

WhiteHorse Finance, Inc.
Form 10-Q
November 07, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2016

or

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

For the transition period from _____ to _____

Commission file number: 814-00967

WHITEHORSE FINANCE, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware **45-4247759**
(State or Other Jurisdiction of (I.R.S. Employer
Incorporation or Organization) Identification No.)

1450 Brickell Avenue, 31st Floor **33131**
Miami, Florida
(Address of Principal Executive Offices) (Zip Code)

(305) 381-6999

(Registrant's Telephone Number, Including Area Code)

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

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

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

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes No

As of November 7, 2016 the Registrant had 18,303,890 shares of common stock, \$0.001 par value, outstanding.

WHITEHORSE FINANCE, INC.

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Part I. Financial Information**Item 1. Financial Statements****WhiteHorse Finance, Inc.****Consolidated Statements of Assets and Liabilities***(in thousands, except share and per share data)*

	September 30, 2016 (Unaudited)	December 31, 2015
Assets		
Investments, at fair value		
Non-controlled/non-affiliate company investments	\$ 383,876	\$ 395,143
Non-controlled affiliate company investments	19,010	20,200
Total investments, at fair value (amortized cost \$421,376 and \$436,109, respectively)	402,886	415,343
Cash and cash equivalents	17,796	22,769
Restricted cash and cash equivalents	5,913	—
Receivables from investments sold	—	—
Interest receivable	3,966	3,407
Prepaid expenses and other receivables	385	192
Total assets	\$ 430,946	\$ 441,711
Liabilities		
Debt	\$ 170,379	\$ 183,482
Distributions payable	6,498	6,498
Management fees payable	5,876	3,813
Payables for investments purchased	—	2,865
Accounts payable and accrued expenses	993	1,001
Interest payable	385	—
Total liabilities	\$ 184,131	\$ 197,659
Commitments and contingencies (See Note 7)		
Net assets		
Common stock, 18,303,890 shares issued and outstanding, par value \$0.001 per share and 100,000,000 authorized	18	18
Paid-in capital in excess of par	271,679	271,679

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Accumulated overdistributed net investment income	(6,454)	(7,419)
Accumulated realized gains on investments	698		1,176	
Accumulated unrealized depreciation on investments	(19,126)	(21,402)
Total net assets	\$ 246,815		\$ 244,052	
Total liabilities and total net assets	\$ 430,946		\$ 441,711	
Number of shares outstanding	18,303,890		18,303,890	
Net asset value per share	\$ 13.48		\$ 13.33	

See notes to the consolidated financial statements

WhiteHorse Finance, Inc.**Consolidated Statements of Operations (Unaudited)***(in thousands, except share and per share data)*

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Investment income				
From non-controlled/non-affiliate company investments				
Interest income	\$ 12,507	\$ 10,338	\$ 36,633	\$ 31,545
Fee income	683	681	1,615	1,505
From non-controlled affiliate company investments				
Dividend income	840	688	2,243	2,090
Total investment income	14,030	11,707	40,491	35,140
Expenses				
Interest expense	2,050	1,654	5,917	5,028
Base management fees	2,250	2,125	6,749	6,377
Performance-based incentive fees	1,817	1,415	5,116	4,220
Administrative service fees	134	255	550	898
General and administrative expenses	511	596	1,700	1,736
Total expenses	6,762	6,045	20,032	18,259
Net investment income	7,268	5,662	20,459	16,881
Realized and unrealized gains (losses) on investments				
Net realized gains/(losses)				
Non-controlled/non-affiliate company investments	660	—	(478)	(379)
Net realized gains/(losses)	660	—	(478)	(379)
Net change in unrealized appreciation (depreciation)				
Non-controlled/non-affiliate company investments	1,856	(4,234)	3,466	(4,751)
Non-controlled affiliate company investments	(1,190)	—	(1,190)	200
Net change in unrealized appreciation (depreciation)	666	(4,234)	2,276	(4,551)
Net realized and unrealized gains/(losses) on investments	1,326	(4,234)	1,798	(4,930)
Net increase in net assets resulting from operations	\$ 8,594	\$ 1,428	\$ 22,257	\$ 11,951
Per Common Share Data				
Basic and diluted earnings per common share	\$ 0.47	\$ 0.10	\$ 1.22	\$ 0.80
Dividends and distributions declared per common share	\$ 0.36	\$ 0.36	\$ 1.07	\$ 1.07
	18,303,890	14,982,857	18,303,890	14,982,857

Basic and diluted weighted average common shares
outstanding

See notes to the consolidated financial statements

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WhiteHorse Finance, Inc.**Consolidated Statements of Changes in Net Assets (Unaudited)***(in thousands, except share and per share data)*

	Common Stock	Paid-in	Accumulated	Accumulated	Accumulated	Total	
	Shares	Par	Overdistributed	Realized	Unrealized	Net	
		amount	Net	Gains	Depreciation	Assets	
		of Par	Investment	on	on		
			Income	Investments	Investments		
Balance at December 31, 2014	14,982,857	\$ 15	\$ 228,731	\$ (5,918)	\$ 728	\$ 1,802	\$ 225,358
Net increase in net assets resulting from operations	—	—	—	16,881	(379)	(4,551)	11,951
Distributions declared	—	—	—	(15,957)	—	—	(15,957)
Balance at September 30, 2015	14,982,857	\$ 15	\$ 228,731	\$ (4,994)	\$ 349	\$ (2,749)	\$ 221,352
Balance at December 31, 2015	18,303,890	\$ 18	\$ 271,679	\$ (7,419)	\$ 1,176	\$ (21,402)	\$ 244,052
Net increase in net assets resulting from operations	—	—	—	20,459	(478)	2,276	22,257
Distributions declared	—	—	—	(19,494)	—	—	(19,494)
Balance at September 30, 2016	18,303,890	\$ 18	\$ 271,679	\$ (6,454)	\$ 698	\$ (19,126)	\$ 246,815

See notes to the consolidated financial statements

WhiteHorse Finance, Inc.**Consolidated Statements of Cash Flows (Unaudited)***(in thousands)*

	Nine months ended September 30,	
	2016	2015
Cash flows from operating activities		
Net increase in net assets resulting from operations	\$22,257	\$11,951
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities:		
Paid in kind income	(834)	(935)
Net realized losses on investments	478	379
Net unrealized (appreciation) depreciation on investments	(2,276)	4,551
Accretion of discount	(2,284)	(1,211)
Amortization of deferred financing costs	642	613
Acquisition of investments	(69,610)	(103,990)
Proceeds from principal payments and sales of portfolio investments	86,983	128,618
Net changes in operating assets and liabilities:		
Restricted cash and cash equivalents	(5,913)	(4,674)
Interest receivable	(559)	26
Prepaid expenses and other receivables	(193)	278
Payables for investments purchased	(2,865)	2,865
Management fees payable	2,063	481
Accounts payable and accrued expenses	(8)	(82)
Interest payable	385	—
Net cash provided by operating activities	28,266	38,870
Cash flows from financing activities		
Proceeds from borrowings under credit facility	101,505	74,500
Repayment of borrowings under credit facility	(115,250)	(91,500)
Deferred financing costs	—	(829)
Distributions paid to common stockholders, net of distributions reinvested	(19,494)	(15,957)
Net cash used in financing activities	(33,239)	(33,786)
Net change in cash and cash equivalents	(4,973)	5,084
Cash and cash equivalents at beginning of period	22,769	11,647
Cash and cash equivalents at end of period	\$17,796	\$16,731
Supplemental disclosure of cash flow information:		
Interest paid	\$4,890	\$4,403

See notes to the consolidated financial statements

WhiteHorse Finance, Inc.**Consolidated Schedule of Investments (Unaudited)****September 30, 2016***(in thousands)*

Investment Type⁽¹⁾	Spread Above Index⁽²⁾	Interest Rate⁽³⁾	Maturity Date	Principal Amount	Amortized Cost	Fair Value	Fair Value As A Percentage Of Net Assets
North America							
Debt Investments							
Advertising							
Fluent Acquisition II, LLC							
First Lien Secured Term Loan	L+11.50% (0.50% Floor)	12.00% (1.00% PIK)	12/8/20	\$27,165	\$26,713	\$27,029	10.82 %
Intersection Acquisition, LLC							
First Lien Secured Term Loan	L+10.00% (1.00% Floor)	11.00%	9/15/20	16,149	16,021	16,149	6.49
				43,314	42,734	43,178	17.31
Auto Parts & Equipment							
Crowne Group, LLC							
First Lien Secured Term Loan	L+9.25% (1.00% Floor)	10.25%	5/26/21	12,500	12,096	12,375	4.90
Broadcasting							
Multicultural Radio							
Broadcasting, Inc.							
First Lien Secured Term Loan	L+10.50% (1.00% Floor)	11.50%	6/27/19	14,850	14,850	14,757	6.02
Consumer Finance							
Golden Pear Funding III, LLC ⁽⁷⁾							
Second Lien Secured Term Loan	L+10.25% (1.00% Floor)	11.25%	6/25/20	25,000	24,782	24,770	10.04
Second Lien Secured Revolving Loan	L+10.25% (1.00% Floor)	11.25%	6/25/20	5,000	4,956	4,954	2.01
Oasis Legal Finance, LLC ⁽⁷⁾							
Second Lien Secured Term Loan	L+10.75% (1.00% Floor)	11.75%	3/1/22	20,000	19,605	19,800	7.94

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Sigue Corporation ⁽⁶⁾							
Second Lien Secured Term Loan	L+11.00%	12.00%	12/27/18	25,000	24,776	24,375	10.04
	(1.00% Floor)						
				75,000	74,119	73,899	30.03
Data Processing & Outsourced Services							
Future Payment Technologies, L.P.							
Second Lien Secured Term Loan	L+12.00%	13.00%	12/31/18	36,726	36,096	34,155	14.62
	(1.00% Floor) (1.00% PIK)						
Department Stores							
Mills Fleet Farm Group, LLC							
Second Lien Secured Term Loan	L+9.75%	10.75%	2/26/23	7,146	7,012	7,146	2.84
	(1.00% Floor)						
Distributors							
360 Holdings III Corp.							
First Lien Secured Term Loan	L+9.00%	10.00%	10/1/21	9,900	9,556	9,900	3.87
	(1.00% Floor)						
Diversified Support Services							
Sitel Worldwide Corporation							
Second Lien Secured Term Loan	L+9.50%	10.50%	9/18/22	8,670	8,522	8,476	3.45
	(1.00% Floor)						
Electronic Equipment & Instruments							
AP Gaming I, LLC							
First Lien Secured Term Loan	L+8.25%	9.25%	12/20/20	9,725	9,547	9,384	3.87
	(1.00% Floor)						

WhiteHorse Finance, Inc.

Consolidated Schedule of Investments (Unaudited) (Continued)

September 30, 2016

(in thousands)

Investment Type ⁽¹⁾	Spread Above Index ⁽²⁾	Interest Rate ⁽³⁾	Maturity Date	Principal Amount	Amortized Cost	Fair Value	Fair Value As A Percentage Of Net Assets
<u>Food Retail</u>							
AG Kings Holdings Inc. First Lien Secured Term Loan	L+9.95% (1.00% Floor)	10.95%	8/10/21	\$ 14,000	\$ 13,412	\$ 13,685	5.43%
Crews of California, Inc. First Lien Secured Term Loan	L+11.00% (1.00% Floor)	12.00% (1.00% PIK)	11/20/19	17,493	17,282	17,404	7.00
First Lien Secured Revolving Loan	L+11.00% (1.00% Floor)	12.00% (1.00% PIK)	11/20/19	5,055	4,972	5,029	2.01
First Lien Secured Delayed Draw Loan	L+11.00% (1.00% Floor)	12.00% (1.00% PIK)	11/20/19	5,070	4,993	5,045	2.02
				41,618	40,659	41,163	16.46
<u>Health Care Facilities</u>							
Coastal Sober Living, LLC ⁽⁶⁾ First Lien Secured Term Loan	L+10.25% (1.00% Floor)	11.25%	6/30/19	23,529	23,284	23,529	9.43
Grupo HIMA San Pablo, Inc. First Lien Secured Term Loan	L+9.00% (1.50% Floor)	10.50%	1/31/18	14,475	14,398	13,158	5.83
Second Lien Secured Term Loan	N/A ⁽⁵⁾	15.75%	7/31/18	1,000	983	641	0.40
				39,004	38,665	37,328	15.66
<u>Integrated Telecommunication Services</u>							
Securus Technologies Holdings, Inc.	L+7.75%	9.00%	4/30/21	9,090	9,066	8,793	3.67

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Second Lien Secured Term
Loan

(1.25% Floor)

Internet Retail

Clarus Commerce, LLC

First Lien Secured Term Loan	L+11.21%	12.21%	3/17/21	6,000	5,893	5,895	2.39
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(1.00% Floor)

Office Services & Supplies

Katun Corporation

Second Lien Secured Term Loan	L+11.25%	12.25%	1/25/21	5,000	4,968	4,975	2.01
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(1.00% Floor)

Oil & Gas Drilling

ProPetro Services, Inc.⁽⁶⁾

First Lien Secured Term Loan	L+6.25%	7.25%	9/30/19	8,440	8,397	7,130	3.40
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(1.00% Floor)

Oil & Gas Exploration &

Production

Caelus Energy Alaska O3, LLC

Second Lien Secured Term Loan	L+7.50%	8.75%	4/15/20	13,000	12,890	9,162	5.22
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(1.25% Floor)

Other Diversified Financial

Services

The Pay-O-Matic Corp

First Lien Secured Term Loan	L+11.00%	12.00%	4/2/18	9,059	8,969	9,004	3.63
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(1.00% Floor)

WhiteHorse Finance, Inc.**Consolidated Schedule of Investments (Unaudited) (Continued)****September 30, 2016***(in thousands)*

Investment Type⁽¹⁾	Spread Above Index⁽²⁾	Interest Rate⁽³⁾	Maturity Date	Principal Amount	Amortized Cost	Fair Value	Fair Value As A Percentage Of Net Assets
<u>Research & Consulting Services</u>							
Project Time & Cost, LLC							
First Lien Secured Term Loan	L+12.00% (0.50% Floor)	12.50%	10/9/20	\$ 10,405	\$ 10,238	\$ 10,145	4.15 %
<u>Specialized Consumer Services</u>							
Pre-Paid Legal Services, Inc.							
Second Lien Secured Term Loan	L+9.00% (1.25% Floor)	10.25%	7/1/20	18,000	17,873	17,937	7.24
<u>Specialized Finance</u>							
GMT Holdings 1, Ltd. & GMT Holdings 12, Ltd. ^{(4) (7)}							
First Lien Secured Term Loan	N/A ⁽⁵⁾	10.00%	6/30/17	965	959	965	0.39
<u>Trucking</u>							
Fox Rent A Car, Inc.							
Second Lien Secured Term Loan	L+15.00%	15.50%	10/31/19	7,500	7,454	7,393	3.02
Total Debt Investments				385,912	380,563	373,160	154.15
Equity Investments							
<u>Advertising</u>							
IDI, Inc. Warrants ⁽⁶⁾	N/A	N/A	12/8/25	—	—	—	—
<u>Food Retail</u>							
Crews of California, Inc. Warrants ⁽⁶⁾	N/A	N/A	12/31/24	—	—	1,933	0.00
Nicholas & Associates, LLC Warrants ⁽⁶⁾	N/A	N/A	12/31/24	—	—	373	0.00
Pinnacle Management Group, LLC Warrants ⁽⁶⁾	N/A	N/A	12/31/24	—	—	700	0.00
	N/A	N/A	12/31/24	—	—	206	0.00

RC3 Enterprises, LLC Warrants ⁽⁶⁾				—	—	3,212	0.00	
<u>Other Diversified Financial Services</u>								
Aretec Group, Inc. ⁽⁶⁾⁽⁷⁾	N/A	N/A	N/A	—	20,693	7,504	8.38	
<u>Specialized Finance</u>								
NMFC Senior Loan Program I LLC Units ⁽¹⁾⁽⁶⁾⁽⁷⁾	N/A	N/A	6/10/19	—	20,120	19,010	8.15	
Total Equity Investments				—	40,813	29,726	16.53	
Total Investments				\$385,912	\$421,376	\$402,886	170.68	%

Except as otherwise noted, all investments are in companies that are not affiliated persons of, or controlled by, the Company, as defined by the Investment Company Act of 1940, as amended (the “1940 Act”), and provide collateral for the Company’s credit facility.

⁽²⁾ The investments bear interest at a rate that may be determined by reference to the London Interbank Offered Rate (“LIBOR” or “L”) or the Prime Rate (“Prime” or “P”), which resets monthly, quarterly or semiannually.

⁽³⁾ The interest rate is the “all-in-rate” including the current index and spread, the fixed rate, and the payment-in-kind (“PIK”) interest rate, as the case may be.

⁽⁴⁾ The Company’s investments in GMT Holdings 1, Ltd. and GMT Holdings 12, Ltd. are held through its subsidiary Bayside Financing S.A.R.L.

⁽⁵⁾ Interest rate is fixed and accordingly the spread above the index is not applicable.

⁽⁶⁾ The investment or a portion of the investment does not provide collateral for the Company’s revolving credit facility.

Not a qualifying asset under Section 55(a) of the 1940 Act. Under the 1940 Act, the Company may not acquire any non-qualifying asset unless, at the time the acquisition is made, qualifying assets represent at least 70% of total assets. Qualifying assets represent 85% of total assets.

See notes to the consolidated financial statements

WhiteHorse Finance, Inc.**Consolidated Schedule of Investments****December 31, 2015***(in thousands)*

Investment Type⁽¹⁾	Spread Above Index⁽²⁾	Interest Rate⁽³⁾	Maturity Date	Principal Amount	Amortized Cost	Fair Value	Fair Value As A Percentage Of Net Assets
North America Debt Investments Advertising Fluent Acquisition II, LLC							
First Lien Secured Term Loan	L+11.50% (0.50% Floor)	12.00% (1.00% PIK)	12/8/20	\$28,017	\$27,462	\$27,765	11.38 %
Intersection Acquisition, LLC							
First Lien Secured Term Loan	L+10.00% (1.00% Floor)	11.00%	9/15/20	16,462	16,302	16,429	6.73
				44,479	43,764	44,194	18.11
Broadcasting Multicultural Radio Broadcasting, Inc. ⁽⁶⁾							
First Lien Secured Term Loan	L+10.50% (1.00% Floor)	11.50%	6/27/19	14,850	14,850	14,806	6.07
Consumer Finance Golden Pear Funding III, LLC ⁽⁷⁾							
Second Lien Secured Term Loan	L+10.25% (1.00% Floor)	11.25%	6/25/20	25,000	24,731	24,650	10.10
Second Lien Secured Revolving Loan	L+10.25% (1.00% Floor)	11.25%	6/25/20	—	(52)	—	—
Oasis Legal Finance, LLC ⁽⁷⁾							
Second Lien Secured Term Loan	N/A ⁽⁵⁾	10.50%	9/30/18	9,000	8,881	8,973	3.68
Sigue Corporation ⁽⁶⁾							
Second Lien Secured Term Loan	L+10.50% (1.00% Floor)	11.50%	12/27/18	25,000	24,669	24,875	10.19
				59,000	58,229	58,498	23.97

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Data Processing & Outsourced Services							
Future Payment Technologies, L.P.							
Second Lien Secured Term Loan	L+12.00%	13.00%	12/31/18	36,447	35,510	36,447	14.92
	(1.00% Floor) (1.00% PIK)						
Distributors							
360 Holdings III Corp. ⁽⁶⁾							
First Lien Secured Term Loan	P+8.00%	11.50%	10/1/21	9,975	9,575	9,775	4.01
	(3.50% Floor)						
Diversified Support Services							
Expert Global Solutions, Inc.							
Second Lien Secured Term Loan	L+11.00%	12.50%	10/3/18	20,000	19,831	19,820	8.12
	(1.50% Floor)						
Orion Healthcorp, Inc.							
First Lien Secured Term Loan	L+9.00%	11.00%	9/30/17	6,991	6,830	6,998	2.87
	(2.00% Floor)						
Sitel Worldwide Corporation							
Second Lien Secured Term Loan	L+9.50%	10.50%	9/18/22	8,670	8,501	8,540	3.50
	(1.00% Floor)						
Smile Brands Group Inc.							
First Lien Secured Term Loan	L+7.75%	9.00%	8/16/19	11,745	11,585	9,983	4.09
	(1.25% Floor) (1.50% PIK)			47,406	46,747	45,341	18.58
Electronic Equipment & Instruments							
AP Gaming I, LLC ⁽⁶⁾							
First Lien Secured Term Loan	L+8.25%	9.25%	12/20/20	9,800	9,566	9,663	3.96
	(1.00% Floor)						

WhiteHorse Finance, Inc.**Consolidated Schedule of Investments (Continued)****December 31, 2015***(in thousands)*

Investment Type⁽¹⁾	Spread Above Index⁽²⁾	Interest Rate⁽³⁾	Maturity Date	Principal Amount	Amortized Cost	Fair Value	Fair Value As A Percentage Of Net Assets
Food Retail							
Crews of California, Inc.							
First Lien Secured Term Loan	L+11.00% (1.00% Floor)	12.00% (1.00% PIK)	11/20/19	\$ 15,170	\$ 14,889	\$ 14,639	6.00 %
First Lien Secured Revolving Loan	L+11.00% (1.00% Floor)	12.00% (1.00% PIK)	11/20/19	5,019	4,931	4,843	1.98
First Lien Secured Delayed Draw Loan	L+11.00% (1.00% Floor)	12.00% (1.00% PIK)	11/20/19	5,034	4,946	4,858	1.99
				25,223	24,766	24,340	9.97
Health Care Distributors							
P2 Newco Acquisition, Inc. ⁽⁶⁾							
Second Lien Secured Term Loan	L+8.50% (1.00% Floor)	9.50%	10/22/21	6,000	5,952	5,982	2.45
Health Care Facilities							
Coastal Sober Living, LLC ⁽⁶⁾							
First Lien Secured Term Loan	L+9.25% (1.00% Floor)	10.25%	6/30/19	41,030	40,436	40,251	16.48
Grupo HIMA San Pablo, Inc.							
First Lien Secured Term Loan	L+7.00% (1.50% Floor)	8.50%	1/31/18	14,588	14,441	14,588	5.98
Second Lien Secured Term Loan	N/A ⁽⁵⁾	13.75%	7/31/18	1,000	971	992	0.41
				56,618	55,848	55,831	22.88
Health Care Technology							
Client Network Services, Inc.							
First Lien Secured Term Loan	L+13.00% (0.50% Floor)	13.50%	4/24/19	9,185	8,954	9,350	3.83
First Lien Secured Revolving Loan	P+12.00% (3.50% Floor)	15.50%	4/24/19	1,000	1,000	1,018	0.42

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Integrated Telecommunication Services				10,185	9,954	10,368	4.25
Securus Technologies Holdings, Inc.							
Second Lien Secured Term Loan	L+7.75%	9.00%	4/30/21	9,090	9,059	5,936	2.43
	(1.25% Floor)						
Oil & Gas Drilling							
ProPetro Services, Inc. ⁽⁶⁾							
First Lien Secured Term Loan	L+6.25%	7.25%	9/30/19	8,875	8,809	6,417	2.63
	(1.00% Floor)						
Oil & Gas Exploration & Production							
Caelus Energy Alaska O3, LLC							
Second Lien Secured Term Loan	L+7.50%	8.75%	4/15/20	13,000	12,856	9,269	3.80
	(1.25% Floor)						
Larchmont Resources, LLC							
First Lien Secured Term Loan	L+8.75%	9.75%	8/7/19	1,745	1,777	1,238	0.51
	(1.00% Floor)						
				14,745	14,633	10,507	4.31
Other Diversified Financial Services							
RCS Capital Corporation ⁽⁶⁾ ⁽⁷⁾							
⁽⁹⁾ Second Lien Secured Term Loan	L+10.50%	11.50%	4/29/21	20,750	20,687	7,262	2.98
	(1.00% Floor)						
The Pay-O-Matic Corp							
First Lien Secured Term Loan	L+11.00%	12.00%	3/31/18	9,750	9,594	9,740	3.99
	(1.00% Floor)						
				30,500	30,281	17,002	6.97
Research & Consulting Services							
Project Time & Cost, LLC ⁽⁶⁾							
First Lien Secured Term Loan	L+11.00%	11.50%	10/9/20	11,700	11,468	11,571	4.74
	(0.50% Floor)						
Specialized Consumer Services							
Pre-Paid Legal Services, Inc. ⁽⁶⁾							
Second Lien Secured Term Loan	L+9.00%	10.25%	7/1/20	18,000	17,830	18,054	7.40
	(1.25% Floor)						

WhiteHorse Finance, Inc.**Consolidated Schedule of Investments (Continued)****December 31, 2015***(in thousands)*

Investment Type⁽¹⁾	Spread Above Index⁽²⁾	Interest Rate⁽³⁾	Maturity Date	Principal Amount	Amortized Cost	Fair Value	Fair Value As A Percentage Of Net Assets	
Specialized Finance GMT Holdings 1, Ltd. & GMT Holdings 12, Ltd. ^{(4) (7)} First Lien Secured Term Loan	N/A ⁽⁵⁾	10.00%	6/30/17	\$ 1,710	\$ 1,710	\$ 1,710	0.70	%
Trucking Fox Rent A Car, Inc. Second Lien Secured Term Loan	L+12.00%	12.43%	10/31/19	7,500	7,438	7,395	3.03	
Total Debt Investments				422,103	415,989	393,837	161.37	
Equity Investments Advertising IDI, Inc. Warrants ⁽⁶⁾	N/A	N/A	12/8/25	—	—	—	—	
Diversified Support Services Constellation Health, LLC Warrants ⁽⁶⁾	N/A	N/A	9/30/18	—	—	989	0.41	
Food Retail Crews of California, Inc. Warrants ⁽⁶⁾	N/A	N/A	12/31/24	—	—	191	0.08	
Nicholas & Associates, LLC Warrants ⁽⁶⁾	N/A	N/A	12/31/24	—	—	37	0.01	
Pinnacle Management Group, LLC Warrants ⁽⁶⁾	N/A	N/A	12/31/24	—	—	69	0.03	
RC3 Enterprises, LLC Warrants ⁽⁶⁾	N/A	N/A	12/31/24	—	—	20	0.01	