consolidated in Credit Fund II's consolidated financial statements commencing from the date of its formation. Credit Fund II Sub primarily holds investments in first lien loans of middle market companies, which are pledged as security for the Credit Fund II Senior Notes. Refer to "Credit Fund II Senior Notes" in this Note 6 for discussions regarding the notes issued by Credit Fund II Sub.

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

Selected Financial Data

Since inception of Credit Fund II and through December 31, 2023, the Company and CCLF made capital contributions of \$ 78,096 and \$ 12,709 in members' equity, respectively, to Credit Fund II. Below is certain summarized consolidated information for Credit Fund II as of December 31, 2023 and 2022.

	As of December 31,	
	2023	2022
Selected Consolidated Balance Sheet Information:		
ASSETS		
Investments, at fair value (amortized cost of \$ 251,107 and \$ 250,134 , respectively)	\$ 237,914	\$ 244,739
Cash and cash equivalents ⁽¹⁾	6,593	2,078
Other assets	2,818	5,825
Total assets	\$ 247,325	\$ 252,642
LIABILITIES AND MEMBERS' EQUITY		
Notes payable, net of unamortized debt issuance costs of \$ 839 and \$ 783 , respectively	\$ 156,661	\$ 156,717
Other liabilities	10,526	9,212
Total members' equity⁽²⁾	80,138	86,713
Total liabilities and members' equity	\$ 247,325	\$ 252,642

(1) As of December 31, 2023 and 2022, all of Credit Fund II's cash and cash equivalents was restricted.

(2) As of December 31, 2023 and 2022, the fair value of Company's ownership interest in the members' equity was \$ 67,419 and \$ 72,957 , respectively.

	For the Year Ended December 31,		
	2023	2022	2021
Selected Consolidated Statement of Operations Information:			
Total investment income	\$ 28,010	\$ 20,595	\$ 18,822
Expenses			
Interest expense and credit facility fees	12,753	7,403	4,695
Other expenses	903	842	897
Total expenses	13,656	8,245	5,592
Net investment income (loss)	14,354	12,350	13,230
Net realized gain (loss) on investments	69	—	—
Net change in unrealized appreciation (depreciation) on investments	(7,798)	(6,069)	(440)
Net increase (decrease) resulting from operations	\$ 6,625	\$ 6,281	\$ 12,790

Below is a summary of Credit Fund II's portfolio, followed by a listing of the loans in Credit Fund II's portfolio as of December 31, 2023 and 2022:

	As of December 31,			
	2023		2022	
Senior secured loans ⁽¹⁾	\$	255,486	\$	253,310
Number of portfolio companies in Credit Fund II		36		35
Average amount per portfolio company ⁽¹⁾	\$	7,097	\$	7,237
Number of loans on non-accrual status		1		—
Fair value of loans on non-accrual status	\$	—	\$	—
Percentage of portfolio at floating interest rates ⁽²⁾⁽³⁾		97.9 %		97.9 %
Percentage of portfolio at fixed interest rates ⁽³⁾		2.1 %		2.1 %
Fair value of loans with PIK provisions	\$	20,117	\$	10,787
Percentage of portfolio with PIK provisions ⁽³⁾		8.5 %		4.4 %

(1) At par/principal amount.

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

(3) Percentages based on fair value.

Consolidated Schedule of Investments as of December 31, 2023

Investments ⁽¹⁾	Footnotes	Industry	Reference Rate ⁽²⁾	Spread ⁽²⁾	Interest Rate ⁽²⁾	Maturity Date	Par/ Principal Amount	Amortized Cost ⁽⁴⁾	Fair Value ⁽⁵⁾
First Lien Debt (89.6 % of fair value)									
Alpine Acquisition Corp II	^ (2)(3)(7)	Transportation: Cargo	SOFR	6.00 %	11.46 %	11/30/2026	\$ 3,233	\$ 3,132	\$ 3,091
American Physician Partners, LLC	^ (2)(3)(7)(8)(9)	Healthcare & Pharmaceuticals	SOFR	10.25 % (100 % PIK)	15.71 %	8/5/2022	10,589	9,078	—
Appriss Health, LLC	^ (2)(3)(7)	Healthcare & Pharmaceuticals	SOFR	6.75 %	12.32 %	5/6/2027	7,446	7,344	7,409
Ascend Buyer, LLC	^ (2)(3)(7)	Containers, Packaging & Glass	SOFR	6.40 %	11.91 %	9/30/2028	8,985	8,854	8,761
Aurora Lux FinCo S.Á.R.L. (Luxembourg)	^ (2)(3)(7)	Software	SOFR	3.00 %, 4.00 % PIK	12.45 %	12/24/2026	4,331	4,278	4,157
BMS Holdings III Corp.	^ (2)(3)(7)	Construction & Building	SOFR	5.50 %	10.97 %	9/30/2026	3,208	3,172	3,135
Chartis Holding, LLC	^ (2)(3)(7)	Business Services	SOFR	5.00 %	10.52 %	5/1/2025	9,721	9,714	9,702
Comar Holding Company, LLC	^ (2)(3)(7)	Containers, Packaging & Glass	SOFR	2.00 %, 4.75 % PIK	12.28 %	6/18/2026	8,669	8,653	7,457
Cority Software Inc. (Canada)	^ (2)(3)	Software	SOFR	7.00 %	12.39 %	7/2/2026	1,293	1,290	1,292
Cority Software Inc. (Canada)	^ (2)(3)	Software	SOFR	5.00 %	10.39 %	7/2/2026	8,535	8,464	8,506
Dwyer Instruments, Inc.	^ (2)(3)(7)	Capital Equipment	SOFR	5.75 %	11.20 %	7/21/2027	9,814	9,773	9,814
EvolveIP, LLC	^ (2)(3)(7)	Telecommunications	SOFR	5.50 %	11.19 %	6/7/2025	8,527	8,525	8,177
Harbour Benefit Holdings, Inc.	^ (2)(3)(7)	Business Services	SOFR	5.00 %	10.51 %	12/13/2024	9,703	9,693	9,631
Hoosier Intermediate, LLC	^ (2)(3)(7)	Healthcare & Pharmaceuticals	SOFR	5.00 %	10.53 %	11/15/2028	6,382	6,221	6,176
HS Spa Holdings Inc.	^ (2)(3)	Consumer Services	SOFR	5.75 %	11.12 %	6/2/2029	8,519	8,384	8,524
Integrity Marketing Acquisition, LLC	^ (2)(3)(7)	Diversified Financial Services	SOFR	6.05 %	11.54 %	8/27/2026	4,821	4,718	4,755
Integrity Marketing Acquisition, LLC	^ (2)(3)(7)	Diversified Financial Services	SOFR	6.02 %	11.51 %	8/27/2026	4,489	4,379	4,424
LVF Holdings, Inc.	^ (2)(3)(7)	Beverage & Food	SOFR	5.75 %	11.25 %	6/10/2027	6,137	6,026	6,044
Material Holdings, LLC	^ (2)(3)(7)	Business Services	SOFR	6.00 %	11.45 %	8/19/2027	7,820	7,762	7,526
Maverick Acquisition, Inc.	^ (2)(3)(7)	Aerospace & Defense	SOFR	6.25 %	11.60 %	6/1/2027	7,820	7,708	6,128
NMI AcquisitionCo, Inc.	^ (2)(3)(7)	High Tech Industries	SOFR	5.75 %	11.21 %	9/6/2025	9,898	9,873	9,829
PF Atlantic Holdco 2, LLC	^ (2)(3)(7)	Leisure Products & Services	SOFR	5.50 %	11.12 %	11/12/2027	9,849	9,607	9,612
PXO Holdings I Corp.	^ (2)(3)(7)	Chemicals, Plastics & Rubber	SOFR	5.50 %	11.00 %	3/8/2028	9,899	9,759	9,688
Radwell Parent, LLC	^ (2)(3)	Wholesale	SOFR	6.75 %	12.10 %	4/1/2029	7,529	7,461	7,573
RSC Acquisition, Inc.	^ (2)(3)(7)	Diversified Financial Services	SOFR	5.50 %	10.93 %	11/1/2029	9,901	9,785	9,837
Spotless Brands, LLC	^ (2)(3)(7)	Consumer Services	SOFR	6.50 %	12.03 %	7/25/2028	4,987	4,914	4,991
Tank Holding Corp.	^ (2)(3)(7)	Capital Equipment	SOFR	5.75 %	11.21 %	3/31/2028	3,823	3,752	3,734
TCFI Aevex LLC	^ (2)(3)(7)	Aerospace & Defense	SOFR	6.00 %	11.46 %	3/18/2026	1,667	1,653	1,655
Turbo Buyer, Inc.	^ (2)(3)	Automotive	SOFR	6.00 %	11.50 %	12/2/2025	7,926	7,852	7,823
U.S. Legal Support, Inc.	^ (2)(3)(7)	Business Services	SOFR	5.75 %	11.11 %	11/30/2024	6,105	6,102	6,024
US INFRA SVCS Buyer, LLC	^ (2)(3)(7)	Environmental Industries	SOFR	6.50 %, 0.75 % PIK	12.95 %	4/13/2026	2,877	2,852	2,650
Westfall Technik, Inc.	^ (2)(3)(7)	Chemicals, Plastics & Rubber	SOFR	6.75 %, 0.75 % PIK	12.96 %	9/13/2024	6,350	6,328	5,853

Consolidated Schedule of Investments as of December 31, 2023

Investments ⁽¹⁾		Footnotes	Industry	Reference Rate ⁽²⁾	Spread ⁽²⁾	Interest Rate ⁽²⁾	Maturity Date	Par/ Principal	Amortized	Fair Value
								Amount	Cost ⁽⁴⁾	⁽⁵⁾
Wineshipping.com LLC	^	(2)(3)(7)	Beverage & Food	SOFR	5.75 %	11.29 %	10/29/2027	\$ 9,849	\$ 9,567	\$ 9,189
First Lien Debt Total									\$ 226,673	\$ 213,167
Second Lien Debt (10.4 % of fair value)										
AI Convoy S.A.R.L (United Kingdom)	^	(2)(3)	Aerospace & Defense	SOFR	8.25 %	13.80 %	1/17/2028	\$ 5,514	\$ 5,439	\$ 5,541
AP Plastics Acquisition Holdings, LLC	^	(2)(3)(7)	Chemicals, Plastics & Rubber	SOFR	7.50 %	12.96 %	8/10/2029	4,500	4,427	4,436
AQA Acquisition Holdings, Inc.	^	(2)(3)(7)	High Tech Industries	SOFR	7.50 %	12.98 %	3/3/2029	5,000	4,905	5,000
Quartz Holding Company	^	(2)(7)	Software	SOFR	8.00 %	13.46 %	4/2/2027	4,852	4,804	4,852
World 50, Inc.	^	(6)	Business Services	FIXED	11.50 %	11.50 %	1/9/2027	4,918	4,859	4,918
Second Lien Debt Total									\$ 24,434	\$ 24,747
Total Investments									\$ 251,107	\$ 237,914

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

- (1) Unless otherwise indicated, issuers of investments held by Credit Fund II are domiciled in the United States. As of December 31, 2023, the geographical composition of investments as a percentage of fair value was 4.1 % in Canada, 1.7 % in Luxembourg, 2.3 % in the United Kingdom and 91.9 % in the United States. Certain portfolio company investments are subject to contractual restrictions on sales.
- (2) Variable rate loans to the portfolio companies bear interest at a rate that is determined by reference to either SOFR or an alternate base rate (commonly based on the Federal Funds Rate or the U.S. Prime Rate), which generally resets quarterly. For each such loan, Credit Fund II has indicated the reference rate used and provided the spread and the interest rate in effect as of December 31, 2023. As of December 31, 2023, the reference rates for Credit Fund II's variable rate loans were the 30-day SOFR at 5.35 %, the 90-day SOFR at 5.33 % and the 180-day SOFR at 5.16 %.
- (3) Loan includes interest rate floor feature, which generally ranges from 0.50 % to 1.00 %.
- (4) Amortized cost represents original cost, including origination fees and upfront fees received that are deemed to be an adjustment to yield, adjusted for the accretion/amortization of discounts/premiums, as applicable, on debt investments using the effective interest method.
- (5) Fair value is determined in good faith by or under the direction of the board of managers of Credit Fund II, pursuant to Credit Fund II's valuation policy, with the fair value of all investments determined using significant unobservable inputs, which is substantially similar to the valuation policy of the Company provided in Note 3, Fair Value Measurements, to these consolidated financial statements.
- (6) Represents a corporate mezzanine loan, which is subordinated to senior secured term loans of the portfolio company.
- (7) Loans include a credit spread adjustment that ranges from 0.10 % to 0.43 %.
- (8) Loan is in forbearance as of December 31, 2023.
- (9) Loan is on non-accrual status as of December 31, 2023.

Consolidated Schedule of Investments as of December 31, 2022

Investments ⁽¹⁾		Footnotes	Industry	Reference Rate		Interest Rate ⁽²⁾	Maturity Date	Par/	Amortized Cost ⁽⁴⁾	Fair Value
				⁽²⁾	Spread ⁽²⁾			Principal Amount		⁽⁵⁾
First Lien Debt (89.9 % of fair value)										
Airnov, Inc.	^	(2)(3)	Containers, Packaging & Glass	LIBOR	5.00 %	9.75 %	12/19/2025	\$ 9,844	\$ 9,833	\$ 9,787
Alpine Acquisition Corp II	^	(2)(3)(7)	Transportation: Cargo	SOFR	5.50 %	9.76 %	11/30/2026	3,292	3,188	3,170
American Physician Partners, LLC	^	(2)(3)	Healthcare & Pharmaceuticals	SOFR	6.75 %, 3.50 % PIK	14.67 %	2/15/2023	9,074	9,074	7,833
Appriss Health, LLC	^	(2)(3)	Healthcare & Pharmaceuticals	LIBOR	7.25 %	11.54 %	5/6/2027	7,502	7,375	7,214
Apptio, Inc.	^	(2)(3)	Software	LIBOR	6.00 %	9.94 %	1/10/2025	5,357	5,314	5,357
Ascend Buyer, LLC	^	(2)(3)(7)	Containers, Packaging & Glass	SOFR	6.25 %	10.67 %	9/30/2028	9,077	8,924	8,917
Aurora Lux FinCo S.Á.R.L. (Luxembourg)	^	(2)(3)	Software	LIBOR	6.00 %	10.32 %	12/24/2026	4,311	4,243	4,074
BMS Holdings III Corp.	^	(2)(3)	Construction & Building	LIBOR	5.50 %	10.23 %	9/30/2026	3,241	3,194	3,183
Chartis Holding, LLC	^	(2)(3)	Business Services	LIBOR	5.00 %	9.77 %	5/1/2025	9,822	9,810	9,757
Comar Holding Company, LLC	^	(2)(3)	Containers, Packaging & Glass	LIBOR	5.75 %	10.47 %	6/18/2024	8,621	8,573	8,334
Cority Software Inc. (Canada)	^	(2)(3)	Software	SOFR	5.50 %	9.17 %	7/2/2026	8,623	8,527	8,539
Dwyer Instruments, Inc.	^	(2)(3)	Capital Equipment	LIBOR	6.00 %	10.74 %	7/21/2027	9,914	9,863	9,761
EvolveIP, LLC	^	(2)(3)(7)	Telecommunications	SOFR	5.50 %	10.09 %	6/7/2025	8,621	8,617	8,469
Harbour Benefit Holdings, Inc.	^	(2)(3)	Business Services	LIBOR	5.25 %	9.95 %	12/13/2024	9,848	9,828	9,789
Hoosier Intermediate, LLC	^	(2)(3)	Healthcare & Pharmaceuticals	LIBOR	5.50 %	10.11 %	11/15/2028	6,447	6,261	6,094
Integrity Marketing Acquisition, LLC	^	(2)(3)	Diversified Financial Services	LIBOR	6.05 %	9.95 %	8/27/2025	4,870	4,717	4,708
Integrity Marketing Acquisition, LLC	^	(2)(3)	Diversified Financial Services	LIBOR	6.02 %	10.57 %	8/27/2025	4,534	4,369	4,371
K2 Insurance Services, LLC	^	(2)(3)	Diversified Financial Services	LIBOR	5.00 %	9.73 %	7/1/2026	8,922	8,833	8,836
Material Holdings, LLC	^	(2)(3)	Business Services	SOFR	6.00 %	10.67 %	8/19/2027	7,900	7,829	7,547
Maverick Acquisition, Inc.	^	(2)(3)	Aerospace & Defense	LIBOR	6.25 %	10.98 %	6/1/2027	7,900	7,760	6,563
NMI AcquisitionCo, Inc.	^	(2)(3)	High Tech Industries	LIBOR	5.75 %	10.13 %	9/6/2025	8,617	8,617	8,394
PF Atlantic Holdco 2, LLC	^	(2)(3)	Leisure Products & Services	LIBOR	5.50 %	10.25 %	11/12/2027	9,950	9,657	9,776
QW Holding Corporation	^	(2)(3)	Environmental Industries	LIBOR	5.50 %	9.64 %	8/31/2026	9,947	9,808	9,775
Riveron Acquisition Holdings, Inc.	^	(2)(3)	Diversified Financial Services	LIBOR	5.75 %	10.48 %	5/22/2025	8,090	8,018	8,090
RSC Acquisition, Inc.	^	(2)(3)(7)	Diversified Financial Services	SOFR	5.50 %	9.83 %	11/1/2026	8,315	8,215	7,938
TCFI Aevex LLC	^	(2)(3)	Aerospace & Defense	LIBOR	6.00 %	10.38 %	3/18/2026	1,684	1,664	1,539
Turbo Buyer, Inc.	^	(2)(3)	Automotive	LIBOR	6.00 %	11.15 %	12/2/2025	8,009	7,901	7,866
U.S. Legal Support, Inc.	^	(2)(3)(2)(3)(7)(7)	Business Services	SOFR	5.75 %	10.33 %	11/30/2024	6,170	6,163	6,057
US INFRA SVCS Buyer, LLC	^	(2)(3)	Environmental Industries	LIBOR	6.50 %, 0.25 % PIK	11.47 %	4/13/2026	3,113	3,075	2,954
Westfall Technik, Inc.	^	(2)(3)	Chemicals, Plastics & Rubber	SOFR	6.25 %	10.83 %	9/13/2024	6,416	6,364	6,280

Consolidated Schedule of Investments as of December 31, 2022

Investments ⁽¹⁾	Footnotes	Industry	Reference Rate ⁽²⁾	Spread ⁽²⁾	Interest Rate ⁽²⁾	Maturity Date	Par/ Principal Amount	Amortized Cost ⁽⁴⁾	Fair Value ⁽⁵⁾
Wineshipping.com LLC	^ (2)(3)	Beverage & Food	LIBOR	5.75 %	10.15 %	10/29/2027	\$ 9,950	\$ 9,608	\$ 9,161
First Lien Debt Total								\$ 225,222	\$ 220,133
Second Lien Debt (10.1 % of fair value)									
AI Convooy S.A.R.L (United Kingdom)	^ (2)(3)	Aerospace & Defense	LIBOR	8.25 %	12.92 %	1/17/2028	\$ 5,514	\$ 5,425	\$ 5,679
AP Plastics Acquisition Holdings, LLC	^ (2)(3)	Chemicals, Plastics & Rubber	LIBOR	7.50 %	11.85 %	8/10/2029	4,500	4,419	4,318
AQA Acquisition Holdings, Inc.	^ (2)(3)	High Tech Industries	LIBOR	7.50 %	12.23 %	3/3/2029	5,000	4,893	4,760
Quartz Holding Company	^ (2)	Software	LIBOR	8.00 %	12.38 %	4/2/2027	4,850	4,792	4,656
World 50, Inc.	^ (6)	Business Services	FIXED	11.50 %	11.50 %	1/9/2027	5,465	5,383	5,193
Second Lien Debt Total								\$ 24,912	\$ 24,606
Total Investments								\$ 250,134	\$ 244,739

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

- (1) Unless otherwise indicated, issuers of investments held by Credit Fund are domiciled in the United States. As of December 31, 2022, the geographical composition of investments as a percentage of fair value was 3.5 % in Canada, 1.7 % in Luxembourg, 2.3 % in the United Kingdom and 92.5 % in the United States. Certain portfolio company investments are subject to contractual restrictions on sales.
- (2) Variable rate loans to the portfolio companies bear interest at a rate that is determined by reference to either LIBOR or an alternate base rate (commonly based on the Federal Funds Rate or the U.S. Prime Rate), which generally resets quarterly. For each such loan, Credit Fund II has indicated the reference rate used and provided the spread and the interest rate in effect as of December 31, 2022. As of December 31, 2022, the reference rates for Credit Fund II's variable rate loans were the 30-day LIBOR at 4.39 %, the 90-day LIBOR at 4.77 %, the 180-day LIBOR at 5.14 %, the 30-day SOFR at 4.36 % and the 90-day SOFR at 4.59 %.
- (3) Loan includes interest rate floor feature, which is generally 1.00 %.
- (4) Amortized cost represents original cost, including origination fees and upfront fees received that are deemed to be an adjustment to yield, adjusted for the accretion/amortization of discounts/premiums, as applicable, on debt investments using the effective interest method.
- (5) Fair value is determined in good faith by or under the direction of the board of managers of Credit Fund II, pursuant to Credit Fund II's valuation policy, with the fair value of all investments determined using significant unobservable inputs, which is substantially similar to the valuation policy of the Company provided in Note 3, Fair Value Measurements, to these consolidated financial statements.
- (6) Represents a corporate mezzanine loan, which is subordinated to senior secured term loans of the portfolio company.
- (7) Loans include a credit spread adjustment that ranges from 0.10 % to 0.26 %.

Credit Fund II Senior Notes

On November 3, 2020 and as amended on December 29, 2021, June 30, 2022 and August 4, 2023, Credit Fund II Sub closed on the Credit Fund II Senior Notes (the "Credit Fund II Senior Notes") with lenders. The Credit Fund II Senior Notes provides for secured borrowings totaling \$ 157,500 with two tranches, A-1 and A-2 outstanding. The facility is secured by a first lien security interest in substantially all of the portfolio investments held by Credit Fund II Sub. The maturity date of the Credit Fund II Senior Notes is November 3, 2030. Amounts issued for the Class A-1 notes totaled \$ 147,500 and bear interest at a rate of Term SOFR plus 2.85 % (LIBOR plus 2.70 % prior to the June 30, 2022 amendment), and amounts issued for the Class A-2 notes totaled \$ 10,000 and bear interest at Term SOFR plus 3.35 % (LIBOR plus 3.20 % prior to the June 30, 2022 amendment). The A-1 Notes were rated AAA, and the A-2 Notes were rated AA by DBRS Morningstar. The terms of the Credit Fund II Senior Notes provide that as loans pay down, up to \$ 100,000 is available from principal proceeds for reinvestment (\$ 50,000 prior to the June 30, 2022 amendment), and then the investment principal proceeds are used to directly pay down the principal balance on the Credit Fund II Senior Notes. As of December 31, 2023 and 2022, Credit Fund II Sub was in compliance with all covenants and other requirements of its respective credit agreements.

7. DERIVATIVE INSTRUMENTS

In November 2023, in connection with the issuance of the 2028 Notes, the Company entered into a five-year interest rate swap agreement with Morgan Stanley Capital Services LLC ("Morgan Stanley") to mitigate the exposure to adverse fluctuations in interest rates for a total notional amount of \$ 85.0 million, maturing on December 1, 2028. Morgan Stanley has the ability to exercise an early termination commencing on December 1, 2025, subject to providing written notice thirty days prior. Under the interest rate swap agreement, the Company receives a fixed interest of 8.20 % and pays a floating rate based on the compounded average daily SOFR rate plus 3.139 %. The Company designated this interest rate swap as a hedging instrument to the 2028 Notes.

[Table of Contents](#)

Refer to Note 3, Fair Value Measurements, to these consolidated financial statements for details related to the fair value measurement of derivatives instruments and Note 8, Borrowings, to these consolidated financial statements for details related to the Company's 2028 Notes. The Company did not enter into any interest rate swap contracts for the years ended December 31, 2022 and 2021.

The following table details our interest rate swap contracts outstanding as of December 31, 2023.

Counterparty	Maturity Date	Notional Amount	Fair Value	Financial Statement Location of Net Amounts
Morgan Stanley Capital Services LLC	12/1/2028	\$ 85,000	\$ 985	Prepaid expenses and other assets

As a result of the Company's designation of the interest rate swap as a hedging instrument in a qualifying hedge accounting relationship, the Company is required to record the hedging instrument and the related hedged item at their respective fair values, with all associated changes in those fair values recorded in interest expense and credit facility fees. The net gain recorded in interest expense and credit facility fees was \$ 48 for the year ended December 31, 2023.

The Company's interest rate swaps 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 net in the accompanying 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 December 31, 2023:

	Derivative Assets subject to Master Netting Agreement	Derivatives available for Offset	Non-cash Collateral Received	Cash Collateral Received	Net amount o Derivative Assets
Morgan Stanley Capital Services LLC	\$ 985	\$ —	\$ —	\$ (940)	\$ 45

	Derivative Liabilities subject to Master Netting Agreement	Derivatives available for Offset	Non-cash Collateral Pledged	Cash Collateral Pledged	Net amount o Derivative Liabilities
Morgan Stanley Capital Services LLC	\$ —	\$ —	\$ —	\$ —	\$ —

8. BORROWINGS

The Company is party to the Credit Facility, as described below. In accordance with the Investment Company Act, the Company is currently only allowed to borrow amounts such that its asset coverage, as defined in the Investment Company Act, is at least 150% after such borrowing. For the purposes of the asset coverage ratio under the Investment Company Act, the Preferred Stock, as defined in Note 1, Organization, to these consolidated financial statements is considered a senior security and is included in the denominator of the calculation. As of December 31, 2023, asset coverage was 183.4 % and the Company is in compliance with all covenants and other requirements of the credit facility agreement. As of December 31, 2022, asset coverage was 176.8 % and the Company was in compliance with all covenants and other requirements of the credit facility agreement.

The following table details the principal amount and carrying amount of the Company's debt and secured borrowings as of December 31, 2023 and 2022.

	As of December 31,	
	2023	2022
Credit Facility	\$ 260,356	\$ 440,441
2024 Notes	190,000	190,000
2028 Notes	85,000	—
2015-1R Notes	449,200	449,200
Total principal amount	984,556	1,079,641
Less: unamortized debt issuance costs	(5,358)	(2,449)
Effective interest rate swap hedge	985	—
Total carrying value	\$ 980,183	\$ 1,077,192

Credit Facility

The Company closed on the Credit Facility on March 21, 2014, which was subsequently amended on January 8, 2015, May 25, 2016, March 22, 2017, September 25, 2018, June 14, 2019, November 8, 2019, October 28, 2020, October 11, 2021, May 25, 2022, and August 31, 2023. The maximum principal amount of the Credit Facility is \$ 790,000 (\$ 745,000 prior to the August 31, 2023 amendment and \$ 688,000 prior to April 21, 2023), pursuant to the terms of the agreement, subject to availability under the Credit Facility, which is based on certain advance rates multiplied by the value of the Company's portfolio investments (subject to certain concentration limitations) net of certain other indebtedness that the Company may incur in accordance with the terms of the Credit Facility. Proceeds of the Credit Facility may be used for general corporate purposes, including the funding of portfolio investments. Maximum capacity under the Credit Facility may be increased to \$ 1,185,000 (\$ 900,000 prior to the August 31, 2023 amendment), through the exercise by the Company of an uncommitted accordion feature through which existing and new lenders may, at their option, agree to provide additional financing. The Credit Facility includes a \$ 50,000 limit for swingline loans and a \$ 20,000 limit for letters of credit. The Company may borrow amounts in U.S. dollars or certain other permitted currencies. Amounts drawn under the Credit Facility, including amounts drawn in respect of letters of credit, bear interest at either (i) a term benchmark rate of the Adjusted Term SOFR Rate, the Adjusted Euribor Rate, or the applicable Local Rate, as the case may be, or (ii) an Alternate Base Rate (which is the highest of (a) the Prime Rate, (b) the NYFRB Rate plus 0.50 %, or (c) the Adjusted Term SOFR Rate for one month plus 1.00 %) plus an applicable margin, each capitalized term as defined in the Credit Facility. The applicable margin for a term benchmark rate loan will be up to 1.875 % and for an Alternate Base Rate loan will be up to 0.875 %, in each case depending on the level of the gross borrowing base compared to the combined debt amount. Prior to the May 25, 2022 amendment, amounts drawn under the Credit Facility bore interest at either LIBOR plus an applicable spread of 2.25 %, or an alternative base rate (which is the highest of a prime rate, the federal funds effective rate plus 0.50 %, or one month LIBOR plus 1.00 %) plus an applicable spread of 1.25 %. The Company may elect either the term benchmark rate or the Alternative Base Rate at the time of drawdown, and loans may be converted from one rate to another at any time, subject to certain conditions. The Company also pays a fee of 0.375 % on undrawn amounts under the Credit Facility and, in respect of each undrawn letter of credit, a fee and interest rate equal to the then-applicable margin under the Credit Facility while the letter of credit is outstanding. The availability period under the Credit Facility will terminate on August 31, 2027 (May 25, 2026 prior to the August 31, 2023 amendment). Prior to the August 31, 2023 amendment, the Credit Facility had a maturity date of May 25, 2027. The maturity date for \$ 655,000 of the \$ 790,000 principal amount was extended to August 31, 2028 as part of the August 31, 2023 amendment. On May 25, 2026, \$ 135,000 of commitments will terminate. During the period from May 25, 2026 to August 31, 2028, the Company will be obligated to make mandatory prepayments under the Credit Facility out of the proceeds of certain asset sales, other recovery events and equity and debt issuances.

Subject to certain exceptions, the Credit Facility is secured by a first lien security interest in substantially all of the portfolio investments held by the Company. The Credit Facility includes customary covenants, including certain financial covenants related to asset coverage, shareholders' equity and liquidity, certain limitations on the incurrence of additional indebtedness and liens, and other maintenance covenants, as well as usual and customary events of default for senior secured revolving credit facilities of this nature. As of December 31, 2023 and December 31, 2022, the Company was in compliance with all covenants and other requirements of the Credit Facility.

Below is a summary of the borrowings and repayments under the Credit Facility for the years ended December 31, 2023, 2022 and 2021, and the outstanding balances under the Credit Facility for the respective periods.

	For the years ended December 31,		
	2023	2022	2021
Outstanding Borrowing, beginning of period	\$ 440,441	\$ 407,655	\$ 347,949
Borrowings	166,792	372,246	419,205
Repayments	(350,408)	(332,758)	(357,500)
Foreign currency translation	3,531	(6,702)	(1,999)
Outstanding Borrowing, end of period	\$ 260,356	\$ 440,441	\$ 407,655

[Table of Contents](#)

The Credit Facility consisted of the following as of December 31, 2023 and 2022:

	Total Facility	Borrowings Outstanding	Unused Portion ⁽¹⁾	Amount Available ⁽²⁾
December 31, 2023	\$ 790,000	\$ 260,356	\$ 529,644	\$ 359,675
December 31, 2022	\$ 688,000	\$ 440,441	\$ 247,559	\$ 247,902

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

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

For the years ended December 31, 2023, 2022 and 2021, the components of interest expense and credit facility fees of the Credit Facility were as follows:

	For the years ended December 31,		
	2023	2022	2021
Interest expense	\$ 27,189	\$ 15,463	\$ 9,219
Facility unused commitment fee	1,297	1,129	1,161
Amortization of deferred financing costs and debt issuance costs	763	855	763
Total interest expense and credit facility fees	\$ 29,249	\$ 17,447	\$ 11,143
Cash paid for interest expense and credit facility fees	\$ 28,645	\$ 15,528	\$ 9,890
Weighted average principal debt outstanding	\$ 391,923	\$ 399,877	\$ 382,126
Weighted average interest rate ⁽¹⁾	6.84 %	3.81 %	2.38 %

(1) Excludes facility unused commitment fee and amortization of deferred financing costs and debt issuance costs.

As of December 31, 2023 and 2022, the components of interest and credit facilities payable of the Credit Facility were as follows:

	As of December 31,	
	2023	2022
Interest expense payable	\$ 209	\$ 1,131
Unused commitment fees payable	462	—
Interest and credit facilities payable	\$ 671	\$ 1,131
Weighted average interest rate	7.21 %	6.04 %

Senior Notes

On December 30, 2019, the Company closed a private offering of \$ 115.0 million in aggregate principal amount of 4.75 % senior unsecured notes due December 31, 2024 (the "2019 Notes"). Interest is payable quarterly, beginning March 31, 2020. On December 11, 2020, the Company issued an additional \$ 75.0 million aggregate principal amount of 4.50 % senior unsecured notes due December 31, 2024 (the "2020 Notes" and together with the 2019 Notes, the "2024 Notes"). Interest is payable quarterly, beginning December 31, 2020.

The interest rate on the 2024 Notes is subject to increase (up to an additional 1.00 % over the stated rate of such notes) in the event that, subject to certain exceptions, the 2024 Notes cease to have an investment grade rating. The Company is obligated to offer to repay the notes at par if certain change in control events occur.

On November 20, 2023, the Company completed a public offering of \$ 85.0 million in aggregate principal of 8.20 % senior unsecured notes due December 1, 2028 (the "2028 Notes" and together with the 2024 Notes, the "Senior Notes"). The Company may redeem the 2028 Notes in whole or in part at its option on or after December 1, 2025.

The Senior Notes are general unsecured obligations of the Company that rank pari passu with all outstanding and future unsecured unsubordinated indebtedness issued by the Company.

[Table of Contents](#)

The following table details our Senior Notes as of December 31, 2023 and 2022:

	As of December 31,	
	2023	2022
2024 Notes	\$ 190,000	\$ 190,000
2028 Notes	85,000	—
Total principal amount	\$ 275,000	\$ 190,000
Less: unamortized debt issuance costs	(3,434)	(278)
Effective interest rate swap hedge	985	—
Total carrying value	\$ 272,551	\$ 189,722

Interest expense on the Senior Notes during the years ended December 31, 2023, 2022 and 2021 was \$ 9,859 , \$ 8,838 , and \$ 8,837 respectively. The interest expense on the Senior Notes for the year ended December 31, 2023 is inclusive of net interest expense related to interest rate swaps.

The note purchase agreement relating to the 2024 Notes, as supplemented by the first supplement contains customary terms and conditions for senior unsecured notes issued in a private placement, including, without limitation, affirmative and negative covenants such as information reporting, maintenance of the Company's status as a business development company within the meaning of the Investment Company Act and a regulated investment company under the Code, minimum asset coverage ratio and interest coverage ratio, and prohibitions on certain fundamental changes at the Company or any subsidiary guarantor, as well as customary events of default with customary cure and notice, including, without limitation, nonpayment, breach of covenant, material breach of representation or warranty under the note purchase agreement, cross-acceleration under other indebtedness of the Company or certain significant subsidiaries, certain judgments and orders, and certain events of bankruptcy. As of December 31, 2023 and 2022, the Company was in compliance with these terms and conditions.

The indenture relating to the 2028 Notes, as supplemented by the first supplemental indenture, contains certain covenants, including certain covenants requiring the Company to comply with Section 18(a)(1)(A) as modified by Section 61(a)(2) of the 1940 Act, whether or not the Company continues to be subject to such provisions of the 1940 Act, but giving effect, in either case, to any exemptive relief granted to the Company by the SEC; to comply with Section 18(a)(1)(B) as modified by Section 61(a)(2) of the 1940 Act, and subject to certain other exceptions. These covenants are subject to important limitations and exceptions that are described in the indenture. The indenture does not limit the amount of debt (including secured debt) that may be issued by us or our subsidiaries under the indenture or otherwise. As of December 31, 2023, the Company was in compliance with these terms and conditions.

2015-1R Notes

On June 26, 2015, the Company completed the 2015-1 Debt Securitization. The 2015-1 Notes were issued by the 2015-1 Issuer, a wholly-owned and consolidated subsidiary of the Company. The 2015-1 Debt Securitization was executed through a private placement of the 2015-1 Notes, consisting of \$ 273,000 in notes that were issued at par and were scheduled to mature on July 15, 2027. The Company received 100 % of the \$ 125,900 in nominal value of the non-interest bearing preferred interests issued by the 2015-1 Issuer (the "2015-1 Issuer Preferred Interests") on the closing date of the 2015-1 Debt Securitization in exchange for the Company's contribution to the 2015-1 Issuer of the initial closing date loan portfolio. In connection with the contribution, the Company made customary representations, warranties and covenants to the 2015-1 Issuer in the purchase agreement.

On August 30, 2018, the Company and the 2015-1 Issuer closed the 2015-1 Debt Securitization Refinancing. On the closing date of the 2015-1 Debt Securitization Refinancing, the 2015-1 Issuer, refinanced the 2015-1 Notes to the 2015-1R Notes, reduced the 2015-1 Issuer Preferred Interests by approximately \$ 21,375 to approximately \$ 104,525 and extended the reinvestment period end date and maturity date applicable to the 2015-1 Issuer to October 15, 2023 and October 15, 2031, respectively.

On June 30, 2023, the 2015-1R Notes were amended to transition the benchmark rate to the Term SOFR Rate plus a Term SOFR adjustment (LIBOR prior to the 2015-1R Effective Date, as defined). The amendment was effective at the commencement of the next succeeding interest accrual period following the date of the amendment (the "2015-1R Effective Date"). The 2015-1R Notes consist of:

- (a) \$ 234,800 AAA Class A-1-1-R Notes, which bear interest at the three-month SOFR plus a Term SOFR adjustment and 1.55 %;

[Table of Contents](#)

- (b) \$ 50,000 AAA Class A-1-2-R Notes, which bear interest at the three-month SOFR plus a Term SOFR adjustment and 1.78 %;
- (c) \$ 25,000 AAA Class A-1-3-R Notes, which bear interest at 4.56 %;
- (d) \$ 66,000 Class A-2-R Notes, which bear interest at the three-month SOFR plus a Term SOFR adjustment and 2.20 %;
- (e) \$ 46,400 single-A Class B Notes, which bear interest at the three-month SOFR plus a Term SOFR adjustment and 3.15 %; and
- (f) \$ 27,000 BBB- Class C Notes, which bear interest at the three-month SOFR plus a Term SOFR adjustment and 4.00 %.

Following the 2015-1 Debt Securitization Refinancing, the Company retained the 2015-1 Issuer Preferred Interests. The 2015-1R Notes in the 2015-1 Debt Securitization Refinancing were issued by the 2015-1 Issuer and are secured by a diversified portfolio of the 2015-1 Issuer consisting primarily of first and second lien senior secured loans.

The Company contributed the loans that comprised the initial closing date loan portfolio (including the loans distributed to the Company from the SPV) to the 2015-1 Issuer pursuant to a contribution agreement. Future loan transfers from the Company to the 2015-1 Issuer will be made pursuant to a sale agreement and are subject to the approval of the Company's Board of Directors. Assets of the 2015-1 Issuer are not available to the creditors of the SPV or the Company. In connection with the issuance and sale of the 2015-1R Notes, the Company made customary representations, warranties and covenants in the purchase agreement.

During the reinvestment period, pursuant to the indenture governing the 2015-1R Notes, all principal collections received on the underlying collateral may be used by the 2015-1 Issuer to purchase new collateral under the direction of Investment Adviser in its capacity as collateral manager under a collateral management agreement (the "Collateral Management Agreement") of the 2015-1 Issuer and in accordance with the Company's investment strategy.

Pursuant to the Collateral Management Agreement, the 2015-1 Issuer pays management fees (comprised of base management fees, subordinated management fees and incentive management fees) to the Investment Adviser for rendering collateral management services. As per the Collateral Management Agreement, for the period the Company retains all of the 2015-1 Issuer Preferred Interests, the Investment Adviser does not earn management fees for providing such collateral management services. The Company currently retains all of the 2015-1 Issuer Preferred Interests, thus the Investment Adviser did not earn any management fees from the 2015-1 Issuer for the years ended December 31, 2023 and 2022. Any such waived fees may not be recaptured by the Investment Adviser.

Pursuant to an undertaking by the Company in connection with the 2015-1 Debt Securitization Refinancing, the Company has agreed to hold on an ongoing basis the 2015-1 Issuer Preferred Interests with an aggregate dollar purchase price at least equal to 5 % of the aggregate outstanding amount of all collateral obligations by the 2015-1 Issuer for so long as any securities of the 2015-1 Issuer remain outstanding. As of December 31, 2023, the Company was in compliance with its undertaking.

As of December 31, 2023, the 2015-1R Notes were secured by 70 first lien and second lien senior secured loans with a total fair value of approximately \$ 529,471 and cash of \$ 37,891. The pool of loans in the securitization must meet certain requirements, including asset mix and concentration, term, agency rating, collateral coverage, minimum coupon, minimum spread and sector diversity requirements in the indenture governing the 2015-1R Notes.

The carrying value of the 2015-1R Notes as of December 31, 2023 and 2022 is \$ 447,276 and \$ 447,029, respectively. The carrying value is presented net of unamortized debt issuance costs of \$ 1,924 and \$ 2,171 as of December 31, 2023 and 2022, respectively.

For the years ended December 31, 2023 and 2022, the effective annualized weighted average interest rates, which include amortization of debt issuance costs on the 2015-1R Notes, were 7.16 % and 3.91 %, respectively, based on benchmark rates. As of December 31, 2023 and 2022, the weighted average interest rates were 7.49 % and 6.00 %, respectively, based on benchmark rates.

[Table of Contents](#)

For the years ended December 31, 2023, 2022 and 2021, the components of interest expense on the 2015-1R Notes were as follows:

	For the years ended December 31,		
	2023	2022	2021
Interest expense	\$ 32,356	\$ 17,535	\$ 10,526
Amortization of deferred financing costs and debt issuance costs	247	141	247
Total interest expense and credit facility fees	\$ 32,603	\$ 17,676	\$ 10,773
Cash paid for interest expense and credit facility fees	\$ 30,875	\$ 14,117	\$ 10,628

As of December 31, 2023 and 2022, \$ 7,098 and \$ 5,618 , respectively, of interest expense related to the 2015-1R Notes was included in interest and credit facility fees payable.

9. COMMITMENTS AND CONTINGENCIES

A summary of significant contractual payment obligations was as follows as of December 31, 2023 and 2022:

Payment Due by Period	As of December 31,	
	2023	2022
Less than one year	\$ —	\$ —
1-3 years	190,000	190,000
3-5 years	345,356	440,441
More than 5 years	449,200	449,200
Total	\$ 984,556	\$ 1,079,641

In the ordinary course of its business, the Company enters into contracts or agreements that contain indemnification or warranties. Future events could occur that lead to the execution of these provisions against the Company. The Company believes that the likelihood of such an event is remote; however, the maximum potential exposure is unknown. No accrual has been made in the consolidated financial statements as of December 31, 2023 and 2022 for any such exposure.

The Company has in the past, currently is and may in the future become obligated to fund commitments such as revolving credit facilities, bridge financing commitments, or delayed draw commitments. The Company had the following unfunded commitments to fund delayed draw and revolving senior secured loans as of the indicated dates:

	Par/Principal Amount as of December 31,	
	2023	2022
Unfunded delayed draw commitments	\$ 68,017	\$ 83,743
Unfunded revolving loan commitments	66,392	74,463
Total unfunded commitments	\$ 134,409	\$ 158,206

10. NET ASSETS

The Company has the authority to issue 198,000,000 shares of common stock, par value \$ 0.01 per share, of which 50,794,941 and 51,060,136 were issued and outstanding as of December 31, 2023 and 2022, respectively. The Company has 2,000,000 shares of preferred stock, par value \$ 0.01 per share, which are fully issued and outstanding as of December 31, 2023 and 2022.

Cumulative Convertible Preferred Stock

On May 5, 2020, the Company issued and sold 2,000,000 shares of Preferred Stock to an affiliate of Carlyle in a private placement at a price of \$ 25 per share. The Preferred Stock has a liquidation preference equal to \$ 25 per share (the "Liquidation Preference") plus any accumulated but unpaid dividends up to but excluding the date of distribution. Dividends are payable on a quarterly basis in an initial amount equal to 7.00 % per annum of the Liquidation Preference per share, payable in cash, or at the Company's option, 9.00 % per annum of the Liquidation Preference payable in additional shares of Preferred Stock. After May 5, 2027, the dividend rate will increase annually, in each case by 1.00 % per annum.

[Table of Contents](#)

The Preferred Stock is convertible, in whole or in part, at the option of the holder of the Preferred Stock into the number of shares of common stock equal to the Liquidation Preference plus any accumulated but unpaid dividends, divided by an initial conversion price of \$ 9.50 , subject to certain adjustments to prevent dilution as set forth in the Company's articles supplementary (the "Articles Supplementary") that establishes the terms of the Preferred Stock. The conversion price as of December 31, 2023 was \$ 9.10 . Effective as of May 5, 2023, the Company, with the approval of the Board of Directors, including a majority of the Independent Directors, has the option to redeem all of the Preferred Stock for cash consideration equal to the Liquidation Preference plus any accumulated but unpaid dividends. The holders of the Preferred Stock have the right to convert all or a portion of their shares of Preferred Stock prior to the date fixed for such redemption. Effective as of May 5, 2027, the holders of the Preferred Stock have the option to require the Company to redeem any or all of the then-outstanding Preferred Stock upon 90 days' notice. The form of consideration used in any such redemption is at the option of the Board of Directors, including a majority of the Independent Directors, and may be cash consideration equal to the Liquidation Preference plus any accumulated but unpaid dividends, or shares of common stock. Holders also have the right to redeem the Preferred Stock upon a Change in Control (as defined in the Articles Supplementary).

The following table summarizes the Company's dividends declared on the Preferred Stock during the three most recent fiscal years. Unless otherwise noted, dividends were declared and paid, or are payable, in cash.

Date Declared	Record Date	Payment Date	Per Share Amount
2021			
March 31, 2021	March 31, 2021	March 31, 2021	\$ 0.438
June 30, 2021	June 30, 2021	June 30, 2021	0.438
September 30, 2021	September 30, 2021	September 30, 2021	0.438
December 29, 2021	December 31, 2021	December 31, 2021	0.438
Total			\$ 1.752
2022			
March 25, 2022	March 31, 2022	March 31, 2022	\$ 0.438
June 27, 2022	June 30, 2022	June 30, 2022	0.438
September 22, 2022	September 30, 2022	September 30, 2022	0.438
December 16, 2022	December 30, 2022	December 30, 2022	0.438
Total			\$ 1.752
2023			
March 23, 2023	March 31, 2023	March 31, 2023	\$ 0.438
June 27, 2023	June 30, 2023	June 30, 2023	0.438
September 19, 2023	September 29, 2023	September 29, 2023	0.438
December 19, 2023	December 29, 2023	December 29, 2023	0.438
Total			\$ 1.752

Company Stock Repurchase Program

On November 2, 2023, the Company's Board of Directors approved the continuation of the Company's \$ 200 million stock repurchase program (the "Stock Repurchase Program") until November 5, 2024, or until the approved dollar amount has been used to repurchase shares of common stock. This program may be suspended, extended, modified or discontinued by the Company at any time, subject to applicable law. The Company's Stock Repurchase Program was originally approved by the Company's Board of Directors on November 5, 2018 and announced on November 6, 2018. Since the inception of the Company's Stock Repurchase Program through December 31, 2023, the Company has repurchased 11,773,718 shares of the Company's common stock at an average cost of \$ 13.40 per share, or \$ 157,737 in the aggregate, resulting in accretion to net assets per share of \$ 0.65 .

Changes in Net Assets

For the years ended December 31, 2023, 2022 and 2021, the Company repurchased and extinguished 265,195 , 2,082,318 and 2,177,855 shares for \$ 3,993 , \$ 28,457 and \$ 28,439 , respectively. There were no shares of common stock issued related to capital activity during the years ended December 31, 2023, 2022 and 2021.

[Table of Contents](#)

The following table summarizes capital activity during the year ended December 31, 2023:

	Preferred Stock		Common Stock		Capital in Excess of Par Value	Offering Costs	Accumulated Net Investment Income (Loss)	Accumulated Net Realized Gain (Loss)	Accumulated Net Unrealized Appreciation (Depreciation)	Total Net Assets
	Shares	Amount	Shares	Amount						
Balance, January 1, 2023	2,000,000	\$ 50,000	51,060,136	\$ 511	\$ 1,022,224	\$ (1,633)	\$ 43,097	\$ (129,061)	\$ (67,715)	\$ 917,423
Repurchase of common stock	—	—	(265,195)	(3)	(3,990)	—	—	—	—	(3,993)
Net investment income (loss)	—	—	—	—	—	—	109,971	—	—	109,971
Net realized gain (loss)	—	—	—	—	—	—	—	(20,853)	—	(20,853)
Net change in unrealized appreciation (depreciation)	—	—	—	—	—	—	—	—	3,162	3,162
Dividends declared on common stock and preferred stock	—	—	—	—	—	—	(92,898)	—	—	(92,898)
Tax reclassification of stockholders' equity in accordance with U.S. GAAP	—	—	—	—	(2,553)	—	2,393	160	—	—
Balance, December 31, 2023	2,000,000	\$ 50,000	50,794,941	\$ 508	\$ 1,015,681	\$ (1,633)	\$ 62,563	\$ (149,754)	\$ (64,553)	\$ 912,812

The following table summarizes capital activity during the year ended December 31, 2022:

	Preferred Stock		Common Stock		Capital in Excess of Par Value	Offering Costs	Accumulated Net Investment Income (Loss)	Accumulated Net Realized Gain (Loss)	Accumulated Net Unrealized Appreciation (Depreciation)	Total Net Assets
	Shares	Amount	Shares	Amount						
Balance, January 1, 2022	2,000,000	\$ 50,000	53,142,454	\$ 532	\$ 1,052,427	\$ (1,633)	\$ 19,562	\$ (123,297)	\$ (48,787)	\$ 948,804
Repurchase of common stock	—	—	(2,082,318)	(21)	(28,436)	—	—	—	—	(28,457)
Net investment income (loss)	—	—	—	—	—	—	104,042	—	—	104,042
Net realized gain (loss)	—	—	—	—	—	—	—	523	—	523
Net change in unrealized appreciation (depreciation)	—	—	—	—	—	—	—	—	(18,928)	(18,928)
Dividends declared on common stock and preferred stock	—	—	—	—	—	—	(88,561)	—	—	(88,561)
Tax reclassification of stockholders' equity in accordance with U.S. GAAP	—	—	—	—	(1,767)	—	8,054	(6,287)	—	—
Balance, December 31, 2022	2,000,000	\$ 50,000	51,060,136	\$ 511	\$ 1,022,224	\$ (1,633)	\$ 43,097	\$ (129,061)	\$ (67,715)	\$ 917,423

[Table of Contents](#)

The following table summarizes capital activity during the year ended December 31, 2021:

	Preferred Stock		Common Stock		Capital in Excess of Par Value	Offering Costs	Accumulated Net Investment Income (Loss)	Accumulated Net Realized Gain (Loss)	Accumulated Net Unrealized Appreciation (Depreciation)	Total Net Assets
	Shares	Amount	Shares	Amount						
Balance, January 1, 2021	2,000,000	\$ 50,000	55,320,309	\$ 553	\$ 1,081,436	\$ (1,633)	\$ 14,568	\$ (140,133)	\$ (103,428)	\$ 901,363
Repurchase of common stock	—	—	(2,177,855)	(21)	(28,418)	—	—	—	—	(28,439)
Net investment income (loss)	—	—	—	—	—	—	86,851	—	—	86,851
Net realized gain (loss)	—	—	—	—	—	—	—	18,861	—	18,861
Net change in unrealized appreciation (depreciation)	—	—	—	—	—	—	—	—	54,641	54,641
Dividends declared on common stock and preferred stock	—	—	—	—	—	—	(84,473)	—	—	(84,473)
Tax reclassification of stockholders' equity in accordance with U.S. GAAP	—	—	—	—	(591)	—	2,616	(2,025)	—	—
Balance, December 31, 2021	2,000,000	\$ 50,000	53,142,454	\$ 532	\$ 1,052,427	\$ (1,633)	\$ 19,562	\$ (123,297)	\$ (48,787)	\$ 948,804

Earnings Per Share

The Company calculates earnings per share in accordance with ASC 260 . Basic earnings per share is calculated by dividing the net increase (decrease) in net assets resulting from operations, less preferred dividends, by the weighted average number of common shares outstanding. Diluted earnings per share gives effect to all dilutive potential common shares outstanding using the if-converted method for the convertible Preferred Stock. Diluted earnings per share excludes all dilutive potential common shares if their effect is anti-dilutive.

Basic and diluted earnings per common share were as follows:

	For the years ended December 31,					
	2023		2022		2021	
	Basic	Diluted	Basic	Diluted	Basic	Diluted
Net increase (decrease) in net assets resulting from operations attributable to Common Stockholders	\$ 88,780	\$ 92,280	\$ 82,137	\$ 85,637	\$ 156,853	\$ 160,353
Weighted-average common shares outstanding	50,817,659	56,311,555	52,112,420	57,482,099	54,244,432	59,531,683
Basic and diluted earnings per share	\$ 1.75	\$ 1.64	\$ 1.58	\$ 1.49	\$ 2.89	\$ 2.69

[Table of Contents](#)

The following table summarizes updates to the Company's dividend policy as of December 31, 2023. The dividend policy is subject to change by the Board of Directors in its sole discretion at any time.

Record Date	Base Dividend Per Share
September 30, 2020	\$ 0.32
September 30, 2022	\$ 0.34
December 30, 2022	\$ 0.36
March 31, 2023	\$ 0.37

The following table summarizes the Company's dividends declared on its common stock during the three most recent fiscal years:

Date Declared	Record Date	Payment Date	Per Common Share Amount
February 22, 2021	March 31, 2021	April 16, 2021	\$ 0.32
February 22, 2021	March 31, 2021	April 16, 2021	\$ 0.05 (1)
May 3, 2021	June 30, 2021	July 15, 2021	\$ 0.32
May 3, 2021	June 30, 2021	July 15, 2021	\$ 0.04 (1)
August 2, 2021	September 30, 2021	October 15, 2021	\$ 0.32
August 2, 2021	September 30, 2021	October 15, 2021	\$ 0.06 (1)
November 1, 2021	December 31, 2021	January 14, 2022	\$ 0.32
November 1, 2021	December 31, 2021	January 14, 2022	\$ 0.07 (1)
February 18, 2022	March 31, 2022	April 15, 2022	\$ 0.32
February 18, 2022	March 31, 2022	April 15, 2022	\$ 0.08 (1)
May 2, 2022	June 30, 2022	July 15, 2022	\$ 0.32
May 2, 2022	June 30, 2022	July 15, 2022	\$ 0.08 (1)
August 8, 2022	September 30, 2022	October 14, 2022	\$ 0.34
August 8, 2022	September 30, 2022	October 14, 2022	\$ 0.06 (1)
October 31, 2022	December 30, 2022	January 16, 2023	\$ 0.36
October 31, 2022	December 30, 2022	January 16, 2023	\$ 0.08 (1)
February 21, 2023	March 31, 2023	April 14, 2023	\$ 0.37
February 21, 2023	March 31, 2023	April 14, 2023	\$ 0.07 (1)
May 4, 2023	June 30, 2023	July 18, 2023	\$ 0.37
May 4, 2023	June 30, 2023	July 18, 2023	\$ 0.07 (1)
August 3, 2023	September 29, 2023	October 17, 2023	\$ 0.37
August 3, 2023	September 29, 2023	October 17, 2023	\$ 0.07 (1)
November 2, 2023	December 29, 2023	January 18, 2024	\$ 0.37
November 2, 2023	December 29, 2023	January 18, 2024	\$ 0.07 (1)

(1) Represents a special/supplemental dividend.

11. CONSOLIDATED FINANCIAL HIGHLIGHTS

The following is a schedule of consolidated financial highlights for the years ended December 31, 2023, 2022, 2021, 2020 and 2019:

	For the years ended December 31,				
	2023	2022	2021	2020	2019
Per Common Share Data:					
Net asset value per common share, beginning of year	\$ 16.99	\$ 16.91	\$ 15.39	\$ 16.56	\$ 17.09
Net investment income (loss) ⁽¹⁾	2.10	1.93	1.53	1.54	1.79
Net realized gain (loss) and net change in unrealized appreciation (depreciation) on investments and non-investment assets and liabilities	(0.35)	(0.35)	1.36	(1.46)	(0.75)
Net increase (decrease) in net assets resulting from operations	1.75	1.58	2.89	0.08	1.04
Dividends declared ⁽²⁾	(1.76)	(1.64)	(1.50)	(1.47)	(1.74)
Other ⁽³⁾	—	0.01	0.03	—	—
Accretion due to share repurchases	0.01	0.13	0.10	0.22	0.17
Net asset value per common share, end of year	\$ 16.99	\$ 16.99	\$ 16.91	\$ 15.39	\$ 16.56
Market price per common share, end of year	\$ 14.96	\$ 14.31	\$ 13.73	\$ 10.26	\$ 13.38
Number of common shares outstanding, end of year	50,794,941	51,060,136	53,142,454	55,320,309	57,763,811
Total return based on net asset value ⁽⁴⁾	12.59 %	13.00 %	19.62 %	1.81 %	7.08 %
Total return based on market price ⁽⁵⁾	17.71 %	17.22 %	48.44 %	(12.33)%	21.94 %
Net assets attributable to Common Stockholders, end of year	\$ 862,812	\$ 867,423	\$ 898,804	\$ 851,363	\$ 956,471
Ratio to average net assets attributable to Common Stockholders:					
Expenses before incentive fees	12.66 %	9.23 %	7.62 %	8.48 %	8.79 %
Expenses after incentive fees	15.29 %	11.65 %	9.63 %	10.59 %	11.05 %
Expenses gross of waiver, after incentive fees	15.29 %	11.65 %	9.63 %	10.59 %	11.05 %
Net investment income (loss) ⁽⁶⁾	12.77 %	11.75 %	9.91 %	10.08 %	10.47 %
Interest expense and credit facility fees	8.33 %	4.96 %	3.51 %	4.49 %	5.22 %
Ratios/Supplemental Data:					
Asset coverage, end of period	183.40 %	176.79 %	181.94 %	182.09 %	181.01 %
Portfolio turnover	12.05 %	30.00 %	45.44 %	33.06 %	38.97 %
Weighted-average common shares outstanding	50,817,659	52,112,420	54,244,432	56,421,137	60,189,502

- (1) Net investment income (loss) per common share was calculated as net investment income (loss) less the preferred dividend for the year divided by the weighted average number of common shares outstanding for the year.
- (2) Dividends declared per common share was calculated as the sum of dividends on common stock declared during the year divided by the number of common shares outstanding at each respective quarter-end date (refer to Note 10, Net Assets, to these consolidated financial statements).
- (3) Includes the impact of different share amounts as a result of calculating certain per share data based on the weighted-average basic shares outstanding and certain per share data based on the shares outstanding as of a period end or transaction date.
- (4) Total return based on net asset value (not annualized) is based on the change in net asset value per common share during the year plus the declared dividends on common stock, assuming reinvestment of dividends in accordance with the dividend reinvestment plan, divided by the beginning net asset value for the year.
- (5) Total return based on market value (not annualized) is calculated as the change in market value per common share during the period plus the declared dividends on common stock, assuming reinvestment of dividends in accordance with the dividend reinvestment plan, divided by the beginning market price for the period.
- (6) These ratios to average net assets attributable to Common Stockholders have not been annualized.

[Table of Contents](#)

The following is a schedule of consolidated financial highlights for the years ended December 31, 2018, 2017, 2016, 2015 and 2014:

	For the years ended December 31,				
	2018	2017	2016	2015	2014
Per Common Share Data:					
Net asset value per common share, beginning of year	\$ 18.12	\$ 18.32	\$ 18.14	\$ 18.86	\$ 19.42
Net investment income (loss) ⁽¹⁾	1.73	1.74	1.65	1.43	1.09
Net realized gain (loss) and net change in unrealized appreciation (depreciation) on investments and non-investment assets and liabilities	(1.10)	(0.19)	0.20	(0.52)	(0.49)
Net increase (decrease) in net assets resulting from operations	0.63	1.55	1.85	0.91	0.60
Dividends declared ⁽²⁾	(1.68)	(1.64)	(1.68)	(1.74)	(1.25)
Other ⁽³⁾	—	—	—	—	—
Accretion due to share repurchases	0.02	—	—	—	—
Effect of offering price of subscriptions and the offering price of common stock in the IPO, net of underwriting and offering costs	—	(0.11)	0.01	0.11	0.09
Net asset value per common share, end of year	\$ 17.09	\$ 18.12	\$ 18.32	\$ 18.14	\$ 18.86
Market price per common share, end of year	\$ 12.40	\$ 20.04	n/a	n/a	n/a
Number of common shares outstanding, end of year	62,230,251	62,207,603	41,702,318	31,524,083	17,932,697
Total return based on net asset value ⁽⁴⁾	3.59 %	7.86 %	10.25 %	5.41 %	3.55 %
Total return based on market price ⁽⁵⁾	(29.74)%	14.97 %	n/a	n/a	n/a
Net assets attributable to Common Stockholders, end of year	\$ 1,063,218	\$ 1,127,304	\$ 764,137	\$ 571,726	\$ 338,257
Ratio to average net assets attributable to Common Stockholders:					
Expenses before incentive fees	6.77 %	5.25 %	5.46 %	5.11 %	5.78 %
Expenses after incentive fees	8.81 %	7.39 %	7.69 %	6.94 %	7.15 %
Expenses gross of waiver, after incentive fees	8.81 %	7.97 %	8.62 %	7.86 %	7.98 %
Net investment income (loss) ⁽⁶⁾	9.64 %	9.35 %	8.93 %	7.33 %	5.45 %
Interest expense and credit facility fees	3.57 %	2.69 %	2.85 %	2.37 %	2.56 %
Ratios/Supplemental Data:					
Asset coverage, end of period	210.31 %	234.86 %	209.97 %	212.70 %	209.67 %
Portfolio turnover	45.88 %	49.18 %	32.39 %	26.04 %	28.06 %
Weighted-average common shares outstanding	62,533,614	52,997,450	36,152,390	24,830,200	13,091,544

- (1) Net investment income (loss) per common share was calculated as net investment income (loss) less the preferred dividend for the year divided by the weighted average number of common shares outstanding for the year.
- (2) Dividends declared per common share was calculated as the sum of dividends on common stock declared during the year divided by the number of common shares outstanding at each respective quarter-end date (refer to Note 10, Net Assets, to these consolidated financial statements).
- (3) Includes the impact of different share amounts as a result of calculating certain per share data based on the weighted-average basic shares outstanding and certain per share data based on the shares outstanding as of a period end or transaction date
- (4) Total return based on net asset value (not annualized) is based on the change in net asset value per common share during the year plus the declared dividends on common stock, assuming reinvestment of dividends in accordance with the dividend reinvestment plan, divided by the beginning net asset value for the year.
- (5) Total return based on market value (not annualized) is calculated as the change in market value per common share during the period plus the declared dividends on common stock, assuming reinvestment of dividends in accordance with the dividend reinvestment plan, divided by the beginning market price for the period.
- (6) These ratios to average net assets attributable to Common Stockholders have not been annualized.

Senior Securities

Information about the Company's senior securities is shown in the following table as of the end of each fiscal year ended December 31 since the Company commenced operations on May 2, 2013.

Class and Year/Period	Total Amount Outstanding Exclusive of Treasury Securities ⁽¹⁾ (\$ in millions)	Asset Coverage Per Unit ⁽²⁾	Involuntary Liquidating Preference Per Unit ⁽³⁾	Average Market Value Per Unit ⁽⁴⁾
Total Senior Securities				
December 31, 2023	\$ 1,034.6	\$ 1,834.0	—	N/A
December 31, 2022	\$ 1,129.6	\$ 1,768.0	—	N/A
December 31, 2021	\$ 1,096.9	\$ 1,819.0	—	N/A
December 31, 2020	\$ 1,037.1	\$ 1,821.0	—	N/A
December 31, 2019	\$ 1,180.8	\$ 1,810.0	—	N/A
December 31, 2018	\$ 963.8	\$ 2,103.0	—	N/A
December 31, 2017	\$ 835.9	\$ 2,349.0	—	N/A
December 31, 2016	\$ 694.9	\$ 2,100.0	—	N/A
December 31, 2015	\$ 507.3	\$ 2,127.0	—	N/A
December 31, 2014	\$ 308.4	\$ 2,097.0	—	N/A
December 31, 2013	\$ 66.8	\$ 3,784.0	—	N/A
SPV Credit Facility⁽⁵⁾				
December 31, 2019	\$ 232.5	\$ 356.0	—	N/A
December 31, 2018	\$ 224.1	\$ 489.0	—	N/A
December 31, 2017	\$ 287.4	\$ 808.0	—	N/A
December 31, 2016	\$ 252.9	\$ 764.0	—	N/A
December 31, 2015	\$ 170.3	\$ 714.0	—	N/A
December 31, 2014	\$ 246.4	\$ 1,675.0	—	N/A
December 31, 2013	\$ 66.8	\$ 3,784.0	—	N/A
Credit Facility⁽⁶⁾				
December 31, 2023	\$ 260.4	\$ 462.0	—	N/A
December 31, 2022	\$ 440.4	\$ 689.0	—	N/A
December 31, 2021	\$ 407.7	\$ 676.0	—	N/A
December 31, 2020	\$ 347.9	\$ 611.0	—	N/A
December 31, 2019	\$ 384.1	\$ 589.0	—	N/A
December 31, 2018	\$ 290.5	\$ 634.0	—	N/A
December 31, 2017	\$ 275.5	\$ 774.0	—	N/A
December 31, 2016	\$ 169.0	\$ 511.0	—	N/A
December 31, 2015	\$ 64.0	\$ 268.0	—	N/A
December 31, 2014	\$ 62.0	\$ 421.0	—	N/A
2015-1 Notes⁽⁷⁾				
December 31, 2017	\$ 273.0	\$ 767.0	—	N/A
December 31, 2016	\$ 273.0	\$ 825.0	—	N/A
December 31, 2015	\$ 273.0	\$ 1,145.0	—	N/A
2015-1R Notes⁽⁷⁾				
December 31, 2023	\$ 449.2	\$ 796.0	—	N/A
December 31, 2022	\$ 449.2	\$ 703.0	—	N/A
December 31, 2021	\$ 449.2	\$ 745.0	—	N/A
December 31, 2020	\$ 449.2	\$ 789.0	—	N/A
December 31, 2019	\$ 449.2	\$ 689.0	—	N/A
December 31, 2018	\$ 449.2	\$ 980.0	—	N/A
2019 Notes⁽⁸⁾				
December 31, 2023	\$ 115.0	\$ 204.0	—	N/A
December 31, 2022	\$ 115.0	\$ 180.0	—	N/A
December 31, 2021	\$ 115.0	\$ 191.0	—	N/A
December 31, 2020	\$ 115.0	\$ 202.0	—	N/A
December 31, 2019	\$ 115.0	\$ 176.0	—	N/A

[Table of Contents](#)

Class and Year/Period	Total Amount Outstanding Exclusive of Treasury Securities ⁽¹⁾ (\$ in millions)	Asset Coverage Per Unit ⁽²⁾	Involuntary Liquidating Preference Per Unit ⁽³⁾	Average Market Value Per Unit ⁽⁴⁾
2020 Notes⁽⁹⁾				
December 31, 2023	\$ 75.0	\$ 133.0	—	N/A
December 31, 2022	\$ 75.0	\$ 117.0	—	N/A
December 31, 2021	\$ 75.0	\$ 124.0	—	N/A
December 31, 2020	\$ 75.0	\$ 132.0	—	N/A
2028 Notes⁽¹⁰⁾				
December 31, 2023	\$ 85.0	\$ 151.0	—	N/A
Preferred Stock⁽¹¹⁾				
December 31, 2023	\$ 50.0	\$ 89.0	—	N/A
December 31, 2022	\$ 50.0	\$ 78.0	—	N/A
December 31, 2021	\$ 50.0	\$ 83.0	—	N/A
December 31, 2020	\$ 50.0	\$ 88.0	—	N/A

- (1) Total amount of each class of senior securities outstanding at the end of the period presented.
- (2) Asset coverage per unit is the ratio of the carrying value of the Company's total assets, less all liabilities excluding indebtedness represented by senior securities in this table, to the aggregate amount of senior securities representing indebtedness. Asset coverage per unit is expressed in terms of dollar amounts per \$1,000 of indebtedness and is calculated on a consolidated basis.
- (3) The amount to which such class of senior security would be entitled upon the Company's involuntary liquidation in preference to any security junior to it. The "—" in this column indicates information that the SEC expressly does not require to be disclosed for certain types of senior securities.
- (4) Not applicable because the senior securities are not registered for public trading.
- (5) On May 24, 2013, the SPV closed on a senior secured credit facility (the "SPV Credit Facility"). On December 11, 2020, the SPV repaid all outstanding amounts under the SPV Credit Facility and the facility was terminated.
- (6) On March 21, 2014, the Company closed on the Credit Facility.
- (7) On June 26, 2015, the Company completed a \$ 400 million term debt securitization (the "2015-1 Debt Securitization"). The notes offered in the 2015-1 Debt Securitization (the "2015-1 Notes") were issued by the 2015-1 Issuer. On August 30, 2018, the 2015-1 Issuer refinanced the 2015-1 Debt Securitization (the "2015-1 Debt Securitization Refinancing") by redeeming in full the 2015-1 Notes and issuing the 2015-1R Notes.
- (8) On December 30, 2019, the Company closed a private offering of the 2019 Notes.
- (9) On December 11, 2020, the Company closed a private offering of the 2020 Notes.
- (10) On November 20, 2023, the Company completed a public offering of the 2028 Notes.
- (11) On May 5, 2020, the Company issued the Preferred Stock.

12. LITIGATION

The Company may become party to certain lawsuits in the ordinary course of business. The Company does not believe that the outcome of current matters, if any, will materially impact the Company or its consolidated financial statements. As of December 31, 2023 and 2022, the Company was not subject to any material legal proceedings, nor, to the Company's knowledge, is any material legal proceeding threatened against the Company.

In addition, portfolio investments of the Company could be the subject of litigation or regulatory investigations in the ordinary course of business. The Company does not believe that the outcome of any current contingent liabilities of its portfolio investments, if any, will materially affect the Company or these consolidated financial statements.

13. TAX

The Company has not recorded a liability for any uncertain tax positions pursuant to the provisions of ASC 740, *Income Taxes*, as of December 31, 2023 and 2022.

In the normal course of business, the Company is subject to examination by federal and certain state, local and foreign tax regulators. As of December 31, 2023 and 2022, the Company had filed tax returns. The Company's federal tax returns are generally subject to examination by the Internal Revenue Service for a period of three years after they are filed.

Book and tax basis differences relating to stockholder dividends and distributions and other permanent book and tax differences are reclassified among the Company's capital accounts. In addition, the character of income and gains to be distributed is determined in accordance with income tax regulations that may differ from U.S. GAAP. As of December 31, 2023 and 2022, permanent differences primarily due to non-deductible excise tax, non-deductible offering costs, and the tax treatment of partnership investments resulted in a net increase in distributable earnings (loss) by \$ 2,553 and \$ 1,767, respectively, and net decrease in additional paid-in capital in excess of par by \$ 2,553 and \$ 1,767, respectively, on the Consolidated Statements of Assets and Liabilities. Total earnings and NAV were not affected.

[Table of Contents](#)

The tax character of the distributions paid for the fiscal years ended December 31, 2023, 2022 and 2021 was as follows:

	For the years ended December 31,		
	2023	2022	2021
Ordinary income	\$ 92,898	\$ 88,561	\$ 84,473
Tax return of capital	\$ —	\$ —	\$ —

Income Tax Information and Distributions to Stockholders

As of December 31, 2023 and 2022, the components of accumulated earnings (deficit) on a tax basis were as follows:

	As of December 31,	
	2023	2022
Undistributed ordinary income	\$ 63,107	\$ 48,149
Other book/tax temporary differences ⁽¹⁾	(525)	(530)
Capital loss carryforwards	(153,369)	(130,222)
Net unrealized appreciation (depreciation) on investments and currency unrealized appreciation (depreciation) on non-investment assets and liabilities ⁽²⁾	(60,957)	(71,076)
Total accumulated earnings (deficit)	\$ (151,744)	\$ (153,679)

(1) Consists of the unamortized portion of organization costs as of December 31, 2023 and 2022, respectively.

(2) The difference between the book-basis and tax-basis unrealized appreciation (depreciation) on investments is attributable primarily to the tax treatment of partnership investments, return of capital distributions from underlying investments, the tax treatment of contingent payment debt instruments, and material modifications of investments.

As of December 31, 2023 and 2022, the cost of investments for federal income tax purposes and gross unrealized appreciation and depreciation on investments and currency unrealized appreciation (depreciation) on non-investment assets and liabilities were as follows:

	As of December 31,	
	2023	2022
Cost of investments	\$ 1,901,299	\$ 1,979,816
Gross unrealized appreciation	46,846	23,216
Gross unrealized depreciation	(107,803)	(94,292)
Net unrealized appreciation (depreciation)	\$ (60,957)	\$ (71,076)

For tax purposes, net realized capital losses may be carried over to offset future capital gains, if any. Funds are permitted to carry forward capital losses for an indefinite period, and such losses will retain their character as either short-term or long-term capital losses. As of December 31, 2023 and 2022, the Company had \$ 153,369 and \$ 130,222 , of capital loss carryforwards, respectively, of which \$ 27,003 and \$ 18,006 were short-term capital loss carryforwards, respectively, and \$ 126,366 and \$ 112,216 were long-term capital loss carryforwards, respectively.

14. SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date the consolidated financial statements were issued. There have been no subsequent events that require recognition or disclosure through the date the consolidated financial statements were issued, except as disclosed below and elsewhere in these consolidated financial statements.

On February 20, 2024, the Board of Directors declared a base quarterly common stock dividend of \$ 0.40 per share plus a supplemental common stock dividend of \$ 0.08 per share, which are payable on April 17, 2024 to common stockholders of record on March 29, 2024.

Item 9. Changes and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer (Principal Executive Officer) and our Chief Financial Officer (Principal Financial Officer), of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15 of the Exchange Act). Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that our current disclosure controls and procedures are effective in timely alerting them of material information relating to the Company that is required to be disclosed by us in the reports we file or submit under the Exchange Act.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act). The Company's internal control over financial reporting is a process designed under the supervision of its Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer) and effected by the Company's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of its consolidated financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles.

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

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

Management conducted an evaluation of the effectiveness of the Company's internal control over financial reporting as of December 31, 2023 based on the framework established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management concluded that the Company's internal control over financial reporting as of December 31, 2023 was effective.

Attestation Report of the Registered Public Accounting Firm

Our independent registered public accounting firm, Ernst & Young LLP, has issued an audit report on the effectiveness of the Company's internal control over financial reporting, which is contained in Part II, Item 8 of this Form 10-K, "*Financial Statements and Supplementary Data*."

Changes in Internal Controls Over Financial Reporting

There have been no changes in our internal control over financial reporting during the fiscal quarter ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

During the three months ended December 31, 2023, no director or Section 16 officer of the Company adopted or terminated any Rule 10b5-1 trading arrangements or non-Rule 10b5-1 trading arrangements (in each case, as defined in Item 408(a) of Regulation S-K).

Item 9C. Disclosure Regarding Foreign Jurisdictions That Prevent Inspections.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information in response to this item is incorporated by reference from our Proxy Statement relating to our 2024 annual meeting of stockholders. The Proxy Statement will be filed with the SEC within 120 days after the end of the fiscal year covered by this Form 10-K pursuant to Regulation 14A under the Exchange Act.

Information relating to our codes of ethics, which apply to, among others, our Chief Executive Officer and Chief Financial Officer, is included in Part I, Item 1 of this Form 10-K "*Business-Regulation-Code of Ethics*."

Item 11. Executive Compensation

Information in response to this item is incorporated by reference from our Proxy Statement relating to our 2024 annual meeting of stockholders.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information in response to this item is incorporated by reference from our Proxy Statement relating to our 2024 annual meeting of stockholders.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information in response to this item is incorporated by reference from our Proxy Statement relating to our 2024 annual meeting of stockholders.

Item 14. Principal Accountant Fees and Services

Information in response to this item is incorporated by reference from our Proxy Statement relating to our 2024 annual meeting of stockholders.

[Table of Contents](#)

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Documents filed as part of this annual report

The following reports and consolidated financial statements are set forth in Part II, Item 8 of this Form 10-K:

Report of Independent Registered Public Accounting Firm	80
Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting	82
Consolidated Statements of Assets and Liabilities as of December 31, 2023 and 2022	83
Consolidated Statements of Operations for the years ended December 31, 2023, 2022 and 2021	84
Consolidated Statements of Changes in Net Assets for the years ended December 31, 2023, 2022 and 2021	86
Consolidated Statements of Cash Flows for the years ended December 31, 2023, 2022 and 2021	87
Consolidated Schedules of Investments as of December 31, 2023 and 2022	88
Notes to Consolidated Financial Statements	117

(b) Exhibits

The following exhibits are filed as part of this report or hereby incorporated by reference to exhibits previously filed with the SEC:

2.1	Contribution Agreement, dated November 3, 2020, by and between TCG BDC, Inc. and Middle Market Credit Fund II, LLC. ⁽²⁵⁾
3.1	Articles of Amendment and Restatement ⁽¹⁾
3.2	Articles of Amendment ⁽¹³⁾
3.3	Articles Supplementary of TCG BDC, Inc. ⁽²³⁾
3.4	Amended and Restated Bylaws ⁽²⁾
3.5	First Amendment to the Amended and Restated Bylaws ⁽¹⁴⁾
4.1	Form of Subscription Agreement for Private Offerings ⁽³⁾
4.2	Description of Registered Securities *
4.3	Registration Rights Agreement, dated as of May 5, 2020, by and between TCG BDC, Inc. and Carlyle Investment Management L.L.C. ⁽²⁴⁾
4.4	Indenture, dated November 20, 2023, between Carlyle Secured Lending, Inc., as Issuer, and The Bank of New York Mellon Trust Company, N.A., as Trustee. ⁽³¹⁾
4.5	First Supplemental Indenture, dated as of November 20, 2023, between Carlyle Secured Lending, Inc. and The Bank of New York Mellon Trust Company, N.A. ⁽³²⁾
10.1	Indenture, dated as of June 26, 2015, between Carlyle GMS Finance MM CLO 2015-1 LLC, as issuer, and State Street Bank and Trust Company, as trustee ⁽⁹⁾
10.2	Dividend Reinvestment Plan for TCG BDC, Inc. ⁽¹⁷⁾
10.3	Second Amended and Restated Investment Advisory Agreement, dated August 6, 2018, by and between the Company and Carlyle Global Credit Investment Management L.L.C. ⁽¹⁹⁾
10.4	Custodian Agreement, dated March 21, 2012, between Carlyle GMS Finance, Inc. and State Street Bank and Trust Company, as custodian. ⁽¹⁶⁾
10.5	Administration Agreement, dated as of April 3, 2013 by and between Carlyle GMS Finance, Inc. and Carlyle GMS Finance Administration L.L.C., as administrator ⁽⁴⁾

Table of Contents

10.6	<u>Form of Indemnification Agreement⁽⁵⁾</u>
10.7	<u>Loan and Servicing Agreement, dated as of May 24, 2013, among Carlyle GMS Finance SPV LLC, as borrower, Carlyle GMS Finance, Inc., as servicer and transferor, each of the Conduit Lenders, Liquidity Banks, Lender Agent and Institutional Lenders party thereto, Citibank, N.A. as collateral and administrative agent, Wells Fargo Bank, National Association, as account bank, backup servicer and collateral administrator, and Citibank, N.A. and Suntrust Robinson Humphrey, Inc., as joint lead arrangers⁽⁶⁾</u>
10.8	<u>Amended and Restated Senior Secured Revolving Credit Agreement, dated as of March 21, 2014 and Conformed through Amendment No. 10 dated as of August 31, 2023, among Carlyle Secured Lending, Inc., as borrower, the Lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent⁽³⁰⁾</u>
10.9	<u>First Amendment to the Loan and Servicing Agreement, dated as of June 30, 2014, among Carlyle GMS Finance SPV LLC, as borrower, Carlyle GMS Finance, Inc., as servicer and transferor, each of the Conduit Lenders, Liquidity Banks, Lender Agent and Institutional Lenders party thereto, Citibank, N.A. as collateral and administrative agent, Wells Fargo Bank, National Association, as account bank, backup servicer and collateral administrator, and Citibank, N.A. and Suntrust Robinson Humphrey, Inc., as joint lead arrangers⁽⁷⁾</u>
10.10	<u>Second Amendment to the Loan and Servicing Agreement, dated as of June 19, 2015, among Carlyle GMS Finance SPV LLC, as borrower, Carlyle GMS Finance, Inc., as servicer and transferor, each of the Conduit Lenders, Liquidity Banks, Lender Agent and Institutional Lenders party thereto, Citibank, N.A. as collateral and administrative agent, Wells Fargo Bank, National Association, as account bank, backup servicer and collateral administrator, and Citibank, N.A. and Suntrust Robinson Humphrey, Inc., as joint lead arrangers⁽⁸⁾</u>
10.11	<u>Collateral Management Agreement, dated as of June 26, 2015, by and between Carlyle GMS Finance MM CLO 2015-1 LLC, as issuer, and Carlyle GMS Investment Management L.L.C., as collateral manager⁽¹⁰⁾</u>
10.12	<u>Contribution Agreement, dated as of June 26, 2015, by and between Carlyle GMS Finance, Inc., as the contributor, and Carlyle GMS Finance MM CLO 2015-1 LLC, as the contributee⁽¹¹⁾</u>
10.13	<u>Third Amendment to the Loan and Servicing Agreement, dated as of June 9, 2016, among Carlyle GMS Finance SPV LLC, as borrower, Carlyle GMS Finance, Inc., as servicer and transferor, each of the Conduit Lenders, Liquidity Banks, Lender Agent and Institutional Lenders party thereto, Citibank, N.A. as collateral and administrative agent, Wells Fargo Bank, National Association, as account bank, backup servicer and collateral administrator, and Citibank, N.A., as lead arranger⁽¹²⁾</u>
10.14	<u>Fourth Amendment to the Loan and Servicing Agreement, dated as of May 26, 2017, among TCG BDC SPV LLC, as borrower, TCG BDC, Inc., as servicer and transferor, each of the Conduit Lenders, Liquidity Banks, Lender Agents and Institutional Lenders party thereto, Citibank, N.A. as collateral and administrative agent, Wells Fargo Bank, National Association, as account bank, backup servicer and collateral administrator, and Citibank, N.A., as lead arranger⁽¹⁸⁾</u>
10.15	<u>Fifth Amended and Restated Limited Liability Company Agreement, dated as of April 20, 2023, between Carlyle GMS Finance, Inc. and Credit Partners USA LLC, as members⁽²⁸⁾</u>
10.16	<u>Agreement and Plan of Merger, dated as of May 3, 2017, between TCG BDC, Inc. and NF Investment Corp.⁽¹⁵⁾</u>
10.17	<u>Fifth Amendment to the Loan and Servicing Agreement, dated as of August 9, 2018, among TCG BDC SPV LLC, as borrower, TCG BDC, Inc., as servicer and transferor, each of the Conduit Lenders, Liquidity Banks, Lender Agents and Institutional Lenders party thereto, Citibank, N.A. as collateral and administrative agent, Wells Fargo Bank, National Association, as account bank, backup servicer and collateral administrator, and Citibank, N.A., as lead arranger⁽²⁰⁾</u>
10.18	<u>First Supplemental Indenture, dated as of August 30, 2018, between Carlyle Direct Lending CLO 2015-1R LLC, as issuer, and State Street Bank and Trust Company, as trustee⁽²¹⁾</u>
10.19	<u>Note Purchase Agreement, dated December 30, 2019, by and between TCG BDC, Inc. and the purchasers party thereto⁽²²⁾</u>
10.20	<u>First Supplement to Master Note Purchase Agreement dated as of December 8, 2020, by and between TCG BDC, Inc. and the purchasers party thereto⁽²⁶⁾</u>
10.21	<u>Omnibus Amendment No. 9, dated as of May 25, 2022, among Carlyle Secured Lending, Inc., as borrower, the Lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent, collateral agent and swingline lender⁽²⁷⁾</u>
10.22	<u>Second Supplemental Indenture, dated as of June 30, 2023, between Carlyle Direct Lending CLO 2015-1R LLC, as issuer, and State Street Bank and Trust Company, as trustee⁽²⁹⁾</u>
21.1	<u>List of Subsidiaries*</u>

Table of Contents

23.1	<u>Consent of Independent Registered Public Accounting Firm.</u> *
31.1	<u>Certification of Chief Executive Officer (Principal Executive Officer) Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.</u> *
31.2	<u>Certification of Chief Financial Officer (Principal Financial Officer) Pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended.</u> *
32.1	<u>Certification of Chief Executive Officer (Principal Executive Officer) Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u> *
32.2	<u>Certification of Chief Financial Officer (Principal Financial Officer) Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u> *
97.1	<u>Incentive Compensation Recoupment Policy</u> *
99.1	<u>Consolidated Financial Statements of Middle Market Credit Fund, LLC for the years ended December 31, 2023 and 2022.</u> *
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document*
101.SCH	Inline XBRL Taxonomy Extension Schema Document*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document*
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)*

* Filed herewith.

- (1) Incorporated by reference to Exhibit 3.1 to the Company's Form 10-12G/A filed by the Company on April 11, 2013 (File No. 000-54899)
- (2) Incorporated by reference to Exhibit 3.2 to the Company's Form 10-12G/A filed by the Company on April 11, 2013 (File No. 000-54899)
- (3) Incorporated by reference to Exhibit 4.1 to the Company's Form 10-12G/A filed by the Company on April 11, 2013 (File No. 000-54899)
- (4) Incorporated by reference to Exhibit 10.2 to the Company's Form 10-12G/A filed by the Company on April 11, 2013 (File No. 000-54899)
- (5) Incorporated by reference to Exhibit 10.3 to the Company's Form 10-12G/A filed by the Company on April 11, 2013 (File No. 000-54899)
- (6) Incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed by the Company on July 31, 2013 (File No. 814-00995)
- (7) Incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed by the Company on August 13, 2014 (File No. 814-00995)
- (8) Incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed by the Company on August 12, 2015 (File No. 814-00995)
- (9) Incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q filed by the Company on August 12, 2015 (File No. 814-00995)
- (10) Incorporated by reference to Exhibit 10.3 to the Company's Form 10-Q filed by the Company on August 12, 2015 (File No. 814-00995)
- (11) Incorporated by reference to Exhibit 10.4 to the Company's Form 10-Q filed by the Company on August 12, 2015 (File No. 814-00995)
- (12) Incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q filed by the Company on August 10, 2016 (File No. 814-00995)
- (13) Incorporated by reference to Exhibit 3.2 to the Company's Form 10-K filed by the Company on March 22, 2017 (File No. 000-54899)
- (14) Incorporated by reference to Exhibit 3.4 to the Company's Form 10-K filed by the Company on March 22, 2017 (File No. 000-54899)

[Table of Contents](#)

- (15) Incorporated by reference to Exhibit 2.1 to the Company's Form 8-K filed by the Company on May 9, 2017 (File No. 814-00995)
- (16) Incorporated by reference to Exhibit (j) to the Company's Registration Statement on Form N-2 filed by the Company on May 19, 2017 (File No. 333-218114)
- (17) Incorporated by reference to Exhibit (e)(2) to the Company's Form N-2 filed by the Company on June 5, 2017 (File No. 333-218114)
- (18) Incorporated by reference to Exhibit (k)(13) to the Company's Form N-2 filed by the Company on June 5, 2017 (File No. 333-218114)
- (19) Incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed by the Company on November 6, 2018 (File No. 814-00995)
- (20) Incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q filed by the Company on November 6, 2018 (File No. 814-00995)
- (21) Incorporated by reference to Exhibit 10.3 to the Company's Form 10-Q filed by the Company on November 6, 2018 (File No. 814-00995)
- (22) Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed by the Company on December 30, 2019 (File No. 814-00995)
- (23) Incorporated by reference to Exhibit 3.1 to the Company's Form 10-Q filed by the Company on May 5, 2020 (File No. 814-00995)
- (24) Incorporated by reference to Exhibit 4.1 to the Company's Form 10-Q filed by the Company on May 5, 2020 (File No. 814-00995)
- (25) Incorporated by reference to Exhibit 2.1 to the Company's Form 8-K filed by the Company on November 4, 2020 (File No. 814-00995)
- (26) Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed by the Company on December 11, 2020 (File No. 814-00995)
- (27) Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed by the Company on June 1, 2022 (File No. 814-00995)
- (28) Incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed by the Company on August 8, 2023 (File No. 814-00995)
- (29) Incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q filed by the Company on August 8, 2023 (File No. 814-00995)
- (30) Incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed by the Company on November 7, 2023 (File No. 814-00995)
- (31) Incorporated by reference to Exhibit 4.1 to the Company's Form 8-K filed by the Company on November 20, 2023 (File No. 814-00995)
- (32) Incorporated by reference to Exhibit 4.2 to the Company's Form 8-K filed by the Company on November 20, 2023 (File No. 814-00995)

(c) Consolidated Financial Statement Schedules

Separate financial statements of subsidiaries not consolidated:

Consolidated Financial Statements of Middle Market Credit Fund, LLC for the years ended December 31, 2023 and 2022 are filed as Exhibit 99.1 hereto.

Item 16. Form 10-K Summary

None.

SIGNATURES

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

CARLYLE SECURED LENDING, INC.

Dated: February 26, 2024

By /s/ Aren C. LeeKong
Aren C. LeeKong
President and Chief Executive Officer
(principal executive officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Dated: February 26, 2024

By /s/ Aren C. LeeKong
Aren C. LeeKong
President and Chief Executive Officer
(principal executive officer)

Dated: February 26, 2024

By /s/ Thomas M. Hennigan
Thomas M. Hennigan
Chief Financial Officer
(principal financial officer)

Dated: February 26, 2024

By /s/ Nelson Joseph
Nelson Joseph
Treasurer
(principal accounting officer)

Dated: February 26, 2024

By /s/ Nigel D.T. Andrews
Nigel D.T. Andrews
Director

Dated: February 26, 2024

By /s/ Leslie E. Bradford
Leslie E. Bradford
Director

Dated: February 26, 2024

By /s/ Mark Jenkins
Mark Jenkins
Director

Dated: February 26, 2024

By /s/ John G. Nestor
John G. Nestor
Director

Dated: February 26, 2024

By /s/ Linda Pace
Linda Pace
Director and Chair of the Board

Dated: February 26, 2024

By /s/ William H. Wright II
William H. Wright II
Director

DESCRIPTION OF REGISTERED SECURITIES

Capitalized terms used herein but not defined herein have the meanings set forth in the Annual Report on Form 10-K to which this Exhibit is attached.

The following description of the Carlyle Secured Lending, Inc.'s common stock is based on the relevant provisions of the MGCL, the Investment Company Act, Carlyle Secured Lending, Inc.'s Articles of Amendment and Restatement (as amended and restated from time to time, the "charter") and Carlyle Secured Lending, Inc.'s Amended and Restated Bylaws (as amended and restated from time to time, the "bylaws"). This summary describes the provisions deemed to be material, but is not necessarily complete, and you should refer to the MGCL, the Investment Company Act and Carlyle Secured Lending, Inc.'s charter and bylaws for a more detailed description of the provisions summarized below.

As of December 31, 2023, Carlyle Secured Lending, Inc. (the "Company," "we," "us" or "our") had one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"): our common stock, par value \$0.01 per share.

Capital Stock

Our authorized stock consists of 200,000,000 shares, par value \$0.01 per share, 198,000,000 of which are currently designated as common stock and 2,000,000 of which are currently designated as preferred stock. There are no outstanding options or warrants to purchase our stock. Our common stock is listed on the NASDAQ Global Select Market under the symbol "CGBD." No stock has been authorized for issuance under any equity compensation plans. Under Maryland law, our stockholders generally are not personally liable for our debts or obligations. Under our charter, our Board of Directors (the "Board") is authorized to classify and reclassify any unissued shares of stock into other classes or series of stock without obtaining stockholder approval. As permitted by the MGCL, our charter provides that the Board, without any action by our stockholders, may amend the charter from time to time to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we have authority to issue.

Common Stock

All shares of our common stock have equal rights as to earnings, assets, voting, and dividends and, when they are issued, will be duly authorized, validly issued, fully paid and nonassessable. Distributions may be paid to the holders of our common stock if, as and when authorized by our Board and declared by us out of assets legally available therefor. Shares of our common stock are not subject to any sinking fund and have no preemptive, conversion or redemption rights and are freely transferable, except where their transfer is restricted by federal and state securities laws or by contract.

In the event of our liquidation, dissolution or winding up, each share of our common stock would be entitled to share ratably in all of our assets that are legally available for distribution after we pay all debts and other liabilities and subject to any preferential rights of holders of our preferred stock, if any preferred stock is outstanding at such time. Each share of our common stock is entitled to one vote on all matters submitted to a vote of stockholders, including the election of directors. Except as provided with respect to any other class or series of stock, the holders of our common stock will possess exclusive voting power. There is no cumulative voting in the election of directors, which means that holders of a majority of the outstanding shares of common stock can elect all of our directors, and holders of less than a majority of such shares will be unable to elect any director.

As of December 31, 2023, we had issued and outstanding 50,794,941 shares of common stock.

Preferred Stock

Our charter authorizes our Board to classify and reclassify any unissued shares of stock into other classes or series of stock, including preferred stock. Prior to the issuance of shares of each class or series, the Board is required by Maryland law and by our charter to set the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each class or series. Thus, the Board could authorize the issuance of shares of preferred stock with terms and conditions which could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for holders of our common stock or otherwise be in their best interest. The cost of any such reclassification would be borne by our existing common stockholders.

However, any issuance of preferred stock must comply with the requirements of the Investment Company Act. Certain matters under the Investment Company Act require the separate vote of the holders of any issued and outstanding preferred stock. For example, holders of preferred stock would vote separately from the holders of common stock on a proposal to cease operations as a BDC. In addition, the Investment Company Act provides that holders of preferred stock are entitled to vote separately from holders of common stock to elect two preferred stock directors. We believe that the availability for issuance of preferred stock will provide us with increased flexibility in structuring future financings and acquisitions. We currently have no plans to issue additional preferred stock, but may determine to do so in the future.

As of December 31, 2023, we had issued and outstanding 2,000,000 shares of cumulative convertible preferred stock, par value \$0.01 (the "Preferred Stock"). The Preferred Stock ranks senior to our common stock with respect to the payment of dividends and distribution of assets upon liquidation. The Preferred Stock has a liquidation preference equal to \$25 per share (the "Liquidation Preference") plus any accumulated but unpaid dividends up to but excluding the date of distribution. Dividends are payable on a quarterly basis in an initial amount equal to 7.00% per annum of the Liquidation Preference per share, payable in cash, or at our option, 9.00% per annum of the Liquidation Preference payable in additional shares of Preferred Stock. After May 5, 2027, the dividend rate will increase annually, in each case by 1.00% per annum.

The Preferred Stock is convertible, in whole or in part, at the option of the holder of the Preferred Stock into the number of shares of common stock equal to the Liquidation Preference plus any accumulated but unpaid dividends, divided by an initial conversion price of \$9.50, subject to certain adjustments to prevent dilution as set forth in the Articles Supplementary. At any time after May 5, 2023, we, with the approval of the Board of Directors, including a majority of the Independent Directors, will have the option to redeem all of the Preferred Stock for cash consideration equal to the Liquidation Preference plus any accumulated but unpaid dividends. The holders of the Preferred Stock will have the right to convert all or a portion of their shares of Preferred Stock prior to the date fixed for such redemption. At any time after May 5, 2027, the holders of the Preferred Stock will have the option to require us to redeem any or all of the then-outstanding Preferred Stock upon 90 days' notice. The form of consideration used in any such redemption is at the option of the Board of Directors, including a majority of the Independent Directors, and may be cash consideration equal to the Liquidation Preference plus any accumulated but unpaid dividends, or shares of common stock. Holders also have the right to redeem the Preferred Stock upon a Change in Control (as defined in the Article Supplementary pursuant to which the Preferred Stock was designated).

Each holder of Preferred Stock is entitled to one vote on each matter submitted to a vote of our common stockholders. In addition, for so long as we are subject to the Investment Company Act, the holders of Preferred Stock, voting separately as a single class, have the right to elect two members of the Board of Directors at all times, and the balance of the directors will be elected by the holders of the common stock and the Preferred Stock voting together. As required by the Investment Company Act, the Preferred Stock has certain additional voting rights, as set forth in the Articles Supplementary.

Limitation on Liability of Directors and Officers: Indemnification and Advance of Expenses

Maryland law permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from

(a) actual receipt of an improper benefit or profit in money, property or services or (b) active and deliberate dishonesty established by a final judgment as being material to the cause of action. Our charter contains such a provision which eliminates directors' and officers' liability to the maximum extent permitted by Maryland law, subject to the requirements of the Investment Company Act.

Our charter authorizes us, to the maximum extent permitted by Maryland law and subject to the requirements of the Investment Company Act, to indemnify any present or former director or officer of the corporation or any individual who, while serving as our director or officer and at our request, serves or has served another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner or trustee, from and against any claim or liability to which that person may become subject or which that person may incur by reason of his or her service in any such capacity and to pay or reimburse their reasonable expenses in advance of final disposition of a proceeding. Our bylaws obligate us, to the maximum extent permitted by Maryland law and subject to the requirements of the Investment Company Act, to indemnify any present or former director or officer or any individual who, while serving as our director or officer and at our request, serves or has served another corporation, real estate investment trust, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner, trustee, member or manager and who is made, or threatened to be made, a party to the proceeding by reason of his or her service in that capacity from and against any claim or liability to which that person may become subject or which that person may incur by reason of his or her service in any such capacity and to pay or reimburse his or her reasonable expenses in advance of final disposition of a proceeding without requiring a preliminary determination of his or her ultimate entitlement to indemnification. The charter and bylaws also permit us to indemnify and advance expenses to any person who served a predecessor of us in any of the capacities described above and any of our employees or agents or any employees or agents of our predecessor. In accordance with the Investment Company Act, we will not indemnify any person for any liability to which such person would be subject by reason of such person's willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his or her office.

Maryland law requires a corporation (unless its charter provides otherwise, which our charter does not) to indemnify a director or officer who has been successful in the defense of any proceeding to which he or she is made, or threatened to be made, a party by reason of his or her service in that capacity. Maryland law permits a corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made, or threatened to be made, a party by reason of their service in those or other capacities unless it is established that (a) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (1) was committed in bad faith or (2) was the result of active and deliberate dishonesty, (b) the director or officer actually received an improper personal benefit in money, property or services or (c) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. However, under Maryland law, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that a personal benefit was improperly received unless, in either case a court orders indemnification, and then only for expenses. In addition, Maryland law permits a corporation to advance reasonable expenses to a director or officer in advance of final disposition of a proceeding upon the corporation's receipt of (a) a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation and (b) a written undertaking by him or her or on his or her behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the standard of conduct was not met.

We have entered into indemnification agreements with our directors and executive officers that will provide the maximum indemnification permitted under Maryland law and the Investment Company Act.

Certain Provisions of the MGCL and our Charter and Bylaws

The MGCL and our charter and bylaws contain provisions that could make it more difficult for a potential acquiror to acquire us by means of a tender offer, proxy contest or otherwise. These provisions are expected to discourage certain coercive takeover practices and inadequate takeover bids and to encourage persons seeking to acquire control of us to negotiate first with our Board. We believe that the benefits of these provisions outweigh the potential

disadvantages of discouraging any such acquisition proposals because, among other things, the negotiation of such proposals may improve their terms.

Classified Board of Directors

Our Board is divided into three classes of directors serving staggered three-year terms with their respective terms expiring at successive annual meetings of stockholders, and in each case, the directors will serve until their successors are duly elected and qualify. Each year, one class of directors will be elected by the stockholders. A classified board may render a change in control of us or removal of our incumbent management more difficult. We believe, however, that the longer time required to elect a majority of our Board will help to ensure the continuity and stability of our management and policies.

Election of Directors

As permitted by our charter, our bylaws provide that a plurality of the votes cast at a meeting of stockholders duly called and at which a quorum is present will be required to elect a director. Pursuant to our charter and bylaws, our Board may amend the bylaws to alter the vote required to elect directors.

Number of Directors; Vacancies; Removal

Our charter provides that the number of directors will be increased or decreased only by the Board in accordance with our bylaws. Our bylaws provide that a majority of our entire Board may at any time increase or decrease the number of directors. However, the number of directors may never be less than one nor more than twelve unless our bylaws are amended in which case we may have more than twelve directors but never less than one. Our charter provides that, except as may be provided by the Board in setting the terms of any class or series of preferred stock, any and all vacancies on the Board may be filled only by the affirmative vote of a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum, and any director elected to fill a vacancy will serve for the remainder of the full term of the directorship in which the vacancy occurred and until a successor is duly elected and qualifies, subject to any applicable requirements of the Investment Company Act. Our charter provides that a director may be removed only for cause, as defined in our charter, and then only by the affirmative vote of at least two-thirds of the votes entitled to be cast in the election of directors.

Action by Stockholders

Under the MGCL, stockholder action can be taken only at an annual or special meeting of stockholders or (unless the charter provides for stockholder action by less than unanimous written consent, which our charter does not) by unanimous written consent in lieu of a meeting. These provisions, combined with the requirements of our bylaws regarding the calling of a stockholder-requested special meeting of stockholders discussed below, may have the effect of delaying consideration of a stockholder proposal until the next annual meeting.

Advance Notice Provisions for Stockholder Nominations and Stockholder Proposals

Our bylaws provide that with respect to an annual meeting of stockholders, nominations of persons for election to the Board and the proposal of business to be considered by stockholders may be made only (1) pursuant to our notice of the meeting, (2) by the Board or (3) by a stockholder who is a stockholder of record both at the time of giving notice, as provided by the bylaws, and at the time of the annual meeting and who is entitled to vote at the meeting and who has complied with the advance notice procedures of our bylaws. With respect to special meetings of stockholders, only the business specified in our notice of the meeting may be brought before the meeting. Nominations of persons for election to the Board at a special meeting may be made only (1) by the Board or (2) provided that the Board has determined that directors will be elected at the meeting, by a stockholder who is a stockholder of record both at the time of giving notice, as provided by the bylaws, and at the time of the special meeting and who is entitled to vote at the meeting and who has complied with the advance notice provisions of the bylaws.

The purpose of requiring stockholders to give us advance notice of nominations and other business is to afford our Board a meaningful opportunity to consider the qualifications of the proposed nominees and the advisability of any other proposed business and, to the extent deemed necessary or desirable by our Board, to inform stockholders and make recommendations about such qualifications or business, as well as to provide a more orderly procedure for conducting meetings of stockholders. Although our bylaws do not give our Board any power to disapprove stockholder nominations for the election of directors or proposals recommending certain action, they may have the effect of precluding a contest for the election of directors or the consideration of stockholder proposals if proper procedures are not followed and of discouraging or deterring a third party from conducting a solicitation of proxies to elect its own slate of directors or to approve its own proposal without regard to whether consideration of such nominees or proposals might be harmful or beneficial to us and our stockholders.

Calling of Special Meetings of Stockholders

Our bylaws provide that special meetings of stockholders may be called by a majority of our Board, the chairman of the Board and certain of our officers. Additionally, our bylaws provide that, subject to the satisfaction of certain procedural and informational requirements by the stockholders requesting the meeting, a special meeting of stockholders will be called by the secretary of the corporation upon the written request of stockholders entitled to cast not less than a majority of all the votes entitled to be cast at such meeting.

Approval of Extraordinary Corporate Action; Amendment of Charter and Bylaws

Under Maryland law, a Maryland corporation generally cannot dissolve, amend its charter, merge, sell all or substantially all of its assets, engage in a share exchange, co-invest or engage in similar transactions outside the ordinary course of business, unless advised by its board of directors and approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter. However, a Maryland corporation may provide in its charter for approval of these matters by a lesser percentage, but not less than a majority of all of the votes entitled to be cast on the matter. Our charter generally provides for approval of charter amendments and extraordinary transactions by the stockholders entitled to cast at least a majority of the votes entitled to be cast on the matter. Our charter also provides that the following matters require the approval of stockholders entitled to cast at least 80% of the votes entitled to be cast: (i) certain charter amendments; (ii) any proposal for our conversion, whether by merger or otherwise, from a closed-end company to an open-end company; (iii) any proposal for our liquidation or dissolution; or (iv) any proposal regarding a merger, consolidation, share exchange or sale or exchange of all or substantially all of our assets that the MGCL requires to be approved by our stockholders. However, if such amendment or proposal is approved by a majority of our continuing directors (in addition to approval by our Board), such amendment or proposal may be approved by a majority of the votes entitled to be cast on such a matter. The "continuing directors" are defined in our charter as (1) our current directors, (2) those directors whose nomination for election by the stockholders or whose election by the directors to fill vacancies is approved by a majority of our current directors then on the Board or (3) any successor directors whose nomination for election by the stockholders or whose election by the directors to fill vacancies is approved by a majority of continuing directors or the successor continuing directors then in office.

Our charter and bylaws provide that the Board will have the exclusive power to make, alter, amend or repeal any provision of our bylaws.

No Appraisal Rights

As permitted by the MGCL, our charter provides that stockholders will not be entitled to exercise appraisal rights unless a majority of the Board shall determine such rights apply.

Control Share Acquisitions

The MGCL, pursuant to the Control Share Act, provides that control shares of a Maryland corporation acquired in a control share acquisition have no voting rights except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter. Shares owned by the acquiror, by officers or by directors who are employees of the

corporation are excluded from shares entitled to vote on the matter. Control shares are voting shares of stock which, if aggregated with all other shares of stock owned by the acquiror or in respect of which the acquiror is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquiror to exercise voting power in electing directors within one of their increasing ranges of voting power. The requisite stockholder approval must be obtained each time an acquiror crosses one of the thresholds of voting power. Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A control share acquisition means the acquisition of control shares, subject to certain exceptions.

Our bylaws contain a provision exempting from the Control Share Act any and all acquisitions by any person of our shares of stock. There can be no assurance that such provision will not be amended or eliminated at any time in the future. However, we will amend our bylaws to be subject to the Control Share Act only if the Board determines that it would be in our best interests and if the SEC staff does not object to our determination that our being subject to the Control Share Act does not conflict with the Investment Company Act. The SEC staff has issued informal guidance setting forth its position that certain provisions of the Control Share Act would, if implemented, violate Section 18(i) of the Investment Company Act.

Business Combinations

Under Maryland law, "business combinations" between a Maryland corporation and an interested stockholder or an affiliate of an interested stockholder are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. These business combinations include a merger, consolidation, share exchange or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities. An interested stockholder is defined as:

- any person who beneficially owns, directly or indirectly, 10% or more of the voting power of the corporation's outstanding voting stock; or
- an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner, directly or indirectly, of 10% or more of the voting power of the then outstanding voting stock of the corporation.

A person is not an interested stockholder under this statute if the Board approved in advance the transaction by which the stockholder otherwise would have become an interested stockholder. However, in approving a transaction, the Board may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by the board.

After the five-year prohibition, any business combination between the Maryland corporation and an interested stockholder generally must be recommended by the Board of the corporation and approved by the affirmative vote of at least:

- 80% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation; and
- two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom or with whose affiliate the business combination is to be effected or held by an affiliate or associate of the interested stockholder.

These super-majority vote requirements do not apply if the corporation's common stockholders receive a minimum price, as defined under Maryland law, for their shares in the form of cash or other consideration in the same form as previously paid by the interested stockholder for its shares.

The statute permits various exemptions from its provisions, including business combinations that are exempted by the Board before the time that the interested stockholder becomes an interested stockholder. Our Board has adopted a resolution that any business combination between us and any other person is exempted from the provisions of the MBCA, provided that the business combination is first approved by the Board, including a majority of the directors

who are not interested persons (as defined in the Investment Company Act). This resolution may be altered or repealed in whole or in part at any time; however, our Board will adopt resolutions so as to make us subject to the provisions of the MBCA only if the Board determines that it would be in our best interests and if the SEC staff does not object to our determination that our being subject to the MBCA does not conflict with the Investment Company Act. If this resolution is repealed, or the Board does not otherwise approve a business combination, the statute may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer.

Conflict with Investment Company Act

Our bylaws provide that, if and to the extent that any provision of the MGCL, including the Control Share Act (if we amend our bylaws to be subject to such Act) and the MBCA, or any provision of our charter or bylaws conflicts with any provision of the Investment Company Act, the applicable provision of the Investment Company Act will control.

Exclusive Forum

Our charter and bylaws provide that, to the fullest extent permitted by law, unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Company, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the Company to the Company or the Company's stockholders, (iii) any action asserting a claim arising pursuant to any provision of the MGCL, the charter or bylaws or the securities, antifraud, unfair trade practices or similar laws of any international, national, state, provincial, territorial, local or other governmental or regulatory authority, including, in each case, the applicable rules and regulations promulgated thereunder, or (iv) any action asserting a claim governed by the internal affairs doctrine shall be a federal or state court located in the state of Delaware, provided that to the extent the appropriate court located in the state of Delaware determines that it does not have jurisdiction over such action, then the sole and exclusive forum shall be any federal or state court located in the state of Maryland. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Company shall be deemed, to the fullest extent permitted by law, to have notice of and consented to these exclusive forum provisions and to have irrevocably submitted to, and waived any objection to, the exclusive jurisdiction of such courts in connection with any such action or proceeding and consented to process being served in any such action or proceeding, without limitation, by United States mail addressed to the stockholder at the stockholder's address as it appears on the records of the Company, with postage thereon prepaid.

LIST OF SUBSIDIARIES

At the time of this filing, the following entities are subsidiaries of Carlyle Secured Lending, Inc.:

Company Name	Jurisdiction of Organization
Carlyle Direct Lending CLO 2015-1R LLC	Delaware
TCG BDC SPV LLC	Delaware

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference of our reports dated February 26, 2024, with respect to the consolidated financial statements of Carlyle Secured Lending, Inc. and the effectiveness of internal control over financial reporting of Carlyle Secured Lending, Inc. included in the Annual Report (Form 10-K) for the year ended December 31, 2023 and the consolidated financial statements of Middle Market Credit Fund, LLC included therein, into the Registration Statement (Form N-2, File No. 333-255589), filed with the Securities and Exchange Commission.

/s/ Ernst & Young LLP

Tysons, VA
February 26, 2024

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

CERTIFICATION

I, Aren C. LeeKong, certify that:

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

Date: February 26, 2024

/s/ Aren C. LeeKong

Aren C. LeeKong

President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

CERTIFICATION

I, Thomas M. Hennigan, certify that:

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

Date: February 26, 2024

/s/ Thomas M. Hennigan

Thomas M. Hennigan
Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER, SECTION 906

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

I, Aren C. LeeKong, the Chief Executive Officer (Principal Executive Officer) of Carlyle Secured Lending, Inc. (the "Company"), hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- the Form 10-K of the Company for the year ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-K"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 26, 2024

/s/ Aren C. LeeKong

Aren C. LeeKong
President and Chief Executive Officer
(Principal Executive Officer)

- * The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER, SECTION 906

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

I, Thomas M. Hennigan, the Chief Financial Officer (Principal Financial Officer) of Carlyle Secured Lending, Inc. (the "Company"), hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- the Form 10-K of the Company for the year ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-K"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 26, 2024

/s/ Thomas M. Hennigan

Thomas M. Hennigan
Chief Financial Officer
(Principal Financial Officer)

- * The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

CARLYLE SECURED LENDING, INC.
INCENTIVE COMPENSATION RECOUPMENT POLICY

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Carlyle Secured Lending, Inc., a Maryland corporation (the “**Company**”), has determined that it is in the best interests of the Company and its stockholders to adopt this Incentive Compensation Recoupment Policy (this “**Policy**”) providing for the Company’s recoupment of Recoverable Incentive Compensation that is received by Covered Officers of the Company under certain circumstances. Certain capitalized terms used in this Policy have the meanings given to such terms in Section 3 below.

This Policy is designed to comply with, and shall be interpreted to be consistent with, Section 10D of the Exchange Act, Rule 10D-1 promulgated thereunder (“**Rule 10D-1**”) and Nasdaq Listing Rule 5608 (the “**Listing Standards**”).

2. EFFECTIVE DATE

This Policy shall apply to all Incentive Compensation that is received by a Covered Officer on or after October 2, 2023 (the “**Effective Date**”). Incentive Compensation is deemed “**received**” in the Company’s fiscal period in which the Financial Reporting Measure specified in the Incentive Compensation award is attained, even if the payment or grant of such Incentive Compensation occurs after the end of that period.

3. DEFINITIONS

“**Accounting Restatement**” means an accounting restatement that the Company is required to prepare due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

“**Accounting Restatement Date**” means the earlier to occur of (a) the date that the Board, a committee of the Board authorized to take such action, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement, or (b) the date that a court, regulator or other legally authorized body directs the Company to prepare an Accounting Restatement.

“**Administrator**” means the Compensation Committee or, in the absence of such committee, the Board.

“**Code**” means the U.S. Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

“**Compensation Committee**” means the Compensation Committee of the Board.

“**Covered Officer**” means each current and former Executive Officer.

“**Exchange**” means the Nasdaq Stock Market.

“**Exchange Act**” means the U.S. Securities Exchange Act of 1934, as amended.

“**Executive Officer**” means the Company’s president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company. Executive officers of the Company’s parent(s) or subsidiaries are deemed executive officers of the Company if they perform such policy-making functions for the Company. Policy-making function is not intended to include policy-making functions that are not significant. Identification of an executive officer for purposes of this Policy would include at a minimum

executive officers identified pursuant to Item 401(b) of Regulation S-K promulgated under the Exchange Act.

"Financial Reporting Measures" means measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures derived wholly or in part from such measures, including Company stock price and total stockholder return ("**TSR**"). A measure need not be presented in the Company's financial statements or included in a filing with the SEC in order to be a Financial Reporting Measure.

"Incentive Compensation" means any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

"Lookback Period" means the three completed fiscal years immediately preceding the Accounting Restatement Date, as well as any transition period (resulting from a change in the Company's fiscal year) within or immediately following those three completed fiscal years (except that a transition period of at least nine months shall count as a completed fiscal year). Notwithstanding the foregoing, the Lookback Period shall not include fiscal years completed prior to the Effective Date.

"Recoverable Incentive Compensation" means Incentive Compensation received by a Covered Officer during the Lookback Period that exceeds the amount of Incentive Compensation that would have been received had such amount been determined based on the Accounting Restatement, computed without regard to any taxes paid (i.e., on a gross basis without regarding to tax withholdings and other deductions).. For any Incentive Compensation that is based on stock price or TSR, where the Recoverable Incentive Compensation is not subject to mathematical recalculation directly from the information in an Accounting Restatement, the Administrator will determine the amount of Recoverable Incentive Compensation based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or TSR upon which the Incentive Compensation was received. The Company shall maintain documentation of the determination of that reasonable estimate and provide such documentation to the Exchange in accordance with the Listing Standards.

"SEC" means the U.S. Securities and Exchange Commission.

4. RECOUPMENT

(a) Applicability of Policy. This Policy applies to Incentive Compensation received by a Covered Officer (i) after beginning services as an Executive Officer, (ii) who served as an Executive Officer at any time during the performance period for such Incentive Compensation, (iii) while the Company had a class of securities listed on a national securities exchange or a national securities association, and (iv) during the Lookback Period.

(b) Recoupment Generally. Pursuant to the provisions of this Policy, if there is an Accounting Restatement, the Company must reasonably promptly recoup the full amount of the Recoverable Incentive Compensation, unless the conditions of one or more subsections of Section 4(c) of this Policy are met and the Compensation Committee, or, if such committee does not consist solely of independent directors, a majority of the independent directors serving on the Board, has made a determination that recoupment would be impracticable. Recoupment is required regardless of whether the Covered Officer engaged in any misconduct and regardless of fault, and the Company's obligation to recoup Recoverable Incentive Compensation is not dependent on whether or when any restated financial statements are filed.

(c) Impracticability of Recovery. Recoupment may be determined to be impracticable if, and only if:

(i) the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount of the applicable Recoverable Incentive Compensation; provided that, before concluding that it would be impracticable to recover any amount of Recoverable Incentive Compensation based on expense of enforcement, the Company shall make a reasonable attempt to recover such Recoverable Incentive Compensation, document such reasonable attempt(s) to recover, and provide that documentation to the Exchange in accordance with the Listing Standards; or

(ii) recoupment of the applicable Recoverable Incentive Compensation would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the

Company, to fail to meet the requirements of Code Section 401(a)(13) or Code Section 411(a) and regulations thereunder.

(d) Sources of Recoupment. To the extent permitted by applicable law, the Administrator shall, in its sole discretion, determine the timing and method for recouping Recoverable Incentive Compensation hereunder, provided that such recoupment is undertaken reasonably promptly. The Administrator may, in its discretion, seek recoupment from a Covered Officer from any of the following sources or a combination thereof, whether the applicable compensation was approved, awarded, granted, payable or paid to the Covered Officer prior to, on or after the Effective Date: (i) direct repayment of Recoverable Incentive Compensation previously paid to the Covered Officer; (ii) cancelling prior cash or equity-based awards (whether vested or unvested and whether paid or unpaid); (iii) cancelling or offsetting against any planned future cash or equity-based awards; (iv) forfeiture of deferred compensation, subject to compliance with Code Section 409A; and (v) any other method authorized by applicable law or contract. Subject to compliance with any applicable law, the Administrator may effectuate recoupment under this Policy from any amount otherwise payable to the Covered Officer, including amounts payable to such individual under any otherwise applicable Company plan or program, e.g., base salary, bonuses or commissions and compensation previously deferred by the Covered Officer.

The Administrator need not utilize the same method of recovery for all Covered Officers or with respect to all types of Recoverable Incentive Compensation.

(e) No Indemnification of Covered Officers. Notwithstanding any indemnification agreement, applicable insurance policy or any other agreement or provision of the Company's certificate of incorporation or bylaws to the contrary, no Covered Officer shall be entitled to indemnification or advancement of expenses in connection with any enforcement of this Policy by the Company, including paying or reimbursing such Covered Officer for insurance premiums to cover potential obligations to the Company under this Policy.

(f) Indemnification of Administrator. Any members of the Administrator, and any other members of the Board who assist in the administration of this Policy, shall not be personally liable for any action, determination or interpretation made with respect to this Policy and shall be indemnified by the Company to the fullest extent under applicable law and Company policy with respect to any such action, determination or interpretation. The foregoing sentence shall not limit any other rights to indemnification of the members of the Board under applicable law or Company policy.

5. ADMINISTRATION

Except as specifically set forth herein, this Policy shall be administered by the Administrator. The Administrator shall have full and final authority to make any and all determinations required under this Policy. Any determination by the Administrator with respect to this Policy shall be final, conclusive and binding on all interested parties and need not be uniform with respect to each individual covered by this Policy. In carrying out the administration of this Policy, the Administrator is authorized and directed to consult with the full Board or such other committees of the Board as may be necessary or appropriate as to matters within the scope of such other committee's responsibility and authority. Subject to applicable law, the Administrator may authorize and empower any officer or employee of the Company to take any and all actions that the Administrator, in its sole discretion, deems necessary or appropriate to carry out the purpose and intent of this Policy (other than with respect to any recovery under this Policy involving such officer or employee).

6. SEVERABILITY

If any provision of this Policy or the application of any such provision to a Covered Officer shall be adjudicated to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Policy, and the invalid, illegal or unenforceable provisions shall be deemed amended to the minimum extent necessary to render any such provision or application enforceable.

7. NO IMPAIRMENT OF OTHER REMEDIES

Nothing contained in this Policy, and no recoupment or recovery as contemplated herein, shall limit any claims, damages or other legal remedies the Company or any of its affiliates may have against a Covered Officer arising out of or resulting from any actions or omissions by the Covered Officer. This Policy does not preclude the Company from taking any other action to enforce a Covered Officer's obligations to the Company, including, without limitation, termination of employment and/or institution of civil proceedings. This Policy is in addition to the requirements of Section 304 of the Sarbanes-Oxley Act of 2002 ("**SOX 304**") that are applicable to the Company's Chief Executive Officer and Chief Financial Officer and to any other compensation recoupment policy and/or similar provisions in any employment, equity plan, equity award, or other individual agreement, to which the Company is a party or which the Company has adopted or may adopt and maintain from time to time; provided, however, that compensation recouped pursuant to this Policy shall not be duplicative of compensation recouped pursuant to SOX 304 or any such compensation recoupment policy and/or similar provisions in any such employment, equity plan, equity award, or other individual agreement except as may be required by law.

8. AMENDMENT; TERMINATION

The Administrator may amend, terminate or replace this Policy or any portion of this Policy at any time and from time to time in its sole discretion. The Administrator shall amend this Policy as it deems necessary to comply with applicable law or any Listing Standard.

9. SUCCESSORS

This Policy shall be binding and enforceable against all Covered Officers and, to the extent required by Rule 10D-1 and/or the applicable Listing Standards, their beneficiaries, heirs, executors, administrators or other legal representatives.

10. REQUIRED FILINGS

The Company shall make any disclosures and filings with respect to this Policy that are required by law, including as required by the SEC.

Middle Market Credit Fund, LLC

Consolidated Financial Statements with Report of Independent Auditors

For the years ended December 31, 2023 and 2022

Middle Market Credit Fund, LLC
Index to Consolidated Financial Statements

Report of Independent Auditors	3
Consolidated Statements of Assets, Liabilities and Members' Equity as of December 31, 2023 and 2022	5
Consolidated Schedules of Investments as of December 31, 2023 and 2022	6
Consolidated Statements of Operations for the years ended December 31, 2023 and 2022	12
Consolidated Statements of Changes in Members' Equity for the years ended December 31, 2023 and 2022	13
Consolidated Statements of Cash Flows for the years ended December 31, 2023 and 2022	14
Notes to Consolidated Financial Statements	15

Report of Independent Auditors

The Board of Managers and Members of
Middle Market Credit Fund, LLC

Opinion

We have audited the consolidated financial statements of Middle Market Credit Fund, LLC (the "Company"), which comprise the consolidated statements of assets, liabilities and members' equity, including the consolidated schedules of investments, as of December 31, 2023 and 2022, and the related consolidated statements of operations, changes in members' equity and cash flows for the years ended December 31, 2023 and 2022, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations, changes in its members' equity and its cash flows for the years ended December 31, 2023 and 2022 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

/s/ Ernst & Young LLP

Tysons, VA
February 26, 2024

MIDDLE MARKET CREDIT FUND, LLC
CONSOLIDATED STATEMENTS OF ASSETS, LIABILITIES AND MEMBERS' EQUITY
(dollar amounts in thousands)

	December 31, 2023	December 31, 2022
ASSETS		
Investments, at fair value (amortized cost of \$794,899 and \$953,467, respectively)	\$ 761,112	\$ 902,720
Cash, cash equivalents and restricted cash	36,177	28,030
Interest receivable	4,638	5,038
Receivable for investments sold	92	1,951
Prepaid expenses and other assets	3,082	2,692
Total assets	<u>\$ 805,101</u>	<u>\$ 940,431</u>
LIABILITIES AND MEMBERS' EQUITY		
Secured borrowings (Note 5)	\$ 447,221	\$ 588,621
Subordinated Loans (Note 6)	386,000	386,000
Interest and credit facility fees payable (Note 5)	8,982	8,165
Dividend payable	22,000	11,000
Other accrued expenses and liabilities	635	775
Total liabilities	<u>\$ 864,838</u>	<u>\$ 994,561</u>
Commitments and contingencies (Note 7)		
MEMBERS' EQUITY/(DEFICIT)		
Members' equity	\$ 2	\$ 2
Accumulated net investment income (loss) (net of cumulative dividends of \$247,159 and \$203,159, respectively)	9,661	6,609
Accumulated net realized gain (loss) (net of cumulative dividends of \$91 and \$91, respectively)	(35,613)	(9,994)
Accumulated net unrealized appreciation (depreciation)	(33,787)	(50,747)
Total members' equity (deficit)	<u>\$ (59,737)</u>	<u>\$ (54,130)</u>
Total liabilities and members' equity (deficit)	<u>\$ 805,101</u>	<u>\$ 940,431</u>

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

MIDDLE MARKET CREDIT FUND, LLC
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2023
(dollar amounts in thousands)

Investments ⁽¹⁾		Footnotes	Industry	Reference Rate ⁽²⁾	Spread ⁽²⁾	Interest Rate ⁽²⁾	Maturity Date	Par/ Principal Amount	Amortized Cost ⁽⁴⁾	Fair Value ⁽⁵⁾
First Lien Debt (100.0% of fair value)										
ACR Group Borrower, LLC	^+	(2)(3)(8)	Aerospace & Defense	SOFR	4.25%	9.60%	3/31/2028	\$ 37,564	\$ 37,165	\$ 37,338
Allied Benefit Systems Intermediate LLC	+	(2)(3)	Healthcare & Pharmaceuticals	SOFR	5.25%	10.63%	10/31/2030	8,639	8,511	8,509
Alpine Acquisition Corp II	+	(2)(3)(6)	Transportation: Cargo	SOFR	6.00%	11.46%	11/30/2026	9,899	9,531	9,462
API Technologies Corp.	+	(2)(6)(7)	Aerospace & Defense	SOFR	1.00%, 6.00% PIK	12.36%	5/9/2027	14,752	13,905	8,870
API Technologies Corp.	^	(2)(3)(6)	Aerospace & Defense	SOFR	1.00%, 6.00% PIK	12.36%	5/9/2027	1,303	620	1,264
Avalign Technologies, Inc.	+	(2)(6)	Healthcare & Pharmaceuticals	SOFR	4.50%	9.98%	12/22/2025	14,145	14,099	13,120
BMS Holdings III Corp.	+	(2)(3)(6)	Construction & Building	SOFR	5.50%	10.97%	9/30/2026	11,018	10,956	10,768
Chartis Holding, LLC	^+	(2)(3)(6)(8)	Business Services	SOFR	5.00%	10.52%	5/1/2025	8,002	8,002	7,985
Chemical Computing Group ULC (Canada)	^+	(2)(3)(6)(8)	Software	SOFR	4.50%	9.86%	8/30/2024	11,488	11,415	11,438
Diligent Corporation	^+	(2)(3)(6)(8)	Telecommunications	SOFR	6.25%	11.78%	8/4/2025	9,949	9,839	9,886
Divisions Holding Corporation	+	(2)(3)(6)	Business Services	SOFR	4.75%	10.22%	5/27/2028	14,044	13,948	13,965
DTI Holdco, Inc.	+	(2)(3)	High Tech Industries	SOFR	4.75%	10.13%	4/26/2029	29,625	29,144	29,335
Eliassen Group, LLC	+	(2)(3)	Business Services	SOFR	5.50%	10.85%	4/14/2028	19,181	18,990	18,946
EPS Nass Parent, Inc.	^+	(2)(3)(6)(8)	Utilities: Electric	SOFR	5.75%	11.25%	4/19/2028	34,525	34,055	33,365
EvolveIP, LLC	^+	(2)(3)(6)	Telecommunications	SOFR	5.50%	11.19%	6/7/2025	42,720	42,701	40,964
Exactech, Inc.	+	(2)(3)(6)	Healthcare & Pharmaceuticals	SOFR	3.75%	9.11%	2/14/2025	20,856	20,823	10,636
GSM Acquisition Corp.	+	(2)(3)(6)	Leisure Products & Services	SOFR	5.00%	10.41%	11/16/2026	30,659	30,468	30,429
Heartland Home Services, Inc.	+	(2)(3)(6)	Consumer Services	SOFR	5.75%	11.11%	12/15/2026	7,169	7,104	6,848
Heartland Home Services, Inc.	+	(2)(3)(6)(8)	Consumer Services	SOFR	6.00%	11.36%	12/15/2026	24,008	23,947	23,054
HMT Holding Inc.	^+	(2)(3)(6)(8)	Energy: Oil & Gas	SOFR	6.00%	11.56%	11/17/2025	34,634	34,543	33,931
Integrity Marketing Acquisition, LLC	+	(2)(3)(6)	Diversified Financial Services	SOFR	6.05%	11.54%	8/27/2026	36,572	36,358	36,071
Integrity Marketing Acquisition, LLC	^+	(2)(3)(6)	Diversified Financial Services	SOFR	6.02%	11.51%	8/27/2026	6,879	6,829	6,781
Jensen Hughes, Inc.	^+	(2)(3)(6)(8)	Utilities: Electric	SOFR	5.75%	11.20%	3/22/2025	33,730	33,722	33,602
KAMC Holdings, Inc.	+	(2)(6)	Energy: Electricity	SOFR	4.00%	9.65%	8/14/2026	13,405	13,377	11,394
KBP Investments, LLC	+	(2)(3)(6)	Beverage & Food	SOFR	5.50%, 1.00% PIK	11.97%	5/25/2027	37,453	37,305	35,217
North Haven Fairway Buyer, LLC	+	(2)(3)	Consumer Services	SOFR	6.50%	11.85%	5/17/2028	6,700	6,552	6,767
Output Services Group, Inc.	^	(2)(3)(6)(7)	Media: Advertising, Printing & Publishing	SOFR	6.25%	12.07%	11/30/2028	4,160	3,306	3,225

Investments ⁽¹⁾		Footnotes	Industry	Reference Rate ⁽²⁾	Spread ⁽²⁾	Interest Rate ⁽²⁾	Maturity Date	Par/ Principal Amount	Amortized Cost ⁽⁴⁾	Fair Value ⁽⁵⁾
PF Atlantic Holdco 2, LLC	+	(2)(3)(6)	Leisure Products & Services	SOFR	5.50%	11.12%	11/12/2027	\$ 15,240	\$ 15,052	\$ 14,874
Premise Health Holding Corp.	+	(2)(6)	Healthcare & Pharmaceuticals	SOFR	3.75%	9.25%	7/10/2025	13,168	13,151	12,904
Radiology Partners, Inc.	+	(2)(6)	Healthcare & Pharmaceuticals	SOFR	4.25%	10.18%	7/9/2025	27,553	27,515	21,987
RevSpring Inc.	+	(2)(6)	Media: Advertising, Printing & Publishing	SOFR	4.00%	9.61%	10/11/2025	28,548	28,474	28,425
Striper Buyer, LLC	+	(2)(3)	Containers, Packaging & Glass	SOFR	5.50%	10.96%	12/30/2026	14,550	14,467	14,460
Summit Acquisition, Inc.	+	(2)(3)	Diversified Financial Services	SOFR	6.75%	12.10%	5/1/2030	5,940	5,772	5,967
Tank Holding Corp.	+	(2)(3)(6)	Capital Equipment	SOFR	5.75%	11.21%	3/31/2028	19,749	19,296	19,292
Turbo Buyer, Inc.	+	(2)(3)(8)	Automotive	SOFR	6.00%	11.50%	12/2/2025	33,900	33,757	33,447
U.S. TelePacific Holdings Corp.	^	(2)(3)(6)(7)	Telecommunications	SOFR	1.00%, 6.00% PIK	12.53%	5/2/2026	3,799	3,270	1,168
USALCO, LLC	+	(2)(3)(6)	Chemicals, Plastics & Rubber	SOFR	6.00%	11.61%	10/19/2027	14,696	14,493	14,696
VRC Companies, LLC	^+	(2)(3)(6)(8)	Business Services	SOFR	5.50%	11.14%	6/29/2027	23,500	23,267	23,308
Welocalize, Inc.	^+	(2)(3)(6)(8)	Business Services	SOFR	4.75%	10.20%	12/23/2024	32,649	32,531	31,466
WRE Holding Corp.	^+	(2)(3)(6)(8)	Environmental Industries	SOFR	5.00%	10.41%	1/3/2025	8,070	8,068	8,021
Yellowstone Buyer Acquisition, LLC	+	(2)(3)(6)	Consumer Goods: Durable	SOFR	5.75%	11.18%	9/13/2027	39,100	38,571	37,927
First Lien Debt Total									<u>\$ 794,899</u>	<u>\$ 761,112</u>
Equity Investments (—% of fair value)										
Output Services Group, Inc.	^		Media: Advertising, Printing & Publishing					205	\$ —	\$ —
Equity Investments Total									<u>\$ —</u>	<u>\$ —</u>
Total Investments									<u>\$ 794,899</u>	<u>\$ 761,112</u>

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

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

(1) Unless otherwise indicated, issuers of investments held by Credit Fund are domiciled in the United States. As of December 31, 2023, the geographical composition of investments as a percentage of fair value was 1.5% in Canada and 98.5% in the United States. Certain portfolio company investments are subject to contractual restrictions on sales.

(2) Variable rate loans to the portfolio companies bear interest at a rate that is determined by reference to either SOFR or an alternate base rate (commonly based on the Federal Funds Rate or the U.S. Prime Rate), which generally resets quarterly. For each such loan, Credit Fund has indicated the reference rate used and provided the spread and the interest rate in effect as of December 31, 2023. As of December 31, 2023, the reference rates for Credit Fund's variable rate loans were the 30-day SOFR at 5.35%, the 90-day SOFR at 5.33% and the 180-day SOFR at 5.16%.

(3) Loan includes interest rate floor feature, which ranges from 0.75% to 1.00%.

(4) Amortized cost represents original cost, including origination fees and upfront fees received that are deemed to be an adjustment to yield, adjusted for the accretion/amortization of discounts/premiums, as applicable, on debt investments using the effective interest method.

(5) Fair value is determined in good faith by or under the direction of the Board of Managers of Credit Fund, pursuant to Credit Fund's valuation policy, with the fair value of all investments determined using significant unobservable inputs.

(6) Loans include a credit spread adjustment from 0.10% to 0.43%.

(7) Loan was on non-accrual status as of December 31, 2023.

(8) As of December 31, 2023, Credit Fund had the following unfunded commitments to fund delayed draw and revolving senior secured loans:

First Lien Debt – unfunded delayed draw and revolving term loans commitments	Type	Unused Fee	Par/ Principal	
			Amount	Fair Value
ACR Group Borrower, LLC	Revolver	0.38 %	\$ 3,570	\$ (20)
Chartis Holding, LLC	Revolver	0.50	1,003	(2)
Chemical Computing Group ULC (Canada)	Revolver	0.50	873	(4)
Diligent Corporation	Revolver	0.50	323	(2)
EPS Nass Parent, Inc.	Revolver	0.50	359	(13)
Heartland Home Services, Inc.	Revolver	0.50	772	(31)
HMT Holding Inc.	Revolver	0.50	3,351	(62)
Jensen Hughes, Inc.	Revolver	0.50	1,955	(7)
Turbo Buyer, Inc.	Revolver	0.50	933	(12)
VRC Companies, LLC	Revolver	0.50	833	(6)
Welocalize, Inc.	Revolver	0.50	5,625	(174)
WRE Holding Corp.	Revolver	0.50	1,123	(6)
Total unfunded commitments			\$ 20,720	\$ (339)

MIDDLE MARKET CREDIT FUND, LLC
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2022
(dollar amounts in thousands)

Consolidated Schedule of Investments as of December 31, 2022

Investments ⁽¹⁾	Footnotes	Industry	Reference Rate ⁽²⁾	Spread ⁽²⁾	Interest Rate ⁽²⁾	Maturity Date	Par/ Principal Amount	Amortized Cost ⁽⁴⁾	Fair Value ⁽⁵⁾
First Lien Debt (100.0% of fair value)									
ACR Group Borrower, LLC	^+ (2)(3)(7)	Aerospace & Defense	LIBOR	4.50%	9.22%	3/31/2028	\$ 36,965	\$ 36,488	\$ 36,015
Acrisure, LLC	+ (2)	Diversified Financial Services	LIBOR	3.50%	7.88%	2/13/2027	25,118	25,099	23,485
Alpine Acquisition Corp II	+ (2)(3)(6)	Transportation: Cargo	SOFR	5.50%	9.76%	11/30/2026	10,000	9,527	9,630
Analogic Corporation	+ (2)(3)(7)	Capital Equipment	LIBOR	5.25%	9.67%	6/22/2024	20,226	20,217	19,725
Anchor Packaging, Inc.	+ (2)	Containers, Packaging & Glass	LIBOR	4.00%	8.38%	7/18/2026	22,221	22,157	21,360
API Technologies Corp.	+ (2)	Aerospace & Defense	LIBOR	4.25%	8.98%	5/9/2026	14,475	14,436	13,127
Aptean, Inc.	+ (2)(6)	Software	SOFR	4.25%	8.98%	4/23/2026	12,031	11,997	11,475
Avalign Technologies, Inc.	+ (2)(6)	Healthcare & Pharmaceuticals	SOFR	4.50%	9.03%	12/22/2025	14,294	14,227	13,382
BMS Holdings III Corp.	+ (2)(3)	Construction & Building	LIBOR	5.50%	10.23%	9/30/2026	11,131	11,049	10,931
Chartis Holding, LLC	^+ (2)(3)(7)	Business Services	LIBOR	5.00%	9.77%	5/1/2025	6,893	6,893	6,832
Chemical Computing Group ULC (Canada)	^+ (2)(3)(6)(7)	Software	SOFR	4.50%	8.57%	8/30/2024	13,769	13,559	13,564
Diligent Corporation	^+ (2)(3)(7)	Telecommunications	LIBOR	6.25%	10.63%	8/4/2025	9,880	9,706	9,449
Divisions Holding Corporation	+ (2)(3)	Business Services	LIBOR	4.75%	9.13%	5/27/2028	24,688	24,488	24,009
DTI Holdco, Inc.	+ (2)(3)	High Tech Industries	SOFR	4.75%	8.84%	4/26/2029	29,925	29,373	27,363
Eliassen Group, LLC	+ (2)(3)	Business Services	SOFR	5.50%	10.07%	4/14/2028	19,375	19,148	19,150
EPS Nass Parent, Inc.	^+ (2)(3)(7)	Utilities: Electric	LIBOR	5.75%	10.48%	4/19/2028	34,104	33,524	32,432
EvolveIP, LLC	^+ (2)(3)(6)(7)	Telecommunications	SOFR	5.50%	10.09%	6/7/2025	40,392	40,361	39,633
Exactech, Inc.	+ (2)(3)	Healthcare & Pharmaceuticals	LIBOR	3.75%	8.13%	2/14/2025	21,081	21,022	17,002
GSM Acquisition Corp.	+ (2)(3)(6)	Leisure Products & Services	SOFR	5.00%	9.83%	11/16/2026	30,958	30,709	29,636
Heartland Home Services, Inc.	+ (2)(3)	Consumer Services	LIBOR	5.75%	10.10%	12/15/2026	7,242	7,158	7,114
Heartland Home Services, Inc.	+ (2)(3)(7)	Consumer Services	LIBOR	6.00%	10.38%	12/15/2026	24,255	24,176	24,014
Higginbotham Insurance Agency, Inc.	+ (2)(3)	Diversified Financial Services	LIBOR	5.25%	9.63%	11/25/2026	4,477	4,418	4,377
HMT Holding Inc.	^+ (2)(3)(6)(7)	Energy: Oil & Gas	SOFR	5.75%	10.15%	11/17/2025	32,148	32,013	30,654
Integrity Marketing Acquisition, LLC	+ (2)(3)	Diversified Financial Services	LIBOR	6.05%	10.57%	8/27/2025	36,943	36,622	35,614
Integrity Marketing Acquisition, LLC	^+ (2)(3)	Diversified Financial Services	LIBOR	6.02%	10.57%	8/27/2025	6,949	6,873	6,699
Jensen Hughes, Inc.	^+ (2)(3)(7)	Utilities: Electric	LIBOR	4.50%	9.43%	3/22/2024	34,584	34,559	33,323
K2 Insurance Services, LLC	^+ (2)(3)(7)	Diversified Financial Services	LIBOR	5.00%	9.73%	7/1/2026	12,799	12,799	12,665
KAMC Holdings, Inc.	+ (2)	Energy: Electricity	LIBOR	4.00%	8.73%	8/14/2026	13,545	13,507	10,881
KBP Investments, LLC	+ (2)(3)(7)	Beverage & Food	SOFR	5.50%, 0.50% PIK	10.53%	5/25/2027	37,241	37,055	34,326

Consolidated Schedule of Investments as of December 31, 2022

Investments ⁽¹⁾		Footnotes	Industry	Reference Rate ⁽²⁾	Spread ⁽²⁾	Interest Rate ⁽²⁾	Maturity Date	Par/ Principal Amount	Amortized Cost ⁽⁴⁾	Fair Value ⁽⁵⁾
Odyssey Logistics & Technology Corp.	^+	(2)(3)	Transportation: Cargo	LIBOR	4.00%	8.38%	10/12/2024	\$ 9,505	\$ 9,489	\$ 9,277
Output Services Group	^+	(2)(3)	Media: Advertising, Printing & Publishing	SOFR	5.25%, 1.50% PIK	11.30%	6/27/2026	19,190	19,169	13,097
PF Atlantic Holdco 2, LLC	+	(2)(3)	Leisure Products & Services	LIBOR	5.50%	10.25%	11/12/2027	15,396	15,168	15,126
Premise Health Holding Corp.	+	(2)	Healthcare & Pharmaceuticals	LIBOR	3.75%	7.92%	7/10/2025	13,306	13,280	13,199
QW Holding Corporation	^+	(2)(3)(7)	Environmental Industries	LIBOR	5.50%	9.64%	8/31/2026	21,574	21,437	21,105
Radiology Partners, Inc.	+	(2)	Healthcare & Pharmaceuticals	LIBOR	4.25%	8.64%	7/9/2025	27,686	27,625	23,201
RevSpring Inc.	+	(2)	Media: Advertising, Printing & Publishing	LIBOR	4.00%	8.73%	10/11/2025	28,848	28,737	27,719
Riveron Acquisition Holdings, Inc.	+	(2)(3)	Diversified Financial Services	LIBOR	5.75%	10.48%	5/22/2025	11,284	11,284	11,284
Striper Buyer, LLC	+	(2)(3)	Containers, Packaging & Glass	LIBOR	5.50%	9.88%	12/30/2026	14,700	14,593	14,604
Tank Holding Corp.	+	(2)(3)(6)	Capital Equipment	SOFR	5.75%	10.16%	3/31/2028	19,950	19,410	19,421
Turbo Buyer, Inc.	+	(2)(3)(7)	Automotive	LIBOR	6.00%	11.13%	12/2/2025	34,251	34,044	33,625
U.S. TelePacific Holdings Corp.	+	(2)(3)(6)	Telecommunications	SOFR	1.00%, 7.25% PIK	11.57%	5/2/2026	7,086	7,073	2,527
USALCO, LLC	+	(2)(3)	Chemicals, Plastics & Rubber	LIBOR	6.00%	10.73%	10/19/2027	14,845	14,598	14,118
VRC Companies, LLC	^+	(2)(3)(7)	Business Services	LIBOR	5.50%	10.59%	6/29/2027	28,767	28,418	28,059
Welocalize, Inc.	^+	(2)(3)(7)	Business Services	LIBOR	4.75%	9.13%	12/23/2024	33,853	33,615	32,677
WRE Holding Corp.	^+	(2)(3)(6)(7)	Environmental Industries	SOFR	5.00%	9.84%	1/3/2025	8,155	8,152	7,892
Yellowstone Buyer Acquisition, LLC	+	(2)(3)	Consumer Goods: Durable	LIBOR	5.75%	10.07%	9/13/2027	39,500	38,851	37,922
First Lien Debt Total									\$ 948,103	\$ 902,720
Equity Investments (0.0% of fair value)										
DBI Holding, LLC	^		Transportation: Cargo					2,961	\$ —	\$ —
DBI Holding, LLC	^		Transportation: Cargo					13,996	5,364	—
Equity Investments Total									\$ 5,364	\$ —
Total Investments									\$ 953,467	\$ 902,720

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

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

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

- (1) Unless otherwise indicated, issuers of investments held by Credit Fund are domiciled in the United States. As of December 31, 2022, the geographical composition of investments as a percentage of fair value was 1.5% in Canada and 98.5% in the United States. Certain portfolio company investments are subject to contractual restrictions on sales.
- (2) Variable rate loans to the portfolio companies bear interest at a rate that is determined by reference to either LIBOR or an alternate base rate (commonly based on the Federal Funds Rate or the U.S. Prime Rate), which generally resets quarterly. For each such loan, Credit Fund has indicated the reference rate used and provided the spread and the interest rate in effect as of December 31, 2022. As of December 31, 2022, the reference rates for Credit Fund's variable rate loans were the 30-day LIBOR at 4.39%, the 90-day LIBOR at 4.77%, the 180-day LIBOR at 5.14%, the 30-day SOFR at 4.36% and the 90-day SOFR at 4.59%.
- (3) Loan includes interest rate floor feature, which is generally 1.00%.
- (4) Amortized cost represents original cost, including origination fees and upfront fees received that are deemed to be an adjustment to yield, adjusted for the accretion/amortization of discounts/premiums, as applicable, on debt investments using the effective interest method.
- (5) Fair value is determined in good faith by or under the direction of the Board of Managers of Credit Fund, pursuant to Credit Fund's valuation policy, with the fair value of all investments determined using significant unobservable inputs.

(6) Loans include a credit spread adjustment from 0.10% to 0.26%.

(7) As of December 31, 2022, Credit Fund and Credit Fund Sub had the following unfunded commitments to fund delayed draw and revolving senior secured loans:

First Lien Debt – unfunded delayed draw and revolving term loans commitments	Type	Unused Fee	Par/ Principal	
			Amount	Fair Value
ACR Group Borrower, LLC	Revolver	0.38 %	\$ 4,515	\$ (103)
Analogic Corporation	Revolver	0.50	226	(6)
Chartis Holding, LLC	Revolver	0.50	2,183	(15)
Chemical Computing Group ULC (Canada)	Revolver	0.50	873	(12)
Diligent Corporation	Revolver	0.50	492	(20)
EPS Nass Parent, Inc.	Delayed Draw	1.00	1,380	(63)
EPS Nass Parent, Inc.	Revolver	0.50	1,111	(51)
EvolveIP, LLC	Revolver	0.50	2,757	(49)
Heartland Home Services, Inc.	Revolver	0.50	771	(7)
HMT Holding Inc.	Revolver	0.50	6,173	(241)
Jensen Hughes, Inc.	Revolver	0.50	1,455	(51)
K2 Insurance Services, LLC	Revolver	0.50	1,170	(11)
KBP Investments, LLC	Delayed Draw	1.00	565	(44)
QW Holding Corporation	Revolver	0.50	5,498	(95)
Turbo Buyer, Inc.	Revolver	0.50	933	(17)
VRC Companies, LLC	Revolver	0.50	833	(20)
Welocalize, Inc.	Revolver	0.50	5,625	(168)
WRE Holding Corp.	Revolver	0.50	1,123	(32)
Total unfunded commitments			\$ 37,683	\$ (1,005)

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

MIDDLE MARKET CREDIT FUND, LLC
CONSOLIDATED STATEMENTS OF OPERATIONS
(dollar amounts in thousands)

	For the years ended December 31,	
	2023	2022
Investment income:		
Interest income	\$ 89,938	\$ 68,345
Other income	510	1,434
Total investment income	90,448	69,779
Expenses:		
Interest expense and credit facility fees	41,457	25,195
Professional fees	615	842
Administrative service fees	332	344
Other general and administrative	992	864
Total expenses	43,396	27,245
Net investment income (loss)	47,052	42,534
Net realized gain (loss) and net change in unrealized appreciation (depreciation) on investments:		
Net realized gain (loss) on investments	(25,619)	(269)
Net change in unrealized appreciation (depreciation) on investments	16,960	(37,614)
Net realized gain (loss) and net change in unrealized appreciation (depreciation) on investments	(8,659)	(37,883)
Net increase in members' equity resulting from operations	\$ 38,393	\$ 4,651

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

MIDDLE MARKET CREDIT FUND, LLC
CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY
(dollar amounts in thousands)

	For the years ended December 31,	
	2023	2022
Increase (decrease) in members' equity resulting from operations:		
Net investment income (loss)	\$ 47,052	\$ 42,534
Net realized gain (loss) on investments	(25,619)	(269)
Net change in unrealized appreciation (depreciation) on investments	16,960	(37,614)
Net increase (decrease) in members' equity resulting from operations	38,393	4,651
Capital transactions:		
Dividends declared	(44,000)	(41,000)
Net increase (decrease) in members' equity resulting from capital transactions	(44,000)	(41,000)
Net increase (decrease) in members' equity	(5,607)	(36,349)
Members' equity (deficit) at beginning of year	(54,130)	(17,781)
Members' equity (deficit) at end of year	\$ (59,737)	\$ (54,130)

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

MIDDLE MARKET CREDIT FUND, LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollar amounts in thousands)

	For the years ended December 31,	
	2023	2022
Cash flows from operating activities:		
Net increase (decrease) in members' equity resulting from operations	\$ 38,393	\$ 4,651
Adjustments to reconcile net increase (decrease) in members' equity resulting from operations to net cash provided by (used in) operating activities:		
Paid-in-kind interest	(546)	(702)
Amortization of deferred financing costs	1,483	1,116
Net accretion of discount on investments	(2,075)	(3,239)
Net realized (gain) loss on investments	25,619	269
Net change in unrealized (appreciation) depreciation on investments	(16,960)	37,614
Cost of investments purchased and change in payable for investments purchased	(49,792)	(203,028)
Proceeds from sales and repayments of investments and change in receivable for investments sold	187,221	186,723
<i>Changes in operating assets:</i>		
Interest receivable	400	(838)
Prepaid expenses and other assets	105	157
<i>Changes in operating liabilities:</i>		
Interest and credit facility fees payable	817	4,424
Other accrued expenses and liabilities	(140)	(93)
Net cash provided by (used in) operating activities	184,525	27,054
Cash flows from financing activities:		
Borrowings on Credit Fund Sub Facility	20,000	170,000
Repayments of Credit Fund Sub Facility and Credit Fund Warehouse II Facility	(161,400)	(182,030)
Debt issuance costs paid	(1,978)	(1,035)
Dividends paid in cash	(33,000)	(40,000)
Net cash provided by (used in) financing activities	(176,378)	(53,065)
Net increase (decrease) in cash, cash equivalents and restricted cash	8,147	(26,011)
Cash, cash equivalents and restricted cash, beginning of year	28,030	54,041
Cash, cash equivalents and restricted cash, end of year	\$ 36,177	\$ 28,030
Supplemental disclosures:		
Dividends declared during the year	\$ 44,000	\$ 41,000
Interest and credit facility fees paid during the year	\$ 39,158	\$ 19,540
Taxes paid during the year	\$ 262	\$ 207

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

MIDDLE MARKET CREDIT FUND, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2023
(dollar amounts in thousands)

1. ORGANIZATION

Middle Market Credit Fund, LLC ("Credit Fund") is a Delaware limited liability company formed on February 4, 2016. On February 29, 2016, Carlyle Secured Lending, Inc. ("CSL") and Credit Partners USA LLC ("Credit Partners" and, together with CSL, the "Members" and, each, a "Member") entered into an amended and restated limited liability company agreement, which was subsequently amended and restated on June 24, 2016, February 22, 2021, May 16, 2022, and April 20, 2023 (as amended, the "LLC Agreement"), to co-manage Credit Fund. Credit Fund is managed by a six-member board of managers ("Board of Managers"), on which CSL and Credit Partners have equal representation. Investment decisions must be unanimously approved by a quorum of the investment committee, which is comprised of persons appointed equally by each Member ("Investment Committee"). The Members each have 50% economic ownership of Credit Fund and have commitments to fund, from time to time, capital and subordinated loans of up to \$250,000 each. Credit Fund commenced substantial operations on May 11, 2016, the date of the first capital call.

Credit Fund's investment objective is to generate current income and capital appreciation primarily through debt investments in U.S. middle market companies.

Middle Market Credit Fund SPV, LLC (the "Credit Fund Sub") and MMCF Warehouse II, LLC (the "Credit Fund Warehouse II"), each a Delaware limited liability company, were formed on April 5, 2016 and August 16, 2019, respectively. Credit Fund Sub and the Credit Fund Warehouse II are wholly owned subsidiaries of Credit Fund and are consolidated in Credit Fund's consolidated financial statements commencing from the date of their respective formations. Credit Fund Sub primarily invests in first lien loans of middle market companies. Refer to Note 5, Borrowings, to these consolidated financial statements for discussions regarding the credit facility entered into and the notes issued by such wholly-owned subsidiaries.

Carlyle Global Credit Administration L.L.C. (the "Administrator") provides the administrative services necessary for Credit Fund to operate. The Administrator is a wholly owned subsidiary of Carlyle Investment Management L.L.C., a subsidiary of The Carlyle Group Inc., a global investment firm publicly traded on the Nasdaq Global Select Market under the symbol "CG".

Credit Fund had a five-year investment period commencing on February 29, 2016, which was extended to May 21, 2025. Such period may be extended, suspended or sooner terminated pursuant to the terms of the LLC Agreement. After the end of the investment period, the LLC Agreement will continue to be in full force and effect and Credit Fund will not be dissolved until all the investments are amortized, liquidated or are otherwise transferred or disposed of by Credit Fund, the Credit Fund Sub, and the Credit Fund Warehouse II and, if applicable, any other subsidiary.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Use of Estimates

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

Investments

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

Cash, Cash Equivalents and Restricted Cash

Cash, cash equivalents and restricted cash consist of demand deposits and highly liquid investments (e.g., money market funds, U.S. treasury notes) with original maturities of three months or less. Cash equivalents are carried at amortized cost, which approximates fair value. Credit Fund's cash, cash equivalents, and restricted cash are held with two large financial institutions and cash held in such financial institutions may, at times, exceed the Federal Deposit Insurance Corporation insured limit. As of December 31, 2023 and 2022, the Credit Fund had restricted cash balances of \$14,106 and \$14,393, respectively, which represent amounts that are collected and held by trustees appointed by Credit Fund for payment of interest expense and principal on the outstanding borrowings, or reinvestment into new assets. The amounts are held by the trustees as custodians of the assets securing certain of the Credit Fund's financing transactions. There were no restricted cash balances denominated in a foreign currency as of December 31, 2023 and 2022.

Revenue Recognition

Interest from Investments

Interest income is recorded on an accrual basis and includes the accretion of discounts and amortization of premiums. Discounts from and premiums to par value on debt investments purchased are accreted/amortized into interest income over the life of the respective security using the effective interest method. The amortized cost of debt investments represents the original cost, including origination fees, that are deemed to be an adjustment to yield, adjusted for the accretion of discounts and amortization of premiums, if any.

Credit Fund may have loans in its portfolio that contain payment-in-kind ("PIK") provisions. PIK represents interest that is accrued and recorded as interest income at the contractual rates, increases the loan principal on the respective capitalization dates, and is generally due at maturity. As of December 31, 2023 and 2022, the fair value of the loans in the portfolio with PIK provisions was \$36,481 and \$49,950, respectively, which represents approximately 4.8% and 5.5%, respectively, of total investments at fair value. For the years ended December 31, 2023 and 2022, Credit Fund earned \$491 and \$480 in PIK income, respectively, included in interest income in the accompanying Consolidated Statements of Operations.

Other Income

Other income may include income such as consent, waiver, amendment, unused, syndication, underwriting, arranger and prepayment fees associated with Credit Fund's investment activities. Such fees are recognized as income when earned or the services are rendered. Credit Fund may receive fees for guaranteeing the outstanding debt of a portfolio company. Such fees will be amortized into other income over the life of the guarantee. The unamortized amount, if any, is included in prepaid expenses and other assets in the accompanying Consolidated Statements of Assets, Liabilities and Members' Equity. For the years ended December 31, 2023 and 2022, Credit Fund earned \$510 and \$1,434, respectively, in other income.

Non-Accrual Income

Loans are generally placed on non-accrual status when principal or interest payments are past due or when there is reasonable doubt that principal or interest will be collected in full. Accrued and unpaid interest is generally reversed when a loan is placed on non-accrual status. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon management's judgment regarding collectability. Non-accrual loans are restored to accrual status when past due principal and interest are current or there is no longer any reasonable doubt that such principal or interest will be collected in full and, in management's judgment, are likely to remain current. Management may determine not to place a loan on non-accrual status if the loan has sufficient collateral value and is in the process of collection. As of December 31, 2023, the fair value of the loans in the portfolio on non-accrual status was \$13,263. The remaining first and second lien debt investments were performing and current on their interest payments as of December 31, 2023. As of December 31, 2022, none of the loans

in Credit Fund's portfolio were on non-accrual status and all first and second lien debt investments were performing and current on their interest payments.

Credit Fund Facilities and Related Costs, Expenses and Deferred Financing Costs

Interest expense and unused commitment fees on the Credit Fund Facility and Credit Fund Sub Facility (collectively, the "Credit Fund Facilities") are recorded on an accrual basis. Unused commitment fees are included in interest expense and credit facility fees in the accompanying Consolidated Statements of Operations. The Credit Fund Facilities are recorded at carrying value, which approximates fair value.

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

Income Taxes

Credit Fund has elected to be treated as a partnership for U.S. federal income tax purposes. No provision is made for federal or state income taxes since income and losses are allocated to the individual Members who are responsible for reporting such and paying any taxes thereon. However, certain items of income distributed to Members may be subject to withholding or other taxes on behalf of those Members. Credit Fund has not recorded a liability for any uncertain tax positions pursuant to the provisions of ASC 740, *Tax Provisions*.

Credit Fund is not subject to federal and state taxes although it may be subject to local taxes in relation to loans originated by Credit Fund. Credit Fund is subject to New York City unincorporated business tax ("UBT"). For the years ended December 31, 2023 and 2022, UBT, including related interest and penalties, of \$325 and \$234, respectively, was included within other general and administrative in the accompanying Consolidated Statements of Operations.

The Credit Fund Sub and Credit Fund Warehouse II are disregarded entities for tax purposes and are consolidated with the tax return of Credit Fund.

Allocations to Members

Net investment income (loss) accrued in accordance with the LLC Agreement, net realized gain (loss) and net change in unrealized appreciation (depreciation) on investments, calculated in accordance with U.S. GAAP, will be allocated among the Members in accordance with the LLC Agreement.

Capital Calls and Dividends and Distributions to Members

Capital contributions are made by the Members on a pro rata basis based on their respective capital commitments and recorded on the effective date of the contributions. To the extent that Credit Fund has taxable income available, Credit Fund intends to make distributions quarterly in an amount equal to the investment company taxable income and net capital gains (each as computed under Subchapter M of the Internal Revenue Code of 1986, as amended (together with the rules and regulations promulgated thereunder, the "Code")) earned in the preceding quarter, shared among the Members on a pro rata basis based on their respective membership interests. Dividends and distributions to members are recorded on the record date. The amount to be distributed is determined by the Members with prior board approval each quarter and is generally based upon the taxable earnings estimated by management and available cash. Net realized capital gains, if any, are generally distributed at least annually, although Credit Fund may decide to retain such capital gains for investment. Such payments to Members relating to their membership interests are reflected as dividends.

The Members, with prior board approval, may determine to make a distribution in addition to that required above from available cash or cash equivalents received from one or more investments (whether from principal repayment or otherwise and after reduction of any applicable withholding or reserves). Any such distributions shall be shared among the Members as follows:

(i) first, to pay any outstanding loans made by a Member or its affiliates, with prior board approval, to temporarily fund obligations for valid company purposes listed in the LLC Agreement until capital contributions are made by the Members and any interest accrued thereon;

(ii) second, to the Members in respect of any accrued and unpaid interest on the subordinated loans contributed by Members as subsequent capital contributions to Credit Fund in proportion to the outstanding balances of such subordinated loans;

(iii) third, to the Members in respect of any unpaid principal amount of the subordinated loans contributed by Members as subsequent capital contributions to Credit Fund in proportion to the outstanding balance of such subordinated loans; and

(iv) fourth, to the Members as distributions in respect of their limited liability company interests in Credit Fund in proportion to their respective capital account balances.

Functional Currency

The functional currency of Credit Fund is the U.S. Dollar and all transactions were in U.S. Dollars.

Recent Accounting Standards Updates

In December 2022, the FASB issued ASU No. 2022-06, Reference Rate Reform (Topic 848), which defers the sunset date of Topic 848 from December 31, 2022 to December 31, 2024. The expedients and exceptions provided by the amendments do not apply to contract modifications and hedging relationships entered into or evaluated after December 31, 2022, except for hedging transactions as of December 31, 2022, that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationship. Credit Fund does not expect this guidance to impact its consolidated financial statements.

3. FAIR VALUE MEASUREMENTS

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

Securities/instruments that are illiquid or for which the pricing source does not provide a valuation or methodology or provides a valuation or methodology that, in the judgment of the Board of Managers, does not represent fair value shall each be valued as of the measurement date using all techniques appropriate under the circumstances and for which sufficient data is available. These valuation techniques may vary by investment and include comparable public market valuations, comparable precedent transaction valuations and/or discounted cash flow analyses.

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

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

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

Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of Credit Fund's investments may fluctuate from period to period. Because of the inherent uncertainty of

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

In addition, changes in the market environment and other events that may occur over the life of the investments may cause the realized gains or losses on investments to be different from the net change in unrealized appreciation or depreciation currently reflected in the consolidated financial statements as of December 31, 2023 and 2022.

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

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

- Level 1—inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date. Financial instruments in this category generally include unrestricted securities, including equities and derivatives, listed in active markets. Credit Fund does not adjust the quoted price for these investments, even in situations where Credit Fund holds a large position and a sale could reasonably impact the quoted price.
- Level 2—inputs to the valuation methodology are either directly or indirectly observable as of the reporting date and are those other than quoted prices in active markets. Financial instruments in this category generally include less liquid and restricted securities listed in active markets, securities traded in other than active markets, government and agency securities, and certain over-the-counter derivatives where the fair value is based on observable inputs.
- Level 3—inputs to the valuation methodology are unobservable and significant to overall fair value measurement. The inputs into the determination of fair value require significant management judgment or estimation. Financial instruments in this category generally include investments in privately-held entities and certain over-the-counter derivatives where the fair value is based on unobservable inputs.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the overall fair value measurement. Credit Fund's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

Transfers between levels, if any, are recognized at the beginning of the year in which the transfers occur. For the years ended December 31, 2023 and 2022, there were no transfers between levels.

The following tables summarize Credit Fund's investments measured at fair value on a recurring basis by the above fair value hierarchy levels as of December 31, 2023 and 2022:

December 31, 2023				
	Level 1	Level 2	Level 3	Total
Assets				
First Lien Debt	\$ —	\$ —	\$ 761,112	\$ 761,112
Equity Investments	—	—	—	—
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 761,112</u>	<u>\$ 761,112</u>

December 31, 2022				
	Level 1	Level 2	Level 3	Total
Assets				
First Lien Debt	\$ —	\$ —	\$ 902,720	\$ 902,720
Equity Investments	—	—	—	—
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 902,720</u>	<u>\$ 902,720</u>

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

Financial Assets for the Year Ended December 31, 2023			
	First Lien Debt	Equity Investments	Total
Balance, beginning of year	\$ 902,720	\$ —	\$ 902,720
Purchases	50,324	—	50,324
Sales	(83,406)	—	(83,406)
Paydowns	(101,942)	—	(101,942)
Accretion of discount	2,075	—	2,075
Net realized gains (losses)	(20,255)	(5,364)	(25,619)
Net change in unrealized appreciation (depreciation)	11,596	5,364	16,960
Balance, end of year	\$ 761,112	\$ —	\$ 761,112
Net change in unrealized appreciation (depreciation) relating to Level 3 investments still held at the reporting date and included within the Consolidated Statements of Operations	\$ 1,380	\$ —	\$ 1,380

Financial Assets for the Year Ended December 31, 2022			
	First Lien Debt	Equity Investments	Total
Balance, beginning of year	\$ 926,959	\$ —	\$ 926,959
Purchases	198,511	—	198,511
Sales	(8,348)	—	(8,348)
Paydowns	(179,758)	—	(179,758)
Accretion of discount	3,239	—	3,239
Net realized gains (losses)	(269)	—	(269)
Net change in unrealized appreciation (depreciation)	(37,614)	—	(37,614)
Balance, end of year	\$ 902,720	\$ —	\$ 902,720
Net change in unrealized appreciation (depreciation) relating to Level 3 investments still held at the reporting date and included within the Consolidated Statements of Operations	\$ (36,114)	\$ —	\$ (36,114)

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

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

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

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

The following tables summarize the quantitative information related to the significant unobservable inputs for Level 3 instruments which were carried at fair value as of December 31, 2023 and 2022:

	Fair Value as of December 31, 2023	Valuation Techniques	Significant Unobservable Inputs	Range		Weighted Average
				Low	High	
Investments in First Lien Debt	\$ 668,034	Discounted Cash Flow	Discount Rate	8.08 %	14.37 %	11.31 %
	89,853	Consensus Pricing	Indicative Quotes	30.75 %	98.50 %	80.99 %
	3,225	Income Approach	Discount Rate	12.44 %	12.44 %	12.44 %
		Market Approach	Comparable Multiple	5.49x	5.49x	5.49x
Total First Lien Debt	761,112					
Total Level 3 Investments	\$ 761,112					

	Fair Value as of December 31, 2022	Valuation Techniques	Significant Unobservable Inputs	Range		Weighted Average
				Low	High	
Investments in First Lien Debt	\$ 708,327	Discounted Cash Flow	Discount Rate ⁽¹⁾	9.53 %	14.86 %	11.58 %
	194,393	Consensus Pricing	Indicative Quotes	35.67 %	97.60 %	90.29 %
Total First Lien Debt	902,720					
Total Level 3 Investments	\$ 902,720					

(1) Effective December 31, 2023, the significant unobservable input disclosed for discount rate include forward reference rates. Prior periods were conformed to the current presentation.

The significant unobservable inputs used in the fair value measurement of Credit Fund's investments in first lien debt securities are discount rates and indicative quotes. Significant increases in discount rates in isolation would result in a significantly lower fair value measurement. Significant decreases in indicative quotes in isolation would result in a significantly lower fair value measurement.

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

Financial instruments disclosed but not carried at fair value

The following table presents the carrying value and fair value of Credit Fund's secured borrowings and subordinated loans disclosed but not carried at fair value as of December 31, 2023 and 2022:

	December 31, 2023		December 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Secured borrowings	\$ 447,221	\$ 447,221	\$ 588,621	\$ 588,621
Subordinated loans	386,000	363,920	386,000	380,130
Total	\$ 833,221	\$ 811,141	\$ 974,621	\$ 968,751

The carrying values of the secured borrowings approximate their respective fair values due to their variable interest rates and are categorized as Level 3 within the hierarchy.

Subordinated loans are valued using discounted cash flow analysis with expected recovery rate of principal and interest. The significant unobservable inputs used in the fair value measurement of the subordinated loans are discount rates, default rates and recovery rates. Significant increases in discount rates or default rates would result in a significantly lower fair value measurement. Significant decreases in recovery rates would result in a significantly lower fair value measurement.

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

4. RELATED PARTY TRANSACTIONS

Administration Agreement

On February 29, 2016, Credit Fund's Board of Managers approved an administration agreement (the "Administration Agreement") between Credit Fund and the Administrator. Pursuant to the Administration Agreement, the Administrator provides services and receives reimbursements equal to an amount that reimburses the Administrator for its costs and expenses and Credit Fund's allocable portion of overhead incurred by the Administrator in performing its obligations under the Administration Agreement, including Credit Fund's allocable portion of the compensation paid to or compensatory distributions received by Credit Fund's officer and respective staff who provide services to Credit Fund, operations staff who provide services to Credit Fund. Reimbursement under the Administration Agreement occurs quarterly in arrears.

The initial term of the Administration Agreement was two years from February 29, 2016 and, unless terminated earlier, the Administration Agreement renews automatically for successive annual periods. The Administration Agreement may not be assigned by a party without the consent of the other party and may be terminated by either party without penalty upon at least 60 days' written notice to the other party.

For the years ended December 31, 2023 and 2022, Credit Fund incurred \$332 and \$344, respectively, in fees under the Administrative Agreement, which were included in administrative service fees in the accompanying Consolidated Statements of Operations. As of December 31, 2023 and 2022, \$243 and \$374, respectively, was unpaid and included in other accrued expenses and liabilities in the accompanying Consolidated Statements of Assets, Liabilities and Members' Equity.

Sub-Administration Agreements

On February 29, 2016, the Administrator entered into sub-administration agreements with Carlyle Employee Co. Pursuant to the agreement, Carlyle Employee Co. provides the Administrator with access to personnel.

On April 5, 2016, the Administrator entered into a sub-administration agreement with State Street Bank and Trust Company (the "Sub-Administration Agreement"). This Agreement will continue in full force and effect until terminated. The Sub-Administration Agreement may not be assigned by a party without the consent of the other party and may be terminated by either party without penalty upon at least 60 days' written notice to the other party.

For the years ended December 31, 2023 and 2022, fees incurred in connection with the Sub-Administration Agreement, which amounted to \$299 and \$292, respectively, were included in other general and administrative expense in the accompanying Consolidated Statements of Operations. As of December 31, 2023 and 2022, \$99 and \$148, respectively, was unpaid and included in other accrued expenses and liabilities in the accompanying Consolidated Statements of Assets, Liabilities and Members' Equity.

Transactions with CSL

During the years ended December 31, 2023 and 2022, the Credit Fund engaged in purchase and sale transactions with CSL, as detailed below.

	For the year ended December 31,	
	2023	2022
Number of investments purchased	3	8
Cost of investments purchased	\$ 18,237	\$ 113,509

5. BORROWINGS

Credit Fund Facilities

The Credit Fund and Credit Fund Sub are party to separate credit facilities, as described below. Until its termination on June 28, 2022, Credit Fund Warehouse II was party to the Credit Fund Warehouse II Facility, as described below. As of December 31, 2023 and 2022, Credit Fund and Credit Fund Sub were in compliance with all covenants and other requirements of their respective credit facility agreements. Below is a summary of the borrowings and repayments under the credit facilities for the respective periods.

	Credit Fund Facility	Credit Fund Sub Facility	Credit Fund Warehouse II Facility
Outstanding balance as of December 31, 2021	\$ —	\$ 514,621	\$ 86,030
Borrowings	—	170,000	—
Repayments	—	(96,000)	(86,030)
Outstanding balance as of December 31, 2022	—	588,621	—
Borrowings	—	20,000	—
Repayments	—	(161,400)	—
Outstanding balance as of December 31, 2023	\$ —	\$ 447,221	\$ —

Credit Fund Facility. On June 24, 2016, Credit Fund closed on the Credit Fund Facility, which was subsequently amended on June 5, 2017, October 2, 2017, November 3, 2017, June 22, 2018, June 29, 2018, February 21, 2019, March 20, 2020, February 22, 2021, May 19, 2022, and May 21, 2023 pursuant to which Credit Fund may from time to time request mezzanine loans from CSL. The maximum principal amount of the Credit Fund Facility is \$100,000 (\$175,000 prior to the May 21, 2023 amendment), subject to availability under the Credit Fund Facility, which is based on certain advance rates multiplied by the value of Credit Fund's portfolio investments net of certain other indebtedness that Credit Fund may incur in accordance with the terms of the Credit Fund Facility. Proceeds of the Credit Fund Facility may be used for general corporate purposes, including the funding of portfolio investments. Amounts drawn under the Credit Fund Facility bear interest at the greater of zero and SOFR (LIBOR prior to the May 21, 2023 amendment) plus an applicable spread of 9.00% and such interest payments are made quarterly. The availability period under the Credit Fund Facility will terminate on May 21, 2025 (May 21, 2023 prior to the May 21, 2023 amendment), which is also its maturity date upon which Credit Fund is obligated to repay any outstanding borrowings.

Credit Fund Sub Facility. On June 24, 2016, Credit Fund Sub closed on the Credit Fund Sub Facility with lenders, which was subsequently amended on May 31, 2017, October 27, 2017, August 24, 2018, December 12, 2019, March 11, 2020, May 3, 2021, May 3, 2022, April 20, 2023, and August 28, 2023. The Credit Fund Sub Facility provides for secured borrowings during the applicable revolving period up to an amount equal to \$640,000 (the borrowing base as calculated pursuant to the terms of the Credit Fund Sub Facility). The aggregate maximum credit commitment can be increased up to an amount not to exceed \$1,400,000, subject to certain restrictions and conditions set forth in the Credit Fund Sub Facility, including adequate collateral to support such borrowings. The Credit Fund Sub Facility has a revolving period through May 23, 2025 (May 23, 2023 prior to the April 20, 2023 amendment) and a maturity date of May 23, 2026 (May 23, 2025 prior to the April 20, 2023 amendment), which may be extended by mutual agreement of the parties to the Credit Fund Sub Facility. Borrowings under the Credit Fund Sub Facility bear interest initially at the applicable commercial paper rate (if the lender is a conduit lender) or SOFR plus 2.70% (2.35% prior to the April 20, 2023 amendment). The Credit Fund Sub is also required to pay an undrawn commitment fee of between 0.50% and 0.75% per year depending on the usage of the Credit Fund Sub Facility. Payments under the Credit Fund Sub Facility are made quarterly. Subject to certain exceptions, the Facility is secured by a first lien security interest in substantially all of the portfolio investments held by the Credit Fund Sub.

Credit Fund Warehouse II Facility. On August 16, 2019, Credit Fund Warehouse II closed on a revolving credit facility (the "Credit Fund Warehouse II Facility") with lenders. The Credit Fund Warehouse II Facility provided for secured borrowings during the applicable revolving period up to an amount equal to \$150,000. The Credit Fund Warehouse II Facility was secured by a first lien security interest in substantially all of the portfolio investments held by the Credit Fund Warehouse II Facility. The maturity date of the Credit Fund Warehouse II Facility was August 16, 2022 and Credit Fund Warehouse II repaid all outstanding amounts on June 28, 2022. Amounts borrowed under the Credit Fund Warehouse II Facility during the first 12 months bore interest at a rate of LIBOR plus 1.05%, and amounts borrowed in the second 12 months bore interest at LIBOR plus 1.15%. Other amounts borrowed under the Credit Fund Warehouse II Facility bore interest at a rate of LIBOR plus 1.50%.

Summary of Facilities

The facilities of Credit Fund and Credit Fund Sub consisted of the following as of December 31, 2023 and 2022:

	December 31, 2023		
	Total Facility	Borrowings Outstanding	Unused Portion ⁽¹⁾
Secured borrowings - Credit Fund Sub Facility	\$ 640,000	\$ 447,221	\$ 192,779
Credit Fund Facility	100,000	—	100,000
Total	\$ 740,000	\$ 447,221	\$ 292,779

	December 31, 2022		
	Total Facility	Borrowings Outstanding	Unused Portion ⁽¹⁾
Secured borrowings - Credit Fund Sub Facility	\$ 640,000	\$ 588,621	\$ 51,379
Credit Fund Facility	175,000	—	175,000
Total	\$ 815,000	\$ 588,621	\$ 226,379

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

As of December 31, 2023 and 2022, the components of interest and credit facility fees payable were as follows:

	For the years ended December 31,	
	2023	2022
Interest expense payable	\$ 8,488	\$ 8,038
Unused commitment fees payable	490	127
Other fees	4	—
Total interest and credit facility fees payable	\$ 8,982	\$ 8,165
Weighted average interest rate⁽¹⁾	8.25 %	6.61 %

For the years ended December 31, 2023 and 2022, the components of interest expense and credit facility fees on the Credit Fund Facilities were as follows:

	For the years ended December 31,	
	2023	2022
Interest expense	\$ 38,614	\$ 23,181
Facility unused commitment fee	1,360	864
Amortization of deferred financing costs	1,483	1,116
Other fees	—	34
Total interest expense and credit facility fees	\$ 41,457	\$ 25,195
Cash paid for interest expense and credit facility fees	\$ 39,158	\$ 19,540
Weighted average principal debt outstanding	\$ 492,607	\$ 562,713
Weighted average interest rate	7.84 %	4.12 %

6. MEMBERS' EQUITY AND SUBORDINATED LOANS

The Members each have 50% economic ownership of Credit Fund and have commitments to fund, from time to time, capital and subordinated loans of up to \$250,000 each. Funding of such commitments generally requires the approval of the board of Credit Fund, including the Board of Managers appointed by the Members.

For the years ended December 31, 2023 and 2022, CSL and Credit Partners did not receive any return of capital on the subordinated loans from Credit Fund. As of December 31, 2023 and 2022, Credit Fund had subordinated loans of \$386,000 and

members' equity of \$2. The subordinated loans have a stated interest rate of 0.001%. The maturity date of the subordinated loans is December 31, 2027.

As of December 31, 2023 and 2022, CSL and Credit Partners have remaining commitments to fund, from time to time, capital of up to \$56,999 and \$56,999 each, respectively.

7. COMMITMENTS AND CONTINGENCIES

A summary of significant contractual payment obligations was as follows as of December 31, 2023 and 2022:

Payment Due by Period	As of December 31,	
	2023	2022
Less than 1 Year	\$ —	\$ —
1-3 Years	447,221	386,000
3-5 Years	386,000	588,621
More than 5 Years	—	—
Total	\$ 833,221	\$ 974,621

In the ordinary course of its business, Credit Fund enters into contracts or agreements that contain indemnification and warranties. Future events could occur that lead to the execution of these provisions against Credit Fund. Credit Fund believes that the likelihood of such an event is remote; however, the maximum potential exposure is unknown. No accrual has been made in the consolidated financial statements as of December 31, 2023 and 2022 for any such exposure.

As of December 31, 2023 and 2022, Credit Fund had remaining \$113,998 in total capital commitments from the members.

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

	Par Value as of December 31,	
	2023	2022
Unfunded delayed draw commitments	\$ —	\$ 1,945
Unfunded revolving term loan commitments	20,720	35,738
Total unfunded commitments	\$ 20,720	\$ 37,683

8. LEGAL MATTERS

Credit Fund may become party to certain lawsuits in the ordinary course of business. Credit Fund does not believe that the outcome of current matters, if any, will materially impact Credit Fund or its consolidated financial statements. As of December 31, 2023 and 2022, Credit Fund was not subject to any material legal proceedings, nor, to Credit Fund's knowledge, is any material legal proceeding threatened against Credit Fund.

9. CONSOLIDATED FINANCIAL HIGHLIGHTS

	For the years ended December 31,	
	2023	2022
Internal rate of return ⁽¹⁾⁽⁴⁾	N/M	N/M
Ratios and supplemental data		
Ratios to average members' equity		
Operating expenses ⁽²⁾⁽⁴⁾	239,092.3 %	203,198.0 %
Interest expense ⁽²⁾⁽⁴⁾	1,930,707.7 %	1,159,052.0 %
Total expenses ⁽²⁾⁽⁴⁾	2,169,800.0 %	1,362,250.0 %
Net investment income ⁽³⁾⁽⁴⁾	2,352,600.0 %	2,126,700.0 %

- (1) The internal rate of return since inception ("IRR") was computed based on the dates of members' equity contributions to Credit Fund, distributions from Credit Fund to Members in respect of their equity, and the fair value of the members' equity as of December 31, 2023 and 2022. The IRR of the Members is net of all fees and expenses.
- (2) The expense ratios are calculated as the total operating expenses allocated to the Members divided by the fair value of the Members' weighted average capital balance for the period presented as defined by the disclosure requirements for investment companies. Pursuant to the LLC Agreement, there are no management or incentive fees. Expenses were not annualized in calculating the expense ratio.
- (3) The net investment income ratio is the excess of the Members' investment income over total expenses divided by the fair value of the Members' weighted average capital balance for the period presented. Net investment income was not annualized in calculating the net investment income ratio.
- (4) The IRR and ratios do not include contributions from, distribution to as well as the carrying value of the Members' weighted average subordinated loans and as such the IRRs and ratios for the years ended December 31, 2023 and 2022 are not a meaningful measure of Credit Fund's performance for its Members. Inclusive of the Members' subordinated loans and related activity since the commencement of operations, the IRR and ratios are outlined in the table below. As of December 31, 2021, the IRR, inclusive of the Members' subordinated loans, was 11.35%.

	For the years ended December 31,	
	2023	2022
Internal rate of return ⁽¹⁾	9.87%	9.54%
Ratios and supplemental data		
Ratios to average members' equity		
Operating expenses ⁽²⁾	1.5%	1.2%
Interest expense ⁽²⁾	12.2%	6.6%
Total expenses ⁽²⁾	13.7%	7.8%
Net investment income ⁽³⁾	14.9%	12.1%

10. SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 26, 2024, which is the date the consolidated financial statements were available to be issued. There have been no subsequent events that require recognition or disclosure through such date.