

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-Q**

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2022

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: 814-00939

MSC Income Fund, Inc.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)
1300 Post Oak Boulevard, 8th Floor
Houston, TX
(Address of principal executive offices)

45-3999996
(I.R.S. Employer
Identification No.)

77056
(Zip Code)

(713) 350-6000

(Registrant's telephone number including area code)

n/a

(Former name, former address and former fiscal year, if changed since last report)

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

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
None	N/A	N/A

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 during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

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

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

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

The number of shares outstanding of the issuer's common stock as of May 16, 2022 was 80,013,491.

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MSC INCOME FUND, INC.

Consolidated Balance Sheets

(in thousands, except shares and per share amounts)

	March 31, 2022	December 31, 2021
ASSETS	(Unaudited)	
Investments at fair value:		
Control investments (cost: \$29,072 and \$28,903 as of March 31, 2022 and December 31, 2021, respectively)	\$ 46,930	\$ 46,583
Affiliate investments (cost: \$216,740 and \$209,971 as of March 31, 2022 and December 31, 2021, respectively)	241,000	234,158
Non-Control/Non-Affiliate investments (cost: \$822,092 and \$828,301 as of March 31, 2022 and December 31, 2021, respectively)	793,666	796,395
Total investments (cost: \$1,067,904 and \$1,067,175 as of March 31, 2022 and December 31, 2021, respectively)	1,081,596	1,077,136
Cash and cash equivalents	39,242	25,813
Dividends and interest receivable	10,425	12,991
Deferred financing costs (net of accumulated amortization of \$1,492 and \$1,290 as of March 31, 2022 and December 31, 2021, respectively)	3,825	4,049
Receivable for securities sold	—	21,729
Prepays and other assets	1,739	2,059
Total assets	<u>\$ 1,136,827</u>	<u>\$ 1,143,777</u>
LIABILITIES		
Credit facilities	\$ 346,688	\$ 426,688
Series A Notes due 2026 (par: \$150,000 and \$77,500 as of March 31, 2022 and December 31, 2021, respectively)	148,663	76,184
Accounts payable and other liabilities	1,889	3,159
Interest payable	4,310	3,093
Dividend payable	13,178	11,974
Management and incentive fees payable	5,141	5,339
Payable for securities purchased	210	4,170
Deferred tax liability, net	121	—
Total liabilities	520,200	530,607
Commitments and contingencies (Note J)		
NET ASSETS		
Common stock, \$0.001 par value per share (450,000,000 shares authorized; 79,870,636 and 79,826,605 shares issued and outstanding as of March 31, 2022 and December 31, 2021, respectively)	80	80
Additional paid-in capital	682,848	682,426
Total overdistributed earnings	(66,301)	(69,336)
Total net assets	616,627	613,170
Total liabilities and net assets	<u>\$ 1,136,827</u>	<u>\$ 1,143,777</u>
NET ASSET VALUE PER SHARE	<u>\$ 7.72</u>	<u>\$ 7.68</u>

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

MSC INCOME FUND, INC.
Consolidated Statements of Operations
(in thousands, except shares and per share amounts)
(Unaudited)

	Three Months Ended	
	March 31,	
	2022	2021
INVESTMENT INCOME:		
Interest, fee and dividend income:		
Control investments	\$ 1,001	\$ 600
Affiliate investments	5,206	3,650
Non-Control/Non-Affiliate investments	17,194	16,022
Total investment income	<u>23,401</u>	<u>20,272</u>
EXPENSES:		
Interest	4,529	3,164
Base management fees	4,990	3,903
Internal administrative services expenses	1,181	1,055
Offering costs	62	—
Professional fees	347	558
Insurance	130	114
Board of director fees	90	108
General and administrative	409	483
Total expenses before expense waivers	11,738	9,385
Waiver of internal administrative services expenses	(1,030)	(1,055)
Total expenses, net of expense waivers	<u>10,708</u>	<u>8,330</u>
NET INVESTMENT INCOME	<u>12,693</u>	<u>11,942</u>
NET REALIZED GAIN (LOSS):		
Affiliate investments	446	—
Non-Control/Non-Affiliate investments	(193)	(1,991)
Realized loss on extinguishment of debt	—	(2,091)
Total net realized gain (loss)	<u>253</u>	<u>(4,082)</u>
NET UNREALIZED APPRECIATION (DEPRECIATION):		
Control investments	177	(66)
Affiliate investments	77	1,003
Non-Control/Non-Affiliate investments	3,477	4,256
Total net unrealized appreciation (depreciation)	<u>3,731</u>	<u>5,193</u>
INCOME TAXES:		
Federal and state income, excise and other taxes	(343)	(396)
Deferred taxes	(121)	—
Income tax benefit (provision)	<u>(464)</u>	<u>(396)</u>
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$ 16,213</u>	<u>\$ 12,657</u>
NET INVESTMENT INCOME PER SHARE—BASIC AND DILUTED	<u>\$ 0.16</u>	<u>\$ 0.15</u>
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS PER SHARE—BASIC AND DILUTED	<u>\$ 0.20</u>	<u>\$ 0.16</u>
WEIGHTED-AVERAGE SHARES OUTSTANDING—BASIC AND DILUTED	79,861,392	79,608,304

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

MSC INCOME FUND, INC.
Consolidated Statements of Changes in Net Assets
(in thousands, except shares)
(Unaudited)

	Common Stock		Additional Paid-In Capital	Total Overdistributed Earnings	Total Net Asset Value
	Number of Shares	Par Value			
Balances at December 31, 2020	79,608,304	\$ 80	\$ 682,028	\$ (102,484)	\$ 579,624
Net increase resulting from operations	—	—	—	12,657	12,657
Dividends to stockholders	—	—	—	(7,961)	(7,961)
Balances at March 31, 2021	<u>79,608,304</u>	<u>\$ 80</u>	<u>\$ 682,028</u>	<u>\$ (97,788)</u>	<u>\$ 584,320</u>
Balances at December 31, 2021	79,826,605	\$ 80	\$ 682,426	\$ (69,336)	\$ 613,170
Dividend reinvestment	533,062	—	4,212	—	4,212
Common stock repurchased	(489,031)	—	(3,790)	—	(3,790)
Net increase resulting from operations	—	—	—	16,213	16,213
Dividends to stockholders	—	—	—	(13,178)	(13,178)
Balances at March 31, 2022	<u>79,870,636</u>	<u>\$ 80</u>	<u>\$ 682,848</u>	<u>\$ (66,301)</u>	<u>\$ 616,627</u>

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

MSC INCOME FUND, INC.
Consolidated Statements of Cash Flows
(in thousands)
(Unaudited)

	Three Months Ended	
	March 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net increase (decrease) in net assets resulting from operations	\$ 16,213	\$ 12,657
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by (used in) operating activities:		
Principal repayments received, proceeds from sales of investments in portfolio companies	51,769	60,744
Investments in portfolio companies	(49,899)	(79,381)
Net unrealized (appreciation) depreciation	(3,731)	(5,193)
Net realized (gain) loss on the sale of portfolio investments	(253)	1,991
Realized loss on extinguishment of debt	—	2,091
Amortization of deferred financing costs	325	311
Accretion of unearned income	(1,337)	(959)
Payment-in-kind interest	(1,009)	(1,412)
Deferred tax provision	121	—
Changes in other assets and liabilities:		
Dividends and interest receivable	2,566	(2,356)
Receivable for securities sold	21,729	(1,789)
Prepaid and other assets	320	919
Payable for securities purchased	(3,960)	10,782
Management and incentive fees payable	(198)	(299)
Interest payable	1,217	1,485
Accounts payable and other liabilities	(1,270)	620
Net cash provided by (used in) operating activities	<u>32,603</u>	<u>211</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Redemption of common stock	(3,790)	—
Dividends paid	(7,762)	—
Repayments on Credit Facilities	(112,000)	(311,816)
Proceeds from Credit Facilities	32,000	294,688
Proceeds from Series A Notes due 2026	72,500	—
Payment of deferred financing costs	(122)	(3,545)
Net cash provided by (used in) financing activities	<u>(19,174)</u>	<u>(20,673)</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	13,429	(20,462)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF PERIOD	25,813	49,066
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF PERIOD	<u>\$ 39,242</u>	<u>\$ 28,604</u>
Supplemental cash flow disclosures:		
Interest paid	\$ 2,988	\$ 1,369
Taxes paid	\$ 1,668	\$ 396
Non-cash financing activities:		
Value of shares issued pursuant to the DRIP	\$ 4,212	\$ -

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

MSC INCOME FUND, INC.
Consolidated Schedule of Investments
March 31, 2022
(dollars in thousands)
(Unaudited)

Portfolio Company (1) (20)	Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)	
Control Investments (5)										
Copper Trail Fund Investments	(12) (13) Investment Partnership	LP Interests (CTMH, LP)	(24)	7/17/2017	38.8%			\$ 835	\$ 710	
GRT Rubber Technologies LLC	Manufacturer of Engineered Rubber Products	Secured Debt Member Units	(8)	12/19/2014 12/19/2014	2,896	8.23% (L+8.00%)	10/29/2026	19,152	18,942 6,435 25,377	19,153 22,750 41,903
Harris Preston Fund Investments	(12) (13) Investment Partnership	LP Interests (2717 MH, L.P.)	(24)	10/1/2017	49.3%			2,860	4,317	
Subtotal Control Investments (7.6% of net assets at fair value)								\$ 29,072	\$ 46,930	
Affiliate Investments										
AFG Capital Group, LLC	Provider of Rent-to-Own Financing Solutions and Services	Secured Debt Preferred Member Units	(8)	4/25/2019 11/7/2014	46	10.00%	5/25/2022	\$ 14 \$ 14	\$ 14 \$ 2,090	
Analytical Systems Keco Holdings, LLC	Manufacturer of Liquid and Gas Analyzers	Secured Debt Preferred Member Units	(9)	8/16/2019	800	12.00% (L+10.00%, Floor 2.00%)	8/16/2024	1,219	1,168	1,168
		Preferred Member Units		8/16/2019	607			607	1,080	
		Warrants	(27)	8/16/2019	105		8/16/2029	79	-	-
								2,654	2,248	
ATX Networks Corp.	(11) Provider of Radio Frequency Management Equipment	Secured Debt	(9)	9/1/2021	585	8.50% (L+7.50%, Floor 1.00%)	9/1/2026	7,602	7,057	7,260
		Unsecured Debt	(19)	9/1/2021		10.00% PIK	9/1/2028	3,164	2,085	2,136
		Common Stock		9/1/2021				-	-	-
								9,142	9,396	
Barfly Ventures, LLC	(10) Casual Restaurant Group	Member Units		10/26/2020	12			528	683	
Batjer TopCo, LLC	HVAC Mechanical Contractor	Secured Debt Preferred Stock		3/7/2022 3/7/2022	453	11.00%	3/31/2027	1,225	1,201 453 1,654	1,201 453 1,654
Brewer Crane Holdings, LLC	Provider of Crane Rental and Operating Services	Secured Debt Preferred Member Units	(9) (8)	1/9/2018 1/9/2018	737	11.00% (L+10.00%, Floor 1.00%)	1/9/2023	1,984	1,976 1,070 3,046	1,976 1,940 3,916
Centre Technologies Holdings, LLC	Provider of IT Hardware Services and Software Solutions	Secured Debt Preferred Member Units	(9)	1/4/2019 1/4/2019	3,174	12.00% (L+10.00%, Floor 2.00%)	1/4/2024	2,316	2,296 1,460 3,756	2,181 1,460 3,641
Chamberlin Holding LLC	Roofing and Waterproofing Specialty Contractor	Secured Debt Member Units	(9) (8)	2/26/2018 2/26/2018	1,087	9.00% (L+8.00%, Floor 1.00%)	2/26/2023	4,420	4,382 2,860 330 7,572	4,420 6,030 358 10,808

MSC INCOME FUND, INC.
Consolidated Schedule of Investments (Continued)
March 31, 2022
(dollars in thousands)
(Unaudited)

Portfolio Company (1) (20)	Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
Charps, LLC	Pipeline Maintenance and Construction	Preferred Member Units (8)	2/3/2017	457				491	3,520
Clad-Rex Steel, LLC	Specialty Manufacturer of Vinyl-Clad Metal	Secured Debt (9)	12/20/2016		10.50% (L+9.50%, Floor 1.00%)	1/15/2024	2,620	2,620	2,620
		Secured Debt (8)	12/20/2016	179	10.00%	12/20/2036	268	266	266
		Member Units (8)	12/20/2016	179				1,820	2,560
		Member Units (23)	12/20/2016	200				53	152
							4,759	5,598	
Cody Pools, Inc.	Designer of Residential and Commercial Pools	Secured Debt (9)	3/6/2020		12.25% (L+10.50%, Floor 1.75%)	12/17/2026	7,190	7,059	7,190
		Preferred Member Units (8) (23)	3/6/2020	147				2,079	11,910
							9,138	19,100	
Colonial Electric Company LLC	Provider of Electrical Contracting Services	Secured Debt (9)	3/31/2021		12.00%	3/31/2026	6,064	5,938	5,938
		Preferred Member Units (8)	3/31/2021	4,320				1,920	2,280
							7,858	8,218	
Datacom, LLC	Technology and Telecommunications Provider	Secured Debt (9)	3/31/2021		7.50%	12/31/2025	981	899	851
		Preferred Member Units (8)	3/31/2021	1,000				290	300
							1,189	1,151	
Digital Products Holdings LLC	Designer and Distributor of Consumer Electronics	Secured Debt (9)	4/1/2018		11.00% (L+10.00%, Floor 1.00%)	4/1/2023	4,131	4,109	4,109
		Preferred Member Units (8)	4/1/2018	964				2,375	2,459
							6,484	6,568	
Direct Marketing Solutions, Inc.	Provider of Omni-Channel Direct Marketing Services	Secured Debt (9)	2/13/2018		12.00% (L+11.00%, Floor 1.00%)	2/13/2024	4,637	4,585	4,637
		Preferred Stock (8)	2/13/2018	2,100				2,100	5,610
							6,685	10,247	
Flame King Holdings, LLC	Propane Tank and Accessories Distributor	Secured Debt (9)	10/29/2021		7.50% (L+6.50%, Floor 1.00%)	10/31/2026	1,900	1,882	1,882
		Secured Debt (9)	10/29/2021		12.00% (L+11.00%, Floor 1.00%)	10/31/2026	5,300	5,153	5,153
		Preferred Equity (8)	10/29/2021	2,340				2,600	2,600
							9,635	9,635	
Freeport Financial Funds	(12) (13) Investment Partnership	LP Interests (Freeport First Lien Loan Fund III LP)	(8) (24)	7/31/2015	6.0%			7,629	7,231
Gamber-Johnson Holdings, LLC	Manufacturer of Ruggedized Computer Mounting Systems	Secured Debt (9)	6/24/2016		10.50% (L+8.50%, Floor 2.00%)	1/1/2025	5,400	5,384	5,400
		Member Units (8)	6/24/2016	2,261				4,424	11,279
							9,808	16,679	

MSC INCOME FUND, INC.
Consolidated Schedule of Investments (Continued)
March 31, 2022
(dollars in thousands)
(Unaudited)

Portfolio Company (1) (20)	Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
GFG Group, LLC.	Grower and Distributor of a Variety of Plants and Products to Other Wholesalers, Retailers and Garden Centers	Secured Debt	3/31/2021		12.00%	3/31/2026	3,136	3,058	3,136
		Preferred Member Units (8)	3/31/2021	56				1,225	1,750
							<u>4,283</u>	<u>4,886</u>	
Gulf Publishing Holdings, LLC	Energy Industry Focused Media and Publishing	Secured Debt	(9) (17) (19) 9/29/2017		10.50% (5.25% Cash, 5.25% PIK) (L+9.50%, Floor 1.00%)	9/30/2020	64	64	64
		Secured Debt	(17) (19) 4/29/2016		12.50% (6.25% Cash, 6.25% PIK)	4/29/2021	3,391	3,391	2,000
		Member Units	4/29/2016	920				920	-
							<u>4,375</u>	<u>2,064</u>	
Harris Preston Fund Investments	(12) (13) Investment Partnership	LP Interests (HPEP 3, L.P.)	(8) (24) 8/9/2017	8.2%				3,193	4,432
Kickhaefer Manufacturing Company, LLC	Precision Metal Parts Manufacturing	Secured Debt	10/31/2018		11.50%	10/31/2023	5,104	5,049	5,049
		Secured Debt	10/31/2018		9.00%	10/31/2048	977	967	967
		Member Units	10/31/2018	145					3,060
		Member Units (8) (23)	10/31/2018	200				248	615
							<u>9,324</u>	<u>9,691</u>	
Market Force Information, LLC	Provider of Customer Experience Management Services	Secured Debt	(14) (19) 7/28/2017		12.00% PIK	7/28/2023	6,520	6,466	2,237
		Member Units	7/28/2017	185,980				4,160	-
							<u>10,626</u>	<u>2,237</u>	
MH Corbin Holding LLC	Manufacturer and Distributor of Traffic Safety Products	Secured Debt	8/31/2015		13.00%	3/31/2022	2,043	2,043	1,092
		Preferred Member Units	3/15/2019	16,500					1,100
		Preferred Member Units	9/1/2015	1,000					1,500
							<u>4,643</u>	<u>1,092</u>	
Mystic Logistics Holdings, LLC	Logistics and Distribution Services Provider for Large Volume Mailers	Secured Debt	8/18/2014		10.00%	1/31/2024	1,524	1,524	1,524
		Common Stock (8)	8/18/2014	1,468				680	2,764
							<u>2,204</u>	<u>4,288</u>	
NexRev LLC	Provider of Energy Efficiency Products & Services	Secured Debt	2/28/2018		11.00%	2/28/2025	4,000	3,982	3,462
		Preferred Member Units (8)	2/28/2018	21,600,000				1,720	670
							<u>5,702</u>	<u>4,132</u>	
NuStep, LLC	Designer, Manufacturer and Distributor of Fitness Equipment	Secured Debt (9)	1/31/2017		7.50% (L+6.50%, Floor 1.00%)	1/31/2025	730	729	730
		Secured Debt	1/31/2017		12.00%	1/31/2025	4,310	4,308	4,310
		Preferred Member Units	1/31/2017	102				2,550	3,379
							<u>7,587</u>	<u>8,419</u>	
Oneliance, LLC	Construction Cleaning Company	Secured Debt (9)	8/6/2021		12.00% (L+11.00%, Floor 1.00%)	8/6/2026	1,400	1,375	1,375
		Preferred Stock	8/6/2021	264				264	264
							<u>1,639</u>	<u>1,639</u>	

MSC INCOME FUND, INC.
Consolidated Schedule of Investments (Continued)
March 31, 2022
(dollars in thousands)
(Unaudited)

Portfolio Company (1) (20)	Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
Ortech Holdings, LLC	Distributor of Industrial Clutches, Brakes and Other Components	Secured Debt (9)	7/30/2021		12.00% (L+11.00%, Floor 1.00%)	7/31/2026	6,094	5,984	5,984
		Preferred Stock (8) (23)	7/30/2021	2,500				2,500	2,500
							8,484	8,484	8,484
Robbins Bros. Jewelry, Inc.	Bridal Jewelry Retailer	Secured Debt (9)	12/15/2021		12.00% (L+11.00%, Floor 1.00%)	12/15/2026	4,040	3,955	3,955
		Preferred Equity (8)	12/15/2021	1,230				1,230	1,230
							5,185	5,185	5,185
SI East, LLC	Rigid Industrial Packaging Manufacturing	Secured Debt (8)	8/31/2018		10.25%	8/31/2023	21,848	21,684	21,848
		Preferred Member Units (8)	8/31/2018	52				406	4,180
							22,090	26,028	26,028
Sonic Systems International, LLC	(10) Nuclear Power Staffing Services	Secured Debt (9)	8/20/2021		8.50% (L+7.50%, Floor 1.00%)	8/20/2026	14,000	13,752	13,752
		Common Stock (8)	8/20/2021	9,191				1,250	1,180
							15,002	14,932	14,932
Tedder Industries, LLC	Manufacturer of Firearm Holsters and Accessories	Secured Debt (8)	8/31/2018		12.00%	8/31/2022	4,200	4,170	4,170
		Preferred Member Units (8)	8/31/2018	126				2,145	2,145
							6,315	6,315	6,315
Trantech Radiator Topco, LLC	Transformer Cooling Products and Services	Secured Debt (8)	5/31/2019		12.00%	5/31/2024	2,080	2,043	2,080
		Common Stock (8)	5/31/2019	154				1,164	2,160
							3,207	4,240	4,240
VVS Holdco LLC	Omnichannel Retailer of Animal Health Products	Secured Debt (9) (23)	12/1/2021		7.00% (L+6.00%, Floor 1.00%)	12/1/2026	200	193	193
		Secured Debt (23)	12/1/2021		11.50%	12/1/2026	7,600	7,386	7,386
		Preferred Equity (8) (23)	12/1/2021	2,960				2,960	2,960
							10,539	10,539	10,539
Subtotal Affiliate Investments (39.1% of net assets at fair value)							\$ 216,740	\$ 241,000	\$ 241,000

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Portfolio Company (1) (20)	Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Rate (30)	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
Non-Control/Non-Affiliate Investments (7)									
AAC Holdings, Inc.	(11) Substance Abuse Treatment Service Provider								
		Secured Debt (19)	12/11/2020		18.00% (10.00% Cash, 8.00% PIK)	6/25/2025	\$ 3,710	\$ 3,437	\$ 3,580
		Common Stock	12/11/2020	593,927				3,148	2,079
		Warrants (27)	12/11/2020	197,717		12/11/2025		—	692
								6,585	6,351
Adams Publishing Group, LLC	(10) Local Newspaper Operator								
		Secured Debt (9)	3/11/2022		8.50% (L+7.50%, Floor 1.00%)	3/11/2027	3,059	3,051	3,051
ADS Tactical, Inc.	(11) Value-Added Logistics and Supply Chain Provider to the Defense Industry								
		Secured Debt (9)	3/29/2021		6.75% (L+5.75%, Floor 1.00%)	3/19/2026	9,500	9,337	9,112
American Health Staffing Group, Inc.	(10) Healthcare Temporary Staffing								
		Secured Debt (9)	11/19/2021		7.00% (L+6.00%, Floor 1.00%)	11/19/2026	8,333	8,240	8,240
American Nuts, LLC	(10) Roaster, Mixer and Packager of Bulk Nuts and Seeds								
		Secured Debt (9) (30)	3/11/2022		7.75% (SOFR+6.75%, Floor 1.00%)	4/10/2026	5,994	5,937	5,937
		Secured Debt (9) (30)	3/11/2022		9.75% (SOFR+8.75%, Floor 1.00%)	4/10/2026	5,994	5,937	5,937
								11,874	11,874
American Teleconferencing Services, Ltd.	(11) Provider of Audio Conferencing and Video Collaboration Solutions								
		Secured Debt (9) (14)	9/17/2021		7.50% (L+6.50%, Floor 1.00%)	6/30/2022	2,425	2,375	133
		Secured Debt (9) (14)	5/19/2016		7.50% (L+6.50%, Floor 1.00%)	6/28/2023	11,693	11,451	643
								13,826	776
ArborWorks, LLC	(10) Vegetation Management Services								
		Secured Debt (9)	11/9/2021		8.00% (L+7.00%, Floor 1.00%)	11/9/2026	16,149	15,781	15,781
		Common Equity	11/9/2021	124				124	124
								15,905	15,905
ATS Operating, LLC	(10) For-Profit Thrift Retailer								
		Secured Debt (9) (30)	1/18/2022		7.50%(SOFR+6.50%, Floor 1.00%)	1/18/2027	100	100	100
		Secured Debt (9) (30)	1/18/2022		6.50%(SOFR+5.50%, Floor 1.00%)	1/18/2027	925	904	904
		Secured Debt (9) (30)	1/18/2022		8.50%(SOFR+7.50%, Floor 1.00%)	1/18/2027	925	904	904
		Common Stock	1/18/2022	100,000				100	100
								2,008	2,008
AVEX Aviation Holdings, LLC	(10) Specialty Aircraft Dealer								
		Secured Debt (9)	12/15/2021		8.00% (L+7.00%, Floor 1.00%)	12/15/2026	150	141	141
		Common Equity	12/15/2021	50	8.00% (L+7.00%, Floor 1.00%)	12/15/2026	1,696	1,664	1,664
								50	50
								1,855	1,855

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Portfolio Company (1) (20)	Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Rate (30)	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
BBB Tank Services, LLC	Maintenance, Repair and Construction Services to the Above-Ground Storage Tank Market	Unsecured Debt (9) (17)	4/8/2016		12.00% (L+11.00%, Floor 1.00%)	4/8/2021	1,200	1,200	575
		Preferred Stock (non-voting) (8) (19)	12/17/2018		15.00% PIK			41	—
		Member Units	4/8/2016	200,000				200	—
								1,441	1,441
BDS Solutions IntermediateCo, LLC (10)	Outsourced Consumer Services Provider	Secured Debt (9) (30)	2/7/2022		7.50% (SOFR+6.50%, Floor 1.00%)	2/7/2027	3,668	3,591	3,591
Berry Aviation, Inc. (10)	Charter Airline Services	Secured Debt (19)	7/6/2018		12.00% (10.50% Cash, 1.50% PIK)	1/6/2024	188	187	188
		Preferred Member Units (8) (19) (23)	11/12/2019	122,416	16.00% PIK			175	325
		Preferred Member Units (8) (19) (23)	7/6/2018	1,548,387	8.00% PIK			2,037	4,007
								2,399	2,399
Binswanger Enterprises, LLC (10)	Glass Repair and Installation Service Provider	Secured Debt (9)	3/10/2017		9.50% (L+8.50%, Floor 1.00%)	3/10/2023	12,001	11,982	12,001
		Member Units	3/10/2017	1,050,000				1,050	730
								13,032	13,032
Bluestem Brands, Inc. (11)	Multi-Channel Retailer of General Merchandise	Secured Debt (9)	8/28/2020		10.00% (L+8.50%, Floor 1.50%)	8/28/2025	5,745	5,745	5,724
		Common Stock (8)	10/1/2020	700,446					2,687
								5,745	5,745
Boccella Precast Products LLC	Manufacturer of Precast Hollow Core Concrete	Secured Debt (9)	9/23/2021		10.00%	2/28/2027	80	80	80
		Member Units	6/30/2017	540,000				564	1,208
								644	644
Brightwood Capital Fund Investments (12) (13)	Investment Partnership	LP Interests (Brightwood Capital Fund III, LP) (8) (24)	7/21/2014	0.5%				2,465	1,501
		LP Interests (Brightwood Capital Fund IV, LP) (8) (24)	10/26/2016	1.18%				8,737	8,788
								11,202	11,202
Buca C, LLC	Casual Restaurant Group	Secured Debt (9) (17)	6/30/2015		12.25% (L+11.25%, Floor 1.00%)	6/30/2020	13,164	13,164	9,705
		Preferred Member Units (19)	6/30/2015	4	6.00% PIK			3,040	—
								16,204	16,204
Burning Glass Intermediate Holding Company, Inc. (10)	Provider of Skills-Based Labor Market Analytics	Secured Debt (9)	6/14/2021		6.00% (L+5.00%, Floor 1.00%)	6/10/2026	310	287	287
		Secured Debt (9)	6/14/2021		6.00% (L+5.00%, Floor 1.00%)	6/10/2028	13,356	13,143	13,356
								13,430	13,430

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Portfolio Company (1) (20)	Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Rate (30)	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
Cadence Aerospace LLC	(10) Aerospace Manufacturing	Secured Debt	(9) (19)	11/14/2017	9.28% Cash, 0.22% PIK	11/14/2023	20,234	20,147	20,234
CAI Software LLC	Provider of Specialized Enterprise Resource Planning Software	Preferred Equity		12/13/2021	379,338			379	379
		Preferred Equity		12/13/2021	126,446			—	—
								379	379
Camin Cargo Control, Inc.	(11) Provider of Mission Critical Inspection, Testing and Fuel Treatment Services	Secured Debt	(9)	6/14/2021	7.50% (L+6.50%, Floor 1.00%)	6/4/2026	7,669	7,601	7,630
Career Team Holdings, LLC	Provider of Workforce Training and Career Development Services	Secured Debt		12/17/2021		12/17/2026	2,250	2,183	2,183
		Common Stock		12/17/2021	50,000			500	500
								2,683	2,683
Cenveo Corporation	(11) Provider of Digital Marketing Agency Services	Common Stock		9/7/2018	253,194			4,848	3,018
Clarius BIGS, LLC	(10) Prints & Advertising Film Financing	Secured Debt	(14) (17) (19)	9/23/2014	15.00% PIK	1/5/2015	2,763	2,419	26
Classic H&G Holdings, LLC	Provider of Engineered Packaging Solutions	Secured Debt	(9)	3/12/2020	7.00% (L+6.00%, Floor 1.00%)	3/12/2025	1,900	1,888	1,900
		Secured Debt		3/12/2020	8.00%	3/12/2025	4,819	4,725	4,819
		Preferred Member Units	(8)	3/12/2020	39			1,440	4,070
								8,053	10,789
Computer Data Source, LLC	(10) Third Party Maintenance Provider to the Data Center Ecosystem	Secured Debt	(9)	8/6/2021	8.50% (L+7.50%, Floor 1.00%)	8/6/2026	19,469	19,118	19,361
Construction Supply Investments, LLC	(10) Distribution Platform of Specialty Construction Materials to Professional Concrete and Masonry Contractors	Member Units		12/29/2016	861,618			3,334	15,606
DMA Industries, LLC	Distributor of aftermarket ride control products	Secured Debt		11/19/2021		11/19/2026	5,300	5,201	5,201
		Preferred Equity		11/19/2021	1,486			1,486	1,486
								6,687	6,687

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Portfolio Company (1) (20)	Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Rate (30)	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
DTE Enterprises, LLC	(10) Industrial Powertrain Repair and Services	Secured Debt Class AA Preferred Member Units (non-voting) Class A Preferred Member Units	(9)	4/13/2018	9.50% (L+8.00%, Floor 1.50%)	4/13/2023	9,369	9,323	8,938
		(8) (19)	4/13/2018	10.00% PIK		1,077	1,077		
		(19)	4/13/2018	776,316	8.00% PIK		776	320	
							11,176	10,335	
Dynamic Communities, LLC	(10) Developer of Business Events and Online Community Groups	Secured Debt	(9)	7/17/2018	9.50% (L+8.50%, Floor 1.00%)	7/17/2023	5,611	5,578	5,262
Emerald Technologies Acquisition Co, Inc.	(11) Design & Manufacturing	Secured Debt	(9) (30)	2/10/2022	7.25% (SOFR+6.25%, Floor 1.00%)	2/10/2028	2,500	2,451	2,463
EPIC V-Grade Services, LP	(11) NGL Transportation & Storage	Secured Debt	(9)	6/22/2018	7.00% (L+6.00%, Floor 1.00%)	6/30/2027	6,874	6,801	5,815
Event Holdco, LLC	(10) Event and Learning Management Software for Healthcare Organizations and Systems	Secured Debt	(9) (23)	12/22/2021	8.00% (L+7.00%, Floor 1.00%)	12/22/2026	3,846	3,808	3,808
Flip Electronics LLC	(10) Distributor of Hard-to-Find and Obsolete Electronic Components	Secured Debt	(9) (30)	1/4/2021	8.50% (SOFR+7.50%, Floor 1.00%)	1/2/2026	6,873	6,732	6,715
GS Operating, LLC (Gexpro)	(10) Distributor of Industrial and Specialty Parts	Secured Debt	(9) (30)	1/3/2022	6.75% (SOFR+6.00%, Floor 0.75%)	1/3/2028	11,261	10,958	11,261
Hawk Ridge Systems, LLC	Value-Added Reseller of Engineering Design and Manufacturing Solutions	Secured Debt	(9)	12/2/2016	7.00% (L+6.00%, Floor 1.00%)	1/15/2026	646	646	646
		Secured Debt Preferred Member Units Preferred Member Units	(9) (8) (23)	12/2/2016 12/2/2016 12/2/2016	8.00%	1/15/2026	7,450	7,392	7,450
		56	56			713	4,140		
							38	220	
						8,789	12,456		
HDC/HW Intermediate Holdings	(10) Managed Services and Hosting Provider	Secured Debt	(9)	12/21/2018	8.50% (L+7.50%, Floor 1.00%)	12/21/2023	1,940	1,925	1,724

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Portfolio Company (1) (20)	Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Rate (30)	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)	
Hybrid Promotions, LLC	(10) Wholesaler of Licensed, Branded and Private Label Apparel	Secured Debt (9)	6/30/2021		9.25% (L+8.25%, Floor 1.00%)	6/30/2026	7,875	7,738	7,700	
IG Parent Corporation	(11) Software Engineering	Secured Debt (9)	7/30/2021		6.75% (L+5.75%, Floor 1.00%)	7/30/2026	6,711	6,604	6,693	
Implus Footcare, LLC	(10) Provider of Footwear and Related Accessories	Secured Debt (9)	6/1/2017		8.75% (L+7.75%, Floor 1.00%)	4/30/2024	17,050	17,038	16,106	
Independent Pet Partners Intermediate Holdings, LLC	(10) Omnichannel Retailer of Specialty Pet Products	Secured Debt (19)	12/10/2020		6.00% PIK	11/20/2023	10,740	10,200	10,220	
		Preferred Stock (non-voting) (19)	12/10/2020		6.00% PIK			2,470	3,370	
		Preferred Stock (non-voting)	12/10/2020					—	—	—
		Member Units	11/20/2018	1,191,667				1,192	—	—
							13,862	13,590		
Industrial Services Acquisition, LLC	(10) Industrial Cleaning Services	Secured Debt (9)	8/13/2021		7.75% (L+6.75%, Floor 1.00%)	8/13/2026	18,361	18,008	18,327	
		Preferred Member Units (8) (19) (23)	1/31/2018	336	10.00% PIK			286	388	
		Preferred Member Units (8) (19) (23)	5/17/2019	187	20.00% PIK			196	237	
		Member Units (23)	6/17/2016	2,100				2,100	1,710	
							20,590	20,662		
Infolinks Media Buyco, LLC	(10) Exclusive Placement Provider to the Advertising Ecosystem	Secured Debt (9)	11/1/2021		7.00% (L+6.00%, Floor 1.00%)	11/1/2026	10,823	10,565	10,565	
Interface Security Systems, L.L.C	(10) Commercial Security & Alarm Services	Secured Debt (9)	12/9/2021		11.75% (L+10.00%, Floor 1.75%)	8/7/2023	770	770	770	
		Secured Debt (9) (14) (19)	8/7/2019		9.75% (8.75% Cash, 1.00% PIK) (1.00% PIK + L+7.00%, Floor 1.75%)	8/7/2023	7,334	7,254	3,842	
		Common Stock	12/7/2021	2,143				—	—	—
							8,024	4,612		
Intermedia Holdings, Inc.	(11) Unified Communications as a Service	Secured Debt (9)	8/3/2018		7.00% (L+6.00%, Floor 1.00%)	7/19/2025	5,654	5,645	5,616	
Invincible Boat Company, LLC.	(10) Manufacturer of Sport Fishing Boats	Secured Debt (9)	8/28/2019		8.00% (L+6.50%, Floor 1.50%)	8/28/2025	17,148	17,017	17,148	
INW Manufacturing, LLC	(11) Manufacturer of Nutrition and Wellness Products	Secured Debt (9)	5/19/2021		6.76% (L+5.75%, Floor 0.75%)	3/25/2027	7,266	7,071	7,120	

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Portfolio Company (1) (20)	Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Rate (30)	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)	
Iron-Main Investments, LLC	Consumer Reporting Agency Providing Employment Background Checks and Drug Testing	Secured Debt	8/2/2021		12.50%	11/15/2026	1,150	1,119	1,119	
		Secured Debt	9/1/2021		12.50%	11/15/2026	800	778	778	
		Secured Debt	11/15/2021		12.50%	11/15/2026	7,236	7,096	7,096	
		Common Stock	8/3/2021	44,944				449	449	
									9,442	9,442
Isagenix International, LLC	(11) Direct Marketer of Health & Wellness Products	Secured Debt (9)	6/21/2018		6.75% (L+5.75%, Floor 1.00%)	6/14/2025	5,054	5,028	3,263	
Jackmont Hospitality, Inc.	(10) Franchisee of Casual Dining Restaurants	Secured Debt (9)	5/26/2015		8.50% (L+7.50%, Floor 1.00%)	11/4/2024	4,200	4,200	4,200	
		Preferred Equity (8)	11/8/2021	5,653,333				636	628	
								4,836	4,828	
Joerns Healthcare, LLC	(11) Manufacturer and Distributor of Health Care Equipment & Supplies	Secured Debt (9)	8/21/2019		7.00% (L+6.00%, Floor 1.00%)	8/21/2024	3,351	3,323	2,765	
		Secured Debt (19)	11/15/2021		15.00% PIK	11/8/2022	1,435	1,435	1,435	
		Common Stock	8/21/2019	392,514					3,678	—
									8,436	4,200
Johnson Downie Opco, LLC	Executive Search Services	Secured Debt (9)	12/10/2021		13.00% (L+11.50%, Floor 1.50%)	12/10/2026	1,275	1,247	1,247	
		Preferred Equity (8)	12/10/2021	350				350	350	
								1,597	1,597	
JorVet Holdings, LLC	Supplier and Distributor of Veterinary Equipment and Supplies	Secured Debt	3/28/2022		12.00%	3/28/2027	2,850	2,794	2,794	
		Common Stock	3/28/2022	11,934				1,193	1,193	
							3,987	3,987		
JTI Electrical & Mechanical, LLC	(10) Electrical, Mechanical and Automation Services	Secured Debt (9)	12/22/2021		7.00% (L+6.00%, Floor 1.00%)	12/22/2026	3,138	3,066	3,066	
		Common Equity	12/22/2021	140,351				140	140	
								3,206	3,206	
KMS, LLC	(10) Wholesaler of Closeout and Value-priced Products	Secured Debt (9)	10/4/2021		8.25% (L+7.25%, Floor 1.00%)	10/4/2026	9,453	9,232	9,232	
Knight Energy Services LLC	(11) Oil and Gas Equipment & Services	Secured Debt (19)	1/9/2015		8.50% PIK	2/9/2024	982	982	698	
		Common Stock	11/14/2018	25,692				1,843	—	
								2,825	698	
Laredo Energy, LLC	(10) Oil & Gas Exploration & Production	Member Units	5/4/2020	1,155,952				11,560	10,100	
Lightbox Holdings, L.P.	(11) Provider of Commercial Real Estate Software	Secured Debt	5/23/2019		5.61% (L+5.00%)	5/9/2026	5,871	5,819	5,783	

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LL Management, Inc.	(10) Medical Transportation Service Provider	Secured Debt (9)	5/2/2019		8.25% (L+7.25%, Floor 1.00%)	9/25/2023	14,298	14,234	14,298
		Secured Debt (9)	8/16/2021		10.00% (L+9.00%, Floor 1.00%)	8/16/2026	4,975	4,875	4,875
Logix Acquisition Company, LLC	(10) Competitive Local Exchange Carrier	Secured Debt (9)	1/8/2018		6.75% (L+5.75%, Floor 1.00%)	12/22/2024	12,450	12,408	11,683
		Secured Debt (9)	4/22/2019		5.88% (L+5.25%, Floor 0.625%)	12/22/2025	7,282	7,249	7,265
Mac Lean-Fogg Company	(10) Manufacturer and Supplier for Auto and Power Markets	Preferred Stock (19)	10/1/2019		13.75% (4.50% Cash, 9.25% PIK)			809	809
		Secured Debt (9)	10/1/2019					8,058	8,074
Mako Steel, LP	(10) Self-Storage Design & Construction	Secured Debt (9)	3/15/2021		8.18% (L+7.25%, Floor 0.75%)	3/13/2026	2,028	1,963	2,005
		Secured Debt (9)	3/15/2021		8.38% (L+7.25%, Floor 0.75%)	3/13/2026	17,313	17,031	17,112
								18,994	19,117
MB2 Dental Solutions, LLC	(11) Dental Partnership Organization	Secured Debt (9)	1/28/2021		7.00% (L+6.00%, Floor 1.00%)	1/29/2027	7,956	7,845	7,956
		Secured Debt (9) (28)	1/28/2021		7.10%	1/29/2027	4,605	4,484	4,605
								12,329	12,561
Mills Fleet Farm Group, LLC	(10) Omnichannel Retailer of Work, Farm and Lifestyle Merchandise	Secured Debt (9)	10/24/2018		7.25% (L+6.25%, Floor 1.00%)	10/24/2024	17,781	17,575	17,781
		Secured Debt (9)	12/18/2019		7.25% (L+6.25%, Floor 1.00%)	12/18/2024	16,875	16,624	16,843
NinjaTrader, LLC	(10) Operator of Futures Trading Platform	Secured Debt (9)	3/2/2017		9.42% (L+9.25%)	12/31/2023	21,607	21,600	20,562
NTM Acquisition Corp.	(11) Provider of B2B Travel Information Content	Secured Debt (9) (19)	7/12/2016		8.25% (7.25% Cash, 1.00% PIK) (1.00% PIK + L+6.25%, Floor 1.00%)	6/7/2024	4,203	4,199	4,056
		Secured Debt (9)	5/7/2021		7.50% (L+6.50%, Floor 1.00%)	5/7/2026	22,108	21,661	21,468
OVG Business Services, LLC	(10) Venue Management Services	Secured Debt (9)	11/29/2021		7.25% (L+6.25%, Floor 1.00%)	11/19/2028	17,500	17,333	16,975
		Secured Debt (9) (30)	1/19/2022		6.75% (SOFR+5.75%, Floor 1.00%)	1/19/2027	2,429	2,326	2,326

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(Unaudited)

Portfolio Company (1) (20)	Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Rate (30)	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
RA Outdoors LLC	(10) Software Solutions Provider for Outdoor Activity Management	Secured Debt (9)	4/8/2021		7.75% (L+6.75%, Floor 1.00%)	4/8/2026	18,349	18,185	17,210
Research Now Group, Inc. and Survey Sampling International, LLC	(11) Provider of Outsourced Online Surveying	Secured Debt (9)	12/29/2017		6.50% (L+5.50%, Floor 1.00%)	12/20/2024	9,871	9,871	9,722
RM Bidder, LLC	(10) Scripted and Unscripted TV and Digital Programming Provider	Member Units	11/12/2015	1,854				31	16
		Warrants (26)	11/12/2015			10/20/2025		284	—
								315	16
Roof Opco, LLC	(10) Residential Re-Roofing/Repair	Secured Debt (9)	8/27/2021		7.00% (L+6.00%, Floor 1.00%)	8/27/2026	5,911	5,740	5,740
Rug Doctor, LLC.	(10) Carpet Cleaning Products and Machinery	Secured Debt (9)	7/16/2021		7.25% (L+6.25%, Floor 1.00%)	11/16/2024	10,100	9,964	9,919
Salient Partners L.P.	(11) Provider of Asset Management Services	Secured Debt (9)	8/31/2018		7.00% (L+6.00%, Floor 1.00%)	10/30/2022	6,251	6,292	4,063
		Secured Debt (9)	9/30/2021		7.00% (L+6.00%, Floor 1.00%)	10/30/2022	1,250	1,250	2,435
								7,542	6,498
Savers, Inc.	(11) For-Profit Thrift Retailer	Secured Debt (9)	5/14/2021		6.25% (L+5.50%, Floor 0.75%)	4/26/2028	4,314	4,301	4,293
SIB Holdings, LLC	(10) Provider of Cost Reduction Services	Secured Debt (9)	10/29/2021		7.00% (L+6.00%, Floor 1.00%)	10/29/2026	7,833	7,650	7,664
		Common Equity	10/29/2021	119,048				250	250
								7,900	7,914
Slick Innovations, LLC	Text Message Marketing Platform	Secured Debt	9/13/2018		13.00%	9/13/2023	1,280	1,183	1,280
		Common Stock	9/13/2018	17,500				175	380
		Warrants (27)	9/13/2018	4,521		9/13/2028		45	100
								1,403	1,760
South Coast Terminals Holdings, LLC	(10) Specialty Toll Chemical Manufacturer	Secured Debt (9)	12/10/2021		7.25% (L+6.25%, Floor 1.00%)	12/13/2026	3,549	3,475	3,475
		Common Equity	12/10/2021	60,606				61	61
								3,536	3,536
Student Resource Center, LLC	(10) Higher Education Services	Secured Debt (9)	6/25/2021		9.00% (L+8.00%, Floor 1.00%)	6/25/2026	11,764	11,542	10,938
Tex Tech Tennis, LLC	(10) Sporting Goods & Textiles	Common Stock (23)	7/7/2021	1,000,000				1,000	1,130
The Affiliati Network, LLC	Performance Marketing Solutions	Secured Debt	8/9/2021		7.00%	8/9/2026	270	266	266
		Secured Debt	8/9/2021		11.83%	8/9/2026	3,240	3,175	3,175
		Preferred Stock (8)	8/9/2021	320,000				1,600	1,750
								5,041	5,191

MSC INCOME FUND, INC.
Consolidated Schedule of Investments (Continued)
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Portfolio Company (1) (20)	Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Rate (30)	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)	
U.S. TelePacific Corp.	(11) Provider of Communications and Managed Services				9.25% (2.00% Cash, 7.25% PIK)					
		Secured Debt	(9) (19) (29) (30)	5/17/2017	(SOFR+1.00%, Floor 1.00%, 7.25% PIK)	5/2/2026	12,500	12,419	8,863	
USA DeBusk LLC	(10) Provider of Industrial Cleaning Services				6.75% (L+5.75%, Floor 1.00%)					
		Secured Debt	(9)	10/22/2019		9/8/2026	19,950	19,706	19,950	
Vida Capital, Inc	(11) Alternative Asset Manager	Secured Debt		10/10/2019	6.33% (L+6.00%)	10/1/2026	6,684	6,617	6,155	
Vistar Media, Inc.	(10) Operator of Digital Out-of-Home Advertising Platform									
		Preferred Stock		4/3/2019	70,207			766	2,351	
Volusion, LLC	Provider of Online Software-as-a-Service eCommerce Solutions									
		Secured Debt	(17)	1/26/2015		11.50%	1/26/2020	7,322	7,322	7,322
		Unsecured Convertible Debt		5/16/2018		8.00%	11/16/2023	175	175	175
		Preferred Member Units		1/26/2015	2,090,001				6,000	2,570
		Warrants	(27)	1/26/2015	784,867				1,104	—
							14,601	10,067		
VORTEQ Coil Finishers, LLC	(10) Specialty Coating of Aluminum and Light-Gauge Steel									
		Secured Debt	(9)	11/30/2021		8.50% (L+7.50%, Floor 1.00%)	11/30/2026	19,111	18,751	18,751
		Common Equity		11/30/2021	769,231				769	769
							19,520	19,520		
Wall Street Prep, Inc.	(10) Financial Training Services									
		Secured Debt	(9)	7/19/2021		8.00% (L+7.00%, Floor 1.00%)	7/19/2026	5,431	5,327	5,327
		Common Stock		7/19/2021	500,000				500	500
							5,827	5,827		
Watterson Brands, LLC	(10) Facility Management Services									
		Secured Debt	(9)	12/17/2021		7.00% (L+6.00%, Floor 1.00%)	12/17/2026	2,243	2,186	2,186
West Star Aviation Acquisition, LLC	(10) Aircraft, Aircraft Engine and Engine Parts									
		Secured Debt	(9) (30)	3/1/2022		6.75% (SOFR+6.0%, Floor 0.75%)	3/1/2028	3,000	2,934	2,934
		Common Stock		3/1/2022	200,000				200	200
							3,134	3,134		
Winter Services LLC	(10) Provider of Snow Removal and Ice Management Services									
		Secured Debt	(9)	11/19/2021		8.00% (L+7.00%, Floor 1.00%)	11/19/2026	14,028	13,691	13,746
Xenon Arc, Inc.	(10) Tech-enabled Distribution Services to Chemicals and Food Ingredients Primary Producers									
		Secured Debt	(9)	12/17/2021		6.75% (L+6.00%, Floor 0.75%)	12/17/2026	2,394	2,318	2,318

MSC INCOME FUND, INC.
Consolidated Schedule of Investments (Continued)
March 31, 2022
(dollars in thousands)
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Portfolio Company (1) (20)	Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Rate (30)	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)	
YS Garments, LLC	(11) Designer and Provider of Branded Activewear	Secured Debt (9)	8/22/2018		6.51%	8/9/2024	6,423	6,394	6,359	
Zips Car Wash, LLC	(10) Express Car Wash Operator	Secured Debt (9)	2/11/2022		8.25%(L+7.25%, Floor 1.00%)	3/1/2024	2,419	2,379	2,379	
Subtotal Non-Control/Non-Affiliate Investments (129.9% of net assets at fair value)							\$	822,092	\$	793,666
Total Portfolio Investments, December 31, 2021 (175.7% of net assets at fair value)							\$	1,067,904	\$	1,081,596
Short-Term Investments (16)										
Fidelity Institutional Money Market Funds (21)							\$	3,657	\$	3,657
US Bank Money Market Account (29)								6,028		6,028
Total Short-Term Investments							\$	9,685	\$	9,685

- (1) All investments are Lower Middle Market portfolio investments, unless otherwise noted. See Note C for a description of Lower Middle Market portfolio investments. All of the Company's investments, unless otherwise noted, are encumbered as security for one of the Company's Credit Facilities.
- (2) Debt investments are income producing, unless otherwise noted. Equity and warrants are non-income producing, unless otherwise noted by footnote (8), as described below.
- (3) See Note C and Schedule 12-14 for a summary of geographic location of portfolio companies.
- (4) Principal is net of repayments. Cost is net of repayments and accumulated unearned income.
- (5) Control investments are defined by the 1940 Act as investments in which more than 25% of the voting securities are owned or where the ability to nominate greater than 50% of the board representation is maintained.
- (6) Affiliate investments are defined by the 1940 Act as investments in which between 5% and 25% (inclusive) of the voting securities are owned and the investments are not classified as Control investments.
- (7) Non-Control/Non-Affiliate investments are defined by the 1940 Act as investments that are neither Control investments nor Affiliate investments.
- (8) Income producing through dividends or distributions.
- (9) Index based floating interest rate is subject to contractual minimum interest rate. A majority of the variable rate loans in the Company's investment portfolio bear interest at a rate that may be determined by reference to either LIBOR, SOFR or an alternate Base Rate (commonly based on the Federal Funds Rate or the Prime Rate), which typically resets semi-annually, quarterly, or monthly at the borrower's option. The borrower may also elect to have multiple interest reset periods for each loan. For each such loan, the Company has provided the weighted-average annual stated interest rate in effect at March 31, 2022. As noted in this schedule, 70% of the loans (based on the par amount) contain LIBOR or SOFR floors which range between 0.63% and 2.00%, with a weighted-average floor of approximately 1.03%.
- (10) Private Loan portfolio investment. See Note C for a description of Private Loan portfolio investments.
- (11) Middle Market portfolio investment. See Note C for a description of Middle Market portfolio investments.
- (12) Other Portfolio investment. See Note C for a description of Other Portfolio investments.
- (13) Investment is not a qualifying asset as defined under Section 55(a) of the 1940 Act. Qualifying assets must represent at least 70% of total assets at the time of acquisition of any additional non-qualifying assets.
- (14) Non-accrual and non-income producing investment.
- (15) All of the Company's portfolio investments are generally subject to restrictions on resale as "restricted securities."
- (16) Short-term investments represent an investment in a fund that invests in highly liquid investments with average original maturity dates of three months or less. These short-term investments are included as Cash and cash equivalents on the consolidated balance sheet.
- (17) Maturity date is under on-going negotiations with the portfolio company and other lenders, if applicable.
- (19) PIK interest income and cumulative dividend income represent income not paid currently in cash.

MSC INCOME FUND, INC.
Consolidated Schedule of Investments (Continued)
March 31, 2022
(dollars in thousands)
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- (20) All portfolio company headquarters are based in the United States, unless otherwise noted.
- (21) Effective yield as of March 31, 2022 was approximately 0.005% at US Bank Money Market Account and 0.01% at Fidelity Institutional Money Market Funds.
- (22) Investment date represents the date of initial investment in the security position.
- (23) Shares/Units represent ownership in a related Real Estate or HoldCo entity.
- (24) Investment is not unitized. Presentation is made in percent of fully diluted ownership unless otherwise indicated.
- (25) Warrants are presented in equivalent shares with a strike price of \$10.92 per share.
- (26) Warrants are presented in equivalent units with a strike price of \$14.28 per unit.
- (27) Warrants are presented in equivalent shares/units with a strike price of \$0.01 per share/unit.
- (28) Delayed draw term loan facility permits the borrower to make an interest rate election on each new tranche of borrowings under the facility. The rate presented represents a weighted-average rate for borrowings under the facility. As of March 31, 2022, borrowings under the loan facility bear interest at L+6.00% (Floor 1.00%) or Prime+5.00%.
- (29) Delayed draw term loan facility permits the borrower to make an interest rate election on each new tranche of borrowings under the facility. The rate presented represents a weighted-average rate for borrowings under the facility. As of March 31, 2022, borrowings under the loan facility bear interest at L+5.50% (Floor 1.00%) or Prime+4.00%.
- (30) SOFR based contracts may include a credit spread adjustment (the "Adjustment") that is charged in addition to the stated spread. The Adjustment is applied when the SOFR rate, plus the Adjustment, exceeds the stated floor rate, as applicable. As of March 31, 2022, SOFR based contracts in the portfolio had Adjustments ranging from 0.10% to 0.26%.

MSC INCOME FUND, INC.
Consolidated Schedule of Investments
December 31, 2021
(dollars in thousands)

Portfolio Company (1) (20)	Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)	
Control Investments (5)										
Copper Trail Fund Investments	(12) (13) Investment Partnership	LP Interests (CTMH, LP)	(24)	7/17/2017	38.8%			\$ 835	\$ 710	
GRT Rubber Technologies LLC	Manufacturer of Engineered Rubber Products	Secured Debt Member Units	(8)	12/19/2014 12/19/2014	2,896	8.10% (L+8.00%)	10/29/2026	\$ 19,152	18,930 6,435 25,365	19,152 22,750 41,902
Harris Preston Fund Investments	(12) (13) Investment Partnership	LP Interests (2717 MH, L.P.)	(24)	10/1/2017	49.3%			2,703	3,971	
Subtotal Control Investments (7.6% of net assets at fair value)								\$ 28,903	\$ 46,583	
Affiliate Investments (6)										
AFG Capital Group, LLC	Provider of Rent-to-Own Financing Solutions and Services	Secured Debt Preferred Member Units	(8)	4/25/2019 11/7/2014	46	10.00%	5/25/2022	36	36 300 336	36 1,930 1,966
Analytical Systems Keco Holdings, LLC	Manufacturer of Liquid and Gas Analyzers	Secured Debt Preferred Member Units	(9)	8/16/2019		12.00% (L+10.00%, Floor 2.00%)	8/16/2024	1,236	1,178	1,178
		Preferred Member Units		8/16/2019	800				800	-
		Preferred Member Units		5/20/2021	607				607	1,220
		Warrants	(27)	8/16/2019	105		8/16/2029		79	-
								2,664		2,398
ATX Networks Corp.	(11) Provider of Radio Frequency Management Equipment	Secured Debt	(9)	9/1/2021		8.50% (L+7.50%, Floor 1.00%)	9/1/2026	7,698	7,153	7,121
		Unsecured Debt	(19)	9/1/2021		10.00% PIK	9/1/2028	3,090	2,010	1,977
		Common Stock		9/1/2021	585					-
								9,163		9,098
Barfly Ventures, LLC	(10) Casual Restaurant Group	Member Units		10/26/2020	12				528	643
Brewer Crane Holdings, LLC	Provider of Crane Rental and Operating Services	Secured Debt Preferred Member Units	(9)	1/9/2018		11.00% (L+10.00%, Floor 1.00%)	1/9/2023	2,015	2,005	2,005
			(8)	1/9/2018	737				1,070	1,930
								3,075		3,935
Centre Technologies Holdings, LLC	Provider of IT Hardware Services and Software Solutions	Secured Debt Preferred Member Units	(9)	1/4/2019		12.00% (L+10.00%, Floor 2.00%)	1/4/2024	2,354	2,331	2,216
				1/4/2019	3,174				1,460	1,460
								3,791		3,676
Chamberlin Holding LLC	Roofing and Waterproofing Specialty Contractor	Secured Debt Member Units	(9)	2/26/2018		9.00% (L+8.00%, Floor 1.00%)	2/26/2023	4,454	4,406	4,454
		Member Units	(8)	2/26/2018	1,087				2,860	6,030
		Member Units	(8) (23)	11/2/2018	261,786				330	385
								7,596		10,869
Charps, LLC	Pipeline Maintenance and Construction	Preferred Member Units	(8)	2/3/2017	457				491	3,500

MSC INCOME FUND, INC.
Consolidated Schedule of Investments (Continued)
December 31, 2021
(dollars in thousands)

Portfolio Company (1) (20)	Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
Clad-Rex Steel, LLC	Specialty Manufacturer of Vinyl-Clad Metal	Secured Debt	12/20/2016		10.50% (L+9.50%, Floor 1.00%)	1/15/2024	2,620	2,620	2,620
		Member Units	12/20/2016	179				1,820	2,560
		Secured Debt	12/20/2016		10.00%	12/20/2036	270	268	268
		Member Units	12/20/2016	200				53	133
							4,761	5,581	
Cody Pools, Inc.	Designer of Residential and Commercial Pools	Secured Debt	3/6/2020		12.25% (L+10.50%, Floor 1.75%)	12/17/2026	7,187	7,055	7,181
		Preferred Member Units	3/6/2020	147				2,079	11,910
								9,134	19,091
Colonial Electric Company LLC	Provider of Electrical Contracting Services	Secured Debt	3/31/2021		12.00%	3/31/2026	6,143	6,007	6,007
		Preferred Member Units	3/31/2021	4,320				1,920	2,280
								7,927	8,287
Datacom, LLC	Technology and Telecommunications Provider	Secured Debt	3/31/2021		5.00%	12/31/2025	988	901	852
		Preferred Member Units	3/31/2021	1,000				290	290
								1,191	1,142
Digital Products Holdings LLC	Designer and Distributor of Consumer Electronics	Secured Debt	4/1/2018		11.00% (L+10.00%, Floor 1.00%)	4/1/2023	4,213	4,186	4,186
		Preferred Member Units	4/1/2018	964				2,375	2,459
								6,561	6,645
Direct Marketing Solutions, Inc.	Provider of Omni-Channel Direct Marketing Services	Secured Debt	2/13/2018		12.00% (L+11.00%, Floor 1.00%)	2/13/2024	4,705	4,644	4,698
		Preferred Stock	2/13/2018	2,100				2,100	4,590
								6,744	9,288
Flame King Holdings, LLC	Propane Tank and Accessories Distributor	Secured Debt	10/29/2021		7.50% (L+6.50%, Floor 1.00%)	10/31/2026	1,600	1,581	1,581
		Secured Debt	10/29/2021		12.00% (L+11.00%, Floor 1.00%)	10/31/2026	5,300	5,145	5,145
		Preferred Equity	10/29/2021	2,340				2,600	2,600
								9,326	9,326
Freepoint Financial Funds	(12) (13) Investment Partnership	LP Interests (Freepoint First Lien Loan Fund III LP)	7/31/2015		6.0%			7,629	7,231
Gamber-Johnson Holdings, LLC	Manufacturer of Ruggedized Computer Mounting Systems	Secured Debt	6/24/2016		9.50% (L+7.50%, Floor 2.00%)	1/1/2025	5,400	5,382	5,400
		Member Units	6/24/2016	2,261				4,423	12,430
								9,805	17,830
GFG Group, LLC.	Grower and Distributor of a Variety of Plants and Products to Other Wholesalers, Retailers and Garden Centers	Secured Debt	3/31/2021		12.00%	3/31/2026	3,136	3,053	3,136
		Preferred Member Units	3/31/2021	56				1,225	1,750
								4,278	4,886

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Consolidated Schedule of Investments (Continued)
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(dollars in thousands)

Portfolio Company (1) (20)	Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)	
Gulf Publishing Holdings, LLC	Energy Industry Focused Media and Publishing	Secured Debt	(9) (17) (19) 9/29/2017		10.50% (5.25% Cash, 5.25% PIK) (L+9.50%, Floor 1.00%)	9/30/2020	64	64	64	
		Secured Debt	(17) (19) 4/29/2016	920	12.50% (6.25% Cash, 6.25% PIK)	4/29/2021	3,391	3,391	2,429	
		Member Units	4/29/2016					920	-	-
							4,375	4,375	2,493	
Harris Preston Fund Investments	(12) (13) Investment Partnership	LP Interests (HPEP 3, L.P.)	(24) 8/9/2017	8.2%				3,193	4,712	
Kickhaefer Manufacturing Company, LLC	Precision Metal Parts Manufacturing	Secured Debt	10/31/2018		11.50%	10/31/2023	5,104	5,040	5,040	
		Member Units	10/31/2018	145				3,060	3,080	
		Secured Debt	10/31/2018		9.00%	10/31/2048	979	970	970	
		Member Units	(8) (23) 10/31/2018	200				248	615	
							9,318	9,705		
Market Force Information, LLC	Provider of Customer Experience Management Services	Secured Debt	(14) (19) 7/28/2017		12.00% PIK	7/28/2023	6,520	6,463	2,234	
		Member Units	7/28/2017	185,980				4,160	-	-
							10,623		2,234	
MH Corbin Holding LLC	Manufacturer and Distributor of Traffic Safety Products	Secured Debt	8/31/2015		13.00%	3/31/2022	2,063	2,061	1,484	
		Preferred Member Units	3/15/2019	16,500				1,100	-	-
		Preferred Member Units	9/1/2015	1,000				1,500	-	-
								4,661		1,484
Mystic Logistics Holdings, LLC	Logistics and Distribution Services Provider for Large Volume Mailers	Secured Debt	8/18/2014		12.00%	1/17/2022	1,595	1,594	1,595	
		Common Stock	(8) 8/18/2014	1,468				680	2,210	
							2,274		3,805	
NexRev LLC	Provider of Energy Efficiency Products & Services	Secured Debt	2/28/2018		11.00%	2/28/2023	4,054	4,031	3,510	
		Preferred Member Units	(8) 2/28/2018	21,600,000				1,720	670	670
							5,751		4,180	
NuStep, LLC	Designer, Manufacturer and Distributor of Fitness Equipment	Secured Debt	(9) 1/31/2017		7.50% (L+6.50%, Floor 1.00%)	1/31/2025	430	430	430	
		Secured Debt	1/31/2017		11.00%	1/31/2025	4,310	4,308	4,310	
		Preferred Member Units	1/31/2017	102				2,550	3,380	3,380
							7,288		8,120	
Oneliance, LLC	Construction Cleaning Company	Secured Debt	(9) 8/6/2021		12.00% (L+11.00%, Floor 1.00%)	8/6/2026	1,400	1,374	1,374	
		Preferred Stock	8/6/2021	264				264	264	
							1,638		1,638	
Orttech Holdings, LLC	Distributor of Industrial Clutches, Brakes and Other Components	Secured Debt	(9) 7/30/2021		12.00% (L+11.00%, Floor 1.00%)	7/31/2026	6,094	5,978	5,978	
		Preferred Stock	(8) (23) 7/30/2021	2,500				2,500	2,500	
								8,478		8,478
SI East, LLC	Rigid Industrial Packaging Manufacturing	Secured Debt	8/31/2018		10.25%	8/31/2023	21,950	21,892	21,950	
		Preferred Member Units	(8) 8/31/2018	52				406	3,860	
							22,298		25,810	

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Consolidated Schedule of Investments (Continued)
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(dollars in thousands)

Portfolio Company (1) (20)	Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
Sonic Systems International, LLC	(10) Nuclear Power Staffing Services								
					8.50% (L+7.50%, Floor 1.00%)	8/20/2026	14,000	13,738	13,738
		Secured Debt	8/20/2021					1,250	1,250
		Common Stock	8/20/2021	9,191				14,988	14,988
Tedder Industries, LLC	Manufacturer of Firearm Holsters and Accessories								
		Secured Debt	8/31/2018		12.00%	8/31/2022	4,060	4,013	4,013
		Preferred Member Units	8/31/2018	126				2,145	2,145
								6,158	6,158
Trantech Radiator Topco, LLC	Transformer Cooling Products and Services								
		Secured Debt	5/31/2019		12.00%	5/31/2024	2,180	2,137	2,174
		Common Stock	5/31/2019	154				1,164	2,160
								3,301	4,334
VVS Holdeo LLC	Omnichannel Retailer of Animal Health Products								
					7.00% (L+6.00%, Floor 1.00%)	12/1/2026	300	292	292
		Secured Debt	(9) (23) 12/1/2021					7,600	7,375
		Secured Debt	(23) 12/1/2021		11.50%	12/1/2026		2,960	2,960
		Preferred Equity	(23) 12/1/2021	2,960				10,627	10,627
Subtotal Affiliate Investments (38.2% of net assets at fair value)								\$ 209,971	\$ 234,158

MSC INCOME FUND, INC.
Consolidated Schedule of Investments (Continued)
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(dollars in thousands)

Portfolio Company (1) (20)	Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)		
Non-Control/Non-Affiliate Investments											
(7)											
AAC Holdings, Inc.	(11)	Substance Abuse Treatment Service Provider			18.00% (10.00% Cash, 8.00% PIK)	6/25/2025	\$ 3,636	\$ 3,342	\$ 3,491		
			Secured Debt	(19)	12/11/2020				3,148	2,079	
			Common Stock		12/11/2020	593,927					692
			Warrants	(27)	12/11/2020	197,717		12/11/2025		—	—
							6,490	6,262			
ADS Tactical, Inc.	(11)	Value-Added Logistics and Supply Chain Provider to the Defense Industry			6.75% (L+5.75%, Floor 1.00%)	3/19/2026	9,625	9,450	9,571		
			Secured Debt	(9)	3/29/2021						
American Health Staffing Group, Inc.	(10)	Healthcare Temporary Staffing			7.00% (L+6.00%, Floor 1.00%)	11/19/2026	8,833	8,736	8,736		
			Secured Debt	(9)	11/19/2021						
American Nuts, LLC	(10)	Roaster, Mixer and Packager of Bulk Nuts and Seeds			9.00% (L+8.00%, Floor 1.00%)	4/10/2025	12,016	11,892	12,016		
			Secured Debt	(9)	12/21/2018						
American Teleconferencing Services, Ltd.	(11)	Provider of Audio Conferencing and Video Collaboration Solutions			7.50% (L+6.50%, Floor 1.00%)	9/9/2021	2,425	2,375	73		
			Secured Debt	(9) (14) (17)	9/17/2021						
			Secured Debt	(9) (14)	5/19/2016			6/28/2023	11,693	11,451	351
									13,826	424	
ArborWorks, LLC	(10)	Vegetation Management Services			8.00% (L+7.00%, Floor 1.00%)	11/9/2026	17,317	16,929	16,929		
			Secured Debt	(9)	11/9/2021				124	124	
			Common Equity		11/9/2021	124				17,053	17,053
AVEX Aviation Holdings, LLC	(10)	Specialty Aircraft Dealer			7.50% (L+6.50%, Floor 1.00%)	12/15/2026	1,850	1,806	1,806		
			Secured Debt	(9)	12/15/2021				50	50	
			Common Equity		12/15/2021	50				1,856	1,856
BBB Tank Services, LLC		Maintenance, Repair and Construction Services to the Above-Ground Storage Tank Market			12.00% (L+11.00%, Floor 1.00%)	4/8/2021	1,200	1,200	625		
			Unsecured Debt	(9) (17)	4/8/2016						
			Preferred Stock (non-voting)	(19)	12/17/2018					41	—
			Member Units		4/8/2016	200,000	15.00% PIK			200	—
							1,441	625			
Berry Aviation, Inc.	(10)	Charter Airline Services			12.00% (10.50% Cash, 1.50% PIK)	1/6/2024	4,688	4,658	4,688		
			Secured Debt	(19)	7/6/2018						
			Preferred Member Units	(8) (19) (23)	11/12/2019	122,416	16.00% PIK			168	208
			Preferred Member Units	(19) (23)	7/6/2018	1,548,387	8.00% PIK			1,671	2,487
							6,497	7,383			
Binswanger Enterprises, LLC	(10)	Glass Repair and Installation Service Provider			9.50% (L+8.50%, Floor 1.00%)	3/10/2023	12,001	11,977	12,001		
			Secured Debt	(9)	3/10/2017				1,050	730	
			Member Units		3/10/2017	1,050,000				13,027	12,731
Bluestem Brands, Inc.	(11)	Multi-Channel Retailer of General Merchandise			10.00% (L+8.50%, Floor 1.50%)	8/28/2025	5,745	5,745	5,724		
			Secured Debt	(9)	8/28/2020				—	1,471	
			Common Stock	(8)	10/1/2020	700,446				5,745	7,195

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Consolidated Schedule of Investments (Continued)
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Portfolio Company (1) (20)	Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
Boccella Precast Products LLC	Manufacturer of Precast Hollow Core Concrete	Secured Debt Member Units (8)	9/23/2021 6/30/2017	540,000	10.00%	2/28/2027	80	80 564	80 1,207
Brightwood Capital Fund Investments	(12) (13) Investment Partnership	LP Interests (Brightwood Capital Fund III, LP) (8) (24)	7/21/2014	0.5%				2,495	1,423
		LP Interests (Brightwood Capital Fund IV, LP) (8) (24)	10/26/2016	1.2%				8,737	8,788
								11,232	10,211
Buca C, LLC	Casual Restaurant Group	Secured Debt Preferred Member Units (9) (17) (19)	6/30/2015 6/30/2015	4	10.25% (L+9.25%, Floor 1.00%) 6.00% PIK	6/30/2020	13,164	13,164 3,040	9,705 — 9,705
Burning Glass Intermediate Holding Company, Inc.	(10) Provider of Skills-Based Labor Market Analytics	Secured Debt (9)	6/14/2021		6.00% (L+5.00%, Floor 1.00%)	6/10/2026	310	285	285
		Secured Debt (9)	6/14/2021		6.00% (L+5.00%, Floor 1.00%)	6/10/2028	13,389	13,168	13,290
								13,453	13,575
Cadence Aerospace LLC	(10) Aerospace Manufacturing	Secured Debt (9) (19)	11/14/2017		9.28% Cash, 0.22% PIK	11/14/2023	20,276	20,174	19,017
CAI Software LLC	Provider of Specialized Enterprise Resource Planning Software	Preferred Equity Preferred Equity	12/13/2021 12/13/2021	379,338 126,446				379 —	379 —
								379	379
Camin Cargo Control, Inc.	(11) Provider of Mission Critical Inspection, Testing and Fuel Treatment Services	Secured Debt (9)	6/14/2021		7.50% (L+6.50%, Floor 1.00%)	6/4/2026	7,960	7,888	7,920
Career Team Holdings, LLC	Provider of Workforce Training and Career Development Services	Secured Debt Class A Common Units	12/17/2021 12/17/2021	50,000	12.50%	12/17/2026	2,250	2,180 500	2,180 500
								2,680	2,680
Cenveo Corporation	(11) Provider of Digital Marketing Agency Services	Common Stock	9/7/2018	253,194				4,848	2,236
Chisholm Energy Holdings, LLC	(10) Oil & Gas Exploration & Production	Secured Debt (9)	5/15/2019		7.75% (L+6.25%, Floor 1.50%)	5/15/2026	2,857	2,817	2,663
Clarius BIGS, LLC	(10) Prints & Advertising Film Financing	Secured Debt (14) (17) (19)	9/23/2014		15.00% PIK	1/5/2015	2,772	2,431	33
Classic H&G Holdings, LLC	Provider of Engineered Packaging Solutions	Secured Debt Preferred Member Units (8)	3/12/2020 3/12/2020 3/12/2020	39	7.00% (L+6.00%, Floor 1.00%) 8.00%	3/12/2025 3/12/2025	1,000 4,819	997 4,717	1,000 4,819
								1,440	3,810
								7,154	9,629

MSC INCOME FUND, INC.
Consolidated Schedule of Investments (Continued)
December 31, 2021
(dollars in thousands)

Portfolio Company (1) (20)	Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
Computer Data Source, LLC	(10) Third Party Maintenance Provider to the Data Center Ecosystem	Secured Debt (9)	8/6/2021		8.50% (L+7.50%, Floor 1.00%)	8/6/2026	18,011	17,639	17,639
Construction Supply Investments, LLC	(10) Distribution Platform of Specialty Construction Materials to Professional Concrete and Masonry Contractors	Member Units (8)	12/29/2016	861,618				3,335	14,640
DMA Industries, LLC	Distributor of aftermarket ride control products	Secured Debt Preferred Equity	11/19/2021 11/19/2021	1,486	12.00%	11/19/2026	5,300	5,196 <u>1,486</u>	5,196 <u>1,486</u>
DTE Enterprises, LLC	(10) Industrial Powertrain Repair and Services	Secured Debt Class AA Preferred Member Units (non-voting) (8) (19) Class A Preferred Member Units (19)	4/13/2018 4/13/2018 4/13/2018	776,316	9.50% (L+8.00%, Floor 1.50%) 10.00% PIK 8.00% PIK	4/13/2023	9,369	9,311 1,051 <u>776</u>	8,926 1,051 <u>320</u>
Dynamic Communities, LLC	(10) Developer of Business Events and Online Community Groups	Secured Debt (9)	7/17/2018		9.50% (L+8.50%, Floor 1.00%)	7/17/2023	5,681	5,641	5,570
EPIC Y-Grade Services, LP	(11) NGL Transportation & Storage	Secured Debt (9)	6/22/2018		7.00% (L+6.00%, Floor 1.00%)	6/30/2027	6,892	6,814	5,861
Event Holdco, LLC	(10) Event and Learning Management Software for Healthcare Organizations and Systems	Secured Debt (9) (23)	12/22/2021		8.00% (L+7.00%, Floor 1.00%)	12/22/2026	3,692	3,653	3,653
Flip Electronics LLC	(10) Distributor of Hard-to-Find and Obsolete Electronic Components	Secured Debt (9)	1/4/2021		9.09% (L+8.09%, Floor 1.00%)	1/2/2026	6,000	5,891	5,874
GoWireless Holdings, Inc.	(11) Provider of Wireless Telecommunications Carrier Services	Secured Debt (9)	1/10/2018		7.50% (L+6.50%, Floor 1.00%)	12/22/2024	15,018	14,953	15,052
GS Operating, LLC	(10) Distributor of Industrial and Specialty Parts	Secured Debt (9)	2/24/2020		8.00% (L+6.50%, Floor 1.50%)	2/24/2025	12,193	11,960	12,193

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Consolidated Schedule of Investments (Continued)
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Portfolio Company (1) (20)	Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
Hawk Ridge Systems, LLC	(13) Value-Added Reseller of Engineering Design and Manufacturing Solutions								
		Secured Debt	(9) 12/2/2016		7.00% (L+6.00%, Floor 1.00%)	1/15/2026	646	646	646
		Secured Debt	(9) 12/2/2016		8.00%	1/15/2026	7,450	7,388	7,450
		Preferred Member Units	(8) 12/2/2016	56				713	3,670
		Preferred Member Units	(23) 12/2/2016	56				38	190
								8,785	11,956
HDC/HW Intermediate Holdings	(10) Managed Services and Hosting Provider								
		Secured Debt	(9) 12/21/2018		8.50% (L+7.50%, Floor 1.00%)	12/21/2023	1,934	1,916	1,715
Hybrid Promotions, LLC	(10) Wholesaler of Licensed, Branded and Private Label Apparel								
		Secured Debt	(9) 6/30/2021		9.25% (L+8.25%, Floor 1.00%)	6/30/2026	7,875	7,730	7,809
IG Parent Corporation	(11) Software Engineering								
		Secured Debt	(9) 7/30/2021		6.75% (L+5.75%, Floor 1.00%)	7/30/2026	6,394	6,278	6,280
Implus Footcare, LLC	(10) Provider of Footwear and Related Accessories								
		Secured Debt	(9) 6/1/2017		8.75% (L+7.75%, Floor 1.00%)	4/30/2024	17,093	17,080	16,216
Independent Pet Partners Intermediate Holdings, LLC	(10) Omnichannel Retailer of Specialty Pet Products								
		Secured Debt	(19) 12/10/2020		6.00% PIK	11/20/2023	10,415	9,795	9,815
		Preferred Stock (non-voting)	(19) 12/10/2020		6.00% PIK			2,470	3,310
		Preferred Stock (non-voting)	12/10/2020					—	—
		Member Units	11/20/2018	1,191,667				1,192	—
								13,457	13,125
Industrial Services Acquisition, LLC	(10) Industrial Cleaning Services								
		Secured Debt	(9) 8/13/2021		7.75% (L+6.75%, Floor 1.00%)	8/13/2026	18,406	18,033	18,033
		Preferred Member Units	(8) (19) (23) 1/31/2018	336	10.00% PIK			281	383
		Preferred Member Units	(8) (19) (23) 5/17/2019	187	20.00% PIK			190	231
		Member Units	(23) 6/17/2016	2,100				2,100	1,710
								20,604	20,357
Infolinks Media Buyco, LLC	(10) Exclusive Placement Provider to the Advertising Ecosystem								
		Secured Debt	(9) 11/1/2021		7.00% (L+6.00%, Floor 1.00%)	11/1/2026	10,850	10,578	10,578
Interface Security Systems, L.L.C	(10) Commercial Security & Alarm Services								
		Secured Debt	(9) 12/9/2021		11.75% (L+10.00%, Floor 1.75%)	8/7/2023	343	343	343
		Secured Debt	(9) (14) (19) 8/7/2019		9.75% (8.75% Cash, 1.00% PIK) (1.00% PIK + L+7.00%, Floor 1.75%)	8/7/2023	7,334	7,249	5,248
								7,592	5,591
Intermedia Holdings, Inc.	(11) Unified Communications as a Service								
		Secured Debt	(9) 8/3/2018		7.00% (L+6.00%, Floor 1.00%)	7/19/2025	5,659	5,649	5,632
Invincible Boat Company, LLC.	(10) Manufacturer of Sport Fishing Boats								
		Secured Debt	(9) 8/28/2019		8.00% (L+6.50%, Floor 1.50%)	8/28/2025	17,770	17,624	17,770

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Consolidated Schedule of Investments (Continued)
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Portfolio Company (1) (20)	Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
INW Manufacturing, LLC	(11) Manufacturer of Nutrition and Wellness Products	Secured Debt (9)	5/19/2021		6.50% (L+5.75%, Floor 0.75%)	3/25/2027	7,359	7,155	7,212
Iron-Main Investments, LLC	(11) Consumer Reporting Agency Providing Employment Background Checks and Drug Testing	Secured Debt (9)	8/3/2021		13.00%	8/1/2026	1,150	1,118	1,118
		Secured Debt (9)	9/1/2021		12.50%	9/1/2026	800	777	777
		Secured Debt (9)	8/3/2021		12.50%	11/30/2026	5,000	4,853	4,853
		Secured Debt (19)	8/3/2021		12.50% PIK	3/31/2022	2,212	2,148	2,148
		Common Stock	8/3/2021	44,944				449	449
								9,345	9,345
Isagenix International, LLC	(11) Direct Marketer of Health & Wellness Products	Secured Debt (9)	6/21/2018		6.75% (L+5.75%, Floor 1.00%)	6/14/2025	5,158	5,129	3,865
Jackmont Hospitality, Inc.	(10) Franchisee of Casual Dining Restaurants	Secured Debt (9)	5/26/2015		8.00% (L+7.00%, Floor 1.00%)	11/4/2024	4,200	4,200	4,200
		Preferred Equity	11/8/2021	5,653,333				624	628
								4,824	4,828
Joerns Healthcare, LLC	(11) Manufacturer and Distributor of Health Care Equipment & Supplies	Secured Debt (9)	8/21/2019		7.00% (L+6.00%, Floor 1.00%)	8/21/2024	3,351	3,320	3,039
		Secured Debt (19)	11/15/2021		15.00% PIK	11/8/2022	862	862	862
		Common Stock	8/21/2019	392,514				3,678	—
								7,860	3,901
Johnson Downie Opco, LLC	(11) Executive Search Services	Secured Debt (9)	12/10/2021		13.00% (L+11.50%, Floor 1.50%)	12/10/2026	1,275	1,246	1,246
		Preferred Equity	12/10/2021	350				350	350
								1,596	1,596
JTI Electrical & Mechanical, LLC	(10) Electrical, Mechanical and Automation Services	Secured Debt (9)	12/22/2021		7.00% (L+6.00%, Floor 1.00%)	12/22/2026	3,158	3,081	3,081
		Common Equity	12/22/2021	140,351				140	140
								3,221	3,221
KMS, LLC	(10) Wholesaler of Closeout and Value-priced Products	Secured Debt (9)	10/4/2021		8.25% (L+7.25%, Floor 1.00%)	10/4/2026	9,476	9,242	9,242
Knight Energy Services LLC	(11) Oil and Gas Equipment & Services	Secured Debt (19)	1/9/2015		8.50% PIK	2/9/2024	961	961	677
		Common Stock	11/14/2018	25,692				1,843	—
								2,804	677
Laredo Energy, LLC	(10) Oil & Gas Exploration & Production	Member Units	5/4/2020	1,155,952				11,560	9,659
LaserAway Intermediate Holdings II, LLC	(11) Aesthetic Dermatology Service Provider	Secured Debt (9)	10/18/2021		6.50% (L+5.75%, Floor 0.75%)	10/14/2027	4,130	4,050	4,115
Lightbox Holdings, L.P.	(11) Provider of Commercial Real Estate Software	Secured Debt	5/23/2019		5.22% (L+5.00%)	5/9/2026	5,886	5,831	5,812
LL Management, Inc.	(10) Medical Transportation Service Provider	Secured Debt (9)	5/2/2019		8.25% (L+7.25%, Floor 1.00%)	9/25/2023	14,332	14,256	14,332

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Portfolio Company (1) (20)	Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
LLFlex, LLC	(10) Provider of Metal-Based Laminates	Secured Debt (9)	8/16/2021		10.00% (L+9.00%, Floor 1.00%)	8/16/2026	4,988	4,882	4,882
Logix Acquisition Company, LLC	(10) Competitive Local Exchange Carrier	Secured Debt (9)	1/8/2018		6.75% (L+5.75%, Floor 1.00%)	12/22/2024	12,484	12,438	11,798
Mac Lean-Fogg Company	(10) Manufacturer and Supplier for Auto and Power Markets	Secured Debt (9)	4/22/2019		5.88% (L+5.25%, Floor 0.625%)	12/22/2025	7,301	7,266	7,301
		Preferred Stock (19)	10/1/2019		13.75% (4.50% Cash, 9.25% PIK)			760	760
								8,026	8,061
Mako Steel, LP	(10) Self-Storage Design & Construction	Secured Debt (9)	3/15/2021		8.00% (L+7.25%, Floor 0.75%)	3/13/2026	19,544	19,175	19,544
MB2 Dental Solutions, LLC	(11) Dental Partnership Organization	Secured Debt (9)	1/28/2021		7.00% (L+6.00%, Floor 1.00%)	1/29/2027	11,697	11,462	11,697
Mills Fleet Farm Group, LLC	(10) Omnichannel Retailer of Work, Farm and Lifestyle Merchandise	Secured Debt (9)	10/24/2018		7.25% (L+6.25%, Floor 1.00%)	10/24/2024	17,781	17,555	17,781
NinjaTrader, LLC	(10) Operator of Futures Trading Platform	Secured Debt (9)	12/18/2019		7.25% (L+6.25%, Floor 1.00%)	12/18/2024	16,875	16,602	16,840
NNE Partners, LLC	(10) Oil & Gas Exploration & Production	Secured Debt (19)	3/2/2017		9.37% (4.87% Cash, 4.50% PIK) (4.50% PIK + L+4.75%)	12/31/2023	21,607	21,599	20,188
NTM Acquisition Corp.	(11) Provider of B2B Travel Information Content	Secured Debt (9) (19)	7/12/2016		8.25% (7.25% Cash, 1.00% PIK) (1.00% PIK + L+6.25%, Floor 1.00%)	6/7/2024	4,258	4,254	4,216
NWN Corporation	(10) Value Added Reseller and Provider of Managed Services to a Diverse Set of Industries	Secured Debt (9)	5/7/2021		7.50% (L+6.50%, Floor 1.00%)	5/7/2026	22,162	21,687	21,786
OVG Business Services, LLC	(10) Venue Management Services	Secured Debt (9)	11/29/2021		7.25% (L+6.25%, Floor 1.00%)	11/19/2028	17,500	17,327	17,327
RA Outdoors LLC	(10) Software Solutions Provider for Outdoor Activity Management	Secured Debt (9)	4/8/2021		7.75% (L+6.75%, Floor 1.00%)	4/8/2026	18,719	18,544	17,731
Research Now Group, Inc. and Survey Sampling International, LLC	(11) Provider of Outsourced Online Surveying	Secured Debt (9)	12/29/2017		6.50% (L+5.50%, Floor 1.00%)	12/20/2024	9,897	9,897	9,787

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Portfolio Company (1) (20)	Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
RM Bidder, LLC	(10)	Scripted and Unscripted TV and Digital Programming Provider	Member Units	11/12/2015	1,854			31	18
			Warrants	11/12/2015			10/20/2025	284	—
							315	18	
Robbins Bros. Jewelry, Inc.		Bridal Jewelry Retailer							
		Secured Debt	12/15/2021		12.00% (L+11.00%, Floor 1.00%)	12/15/2026	4,040	3,950	3,950
		Preferred Equity	12/15/2021	1,230				1,230	1,230
								5,180	5,180
Roof Opco, LLC	(10)	Residential Re-Roofing/Repair							
		Secured Debt	8/27/2021		7.00% (L+6.00%, Floor 1.00%)	8/27/2026	3,500	3,343	3,343
Rug Doctor, LLC.	(10)	Carpet Cleaning Products and Machinery							
		Secured Debt	7/16/2021		7.25% (L+6.25%, Floor 1.00%)	11/16/2024	12,367	12,217	12,099
Salient Partners L.P.	(11)	Provider of Asset Management Services							
		Secured Debt	8/31/2018		7.00% (L+6.00%, Floor 1.00%)	10/30/2022	6,251	6,292	4,063
		Secured Debt	9/30/2021		6.00% (L+5.00%, Floor 1.00%)	10/30/2022	1,250	1,250	2,435
								7,542	6,498
Savers, Inc.	(11)	For-Profit Thrift Retailer							
		Secured Debt	5/14/2021		6.25% (L+5.50%, Floor 0.75%)	4/26/2028	4,372	4,331	4,366
SIB Holdings, LLC	(10)	Provider of Cost Reduction Services							
		Secured Debt	10/29/2021		7.00% (L+6.00%, Floor 1.00%)	10/29/2026	7,853	7,661	7,674
		Common Equity	10/29/2021	119,048				250	250
								7,911	7,924
Slick Innovations, LLC		Text Message Marketing Platform							
		Secured Debt	9/13/2018		13.00%	9/13/2023	1,330	1,211	1,330
		Common Stock	9/13/2018	17,500				175	380
		Warrants	9/13/2018	4,521		9/13/2028		45	100
								1,431	1,810
South Coast Terminals Holdings, LLC	(10)	Specialty Toll Chemical Manufacturer							
		Secured Debt	12/10/2021		7.25% (L+6.25%, Floor 1.00%)	12/13/2026	3,558	3,480	3,480
		Common Equity	12/10/2021	60,606				61	61
								3,541	3,541
Student Resource Center, LLC	(10)	Higher Education Services							
		Secured Debt	6/25/2021		9.00% (L+8.00%, Floor 1.00%)	6/25/2026	12,188	11,949	12,029
Tex Tech Tennis, LLC	(10)	Sporting Goods & Textiles							
		Common Stock	7/7/2021	1,000,000				1,000	1,000
The Affiliati Network, LLC		Performance Marketing Solutions							
		Secured Debt	8/9/2021		7.00%	8/9/2026	70	65	65
		Secured Debt	8/9/2021		11.83%	8/9/2026	3,340	3,270	3,270
		Preferred Stock	8/9/2021	320,000				1,600	1,600
								4,935	4,935
U.S. TelePacific Corp.	(11)	Provider of Communications and Managed Services							
		Secured Debt	5/17/2017		7.00% (L+6.00%, Floor 1.00%)	5/2/2023	12,500	12,400	9,449
USA DeBusk LLC	(10)	Provider of Industrial Cleaning Services							
		Secured Debt	10/22/2019		6.75% (L+5.75%, Floor 1.00%)	9/8/2026	19,950	19,692	19,950
Vida Capital, Inc	(11)	Alternative Asset Manager							
		Secured Debt	10/10/2019		6.10% (L+6.00%)	10/1/2026	6,825	6,752	6,330

MSC INCOME FUND, INC.
Consolidated Schedule of Investments (Continued)
December 31, 2021
(dollars in thousands)

Portfolio Company (1) (20)	Business Description	Type of Investment (2) (3) (15)	Investment Date (22)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
Vistar Media, Inc.	(10) Operator of Digital Out-of-Home Advertising Platform	Preferred Stock	4/3/2019	70,207				767	1,720
Volusion, LLC	Provider of Online Software-as-a-Service eCommerce Solutions								
		Secured Debt (17)	1/26/2015		11.50%	1/26/2020	7,472	7,472	7,472
		Unsecured Convertible Debt	5/16/2018		8.00%	11/16/2023	175	175	175
		Preferred Member Units	1/26/2015	2,090,001				6,000	2,570
		Warrants (27)	1/26/2015	784,867		1/26/2025		1,104	—
								<u>14,751</u>	<u>10,217</u>
VORTEQ Coil Finishers, LLC	(10) Specialty Coating of Aluminum and Light-Gauge Steel								
		Secured Debt (9)	11/30/2021		8.50% (L+7.50%, Floor 1.00%)	11/30/2026	19,231	18,852	18,852
		Common Equity	11/30/2021	769,231				770	769
								<u>19,622</u>	<u>19,621</u>
Wall Street Prep, Inc.	(10) Financial Training Services								
		Secured Debt (9)	7/19/2021		8.00% (L+7.00%, Floor 1.00%)	7/19/2026	5,466	5,355	5,355
		Common Stock	7/19/2021	500,000				500	500
								<u>5,855</u>	<u>5,855</u>
Watterson Brands, LLC	(10) Facility Management Services								
		Secured Debt (9)	12/17/2021		7.25% (L+6.25%, Floor 1.00%)	12/17/2026	2,337	2,278	2,278
Winter Services LLC	(10) Provider of Snow Removal and Ice Management Services								
		Secured Debt (9)	11/19/2021		8.00% (L+7.00%, Floor 1.00%)	11/19/2026	12,847	12,494	12,548
Xenon Arc, Inc.	(10) Tech-enabled Distribution Services to Chemicals and Food Ingredients Primary Producers								
		Secured Debt (9)	12/17/2021		6.75% (L+6.00%, Floor 0.75%)	12/17/2026	2,400	2,320	2,320
YS Garments, LLC	(11) Designer and Provider of Branded Activewear								
		Secured Debt (9)	8/22/2018		6.50% (L+5.50%, Floor 1.00%)	8/9/2024	6,470	6,438	6,244
Subtotal Non-Control/Non-Affiliate Investments (129.9% of net assets at fair value)								<u>\$ 828,301</u>	<u>\$ 796,395</u>
Total Portfolio Investments, December 31, 2021 (175.7% of net assets at fair value)								<u>\$ 1,067,175</u>	<u>\$ 1,077,136</u>
Short-Term Investments (16)									
Fidelity Institutional Money Market Funds (21)		Prime Money Market Portfolio						\$ 4,881	\$ 4,881
US Bank Money Market Account (21)								10,566	10,566
Total Short-Term Investments								<u>\$ 15,447</u>	<u>\$ 15,447</u>

(1) All investments are Lower Middle Market portfolio investments, unless otherwise noted. See Note C for a description of Lower Middle Market portfolio investments. All of the Company's investments, unless otherwise noted, are encumbered as security for one of the Company's Credit Facilities.

MSC INCOME FUND, INC.
Consolidated Schedule of Investments (Continued)
December 31, 2021
(dollars in thousands)

- (2) Debt investments are income producing, unless otherwise noted. Equity and warrants are non-income producing, unless otherwise noted by footnote (8), as described below.
- (3) See Note C and Schedule 12-14 for a summary of geographic location of portfolio companies.
- (4) Principal is net of repayments. Cost is net of repayments and accumulated unearned income.
- (5) Control investments are defined by the 1940 Act as investments in which more than 25% of the voting securities are owned or where the ability to nominate greater than 50% of the board representation is maintained.
- (6) Affiliate investments are defined by the 1940 Act as investments in which between 5% and 25% (inclusive) of the voting securities are owned and the investments are not classified as Control investments.
- (7) Non-Control/Non-Affiliate investments are defined by the 1940 Act as investments that are neither Control investments nor Affiliate investments.
- (8) Income producing through dividends or distributions.
- (9) Index based floating interest rate is subject to contractual minimum interest rate. A majority of the variable rate loans in the Company's investment portfolio bear interest at a rate that may be determined by reference to either LIBOR or an alternate Base Rate (commonly based on the Federal Funds Rate or the Prime Rate), which typically resets semi-annually, quarterly, or monthly at the borrower's option. The borrower may also elect to have multiple interest reset periods for each loan. For each such loan, the Company has provided the weighted-average annual stated interest rate in effect at December 31, 2021. As noted in this schedule, 79% of the loans (based on the par amount) contain LIBOR floors which range between 0.63% and 2.00%, with a weighted-average LIBOR floor of approximately 1.04%.
- (10) Private Loan portfolio investment. See Note C for a description of Private Loan portfolio investments.
- (11) Middle Market portfolio investment. See Note C for a description of Middle Market portfolio investments.
- (12) Other Portfolio investment. See Note C for a description of Other Portfolio investments.
- (13) Investment is not a qualifying asset as defined under Section 55(a) of the 1940 Act. Qualifying assets must represent at least 70% of total assets at the time of acquisition of any additional non-qualifying assets.
- (14) Non-accrual and non-income producing investment.
- (15) All of the Company's portfolio investments are generally subject to restrictions on resale as "restricted securities."
- (16) Short-term investments represent an investment in a fund that invests in highly liquid investments with average original maturity dates of three months or less. These short-term investments are included as Cash and cash equivalents on the consolidated balance sheet.
- (17) Maturity date is under on-going negotiations with the portfolio company and other lenders, if applicable.
- (19) PIK interest income and cumulative dividend income represent income not paid currently in cash.
- (20) All portfolio company headquarters are based in the United States, unless otherwise noted.
- (21) Effective yield as of December 31, 2021 was approximately 0.005% at US Bank Money Market Account and 0.01% at Fidelity Institutional Money Market Funds.
- (22) Investment date represents the date of initial investment in the security position.
- (23) Shares/Units represent ownership in a related Real Estate or HoldCo entity.
- (24) Investment is not unitized. Presentation is made in percent of fully diluted ownership unless otherwise indicated.
- (25) Warrants are presented in equivalent shares with a strike price of \$10.92 per share.
- (26) Warrants are presented in equivalent units with a strike price of \$14.28 per unit.
- (27) Warrants are presented in equivalent shares/units with a strike price of \$0.01 per share/unit.

MSC INCOME FUND, INC.

Notes to the Consolidated Financial Statements

(Unaudited)

NOTE A—ORGANIZATION AND BASIS OF PRESENTATION

1. Organization

MSC Income Fund, Inc. (“MSC Income Fund”) is a principal investment firm primarily focused on providing debt capital to middle market (“Middle Market”) companies and customized debt and equity financing to lower middle market (“LMM”) companies. The portfolio investments of MSC Income Fund and its consolidated subsidiaries are typically made to support management buyouts, recapitalizations, growth financings, refinancings and acquisitions of companies that operate in a variety of industry sectors. MSC Income Fund and its consolidated subsidiaries invest primarily in secured debt investments of Middle Market companies generally headquartered in the United States and in secured debt investments, equity investments, warrants and other securities of LMM companies based in the United States. MSC Income Fund seeks to partner with entrepreneurs, business owners and management teams and generally provides “one stop” financing alternatives within its LMM portfolio.

MSC Income Fund was formed in November 2011 to operate as an externally managed business development company (“BDC”) under the Investment Company Act of 1940, as amended (the “1940 Act”). MSC Income Fund has elected to be treated for U.S. federal income tax purposes as a regulated investment company (“RIC”) under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”). As a result, MSC Income Fund generally will not pay corporate-level U.S. federal income taxes on any net ordinary taxable income or capital gains that it distributes to its stockholders.

On October 28, 2020, MSC Income Fund’s stockholders approved the appointment of MSC Adviser I, LLC (the “Adviser”), which is wholly owned by Main Street Capital Corporation (“Main Street”), a New York Stock Exchange listed BDC, as MSC Income Fund’s investment adviser and administrator under an Investment Advisory and Administrative Services Agreement dated October 30, 2020 (the “Investment Advisory Agreement”). In such role, the Adviser has the responsibility to manage the business of MSC Income Fund, including the responsibility to identify, evaluate, negotiate and structure prospective investments, make investment and portfolio management decisions, monitor MSC Income Fund’s investment portfolio and provide ongoing administrative services.

MSC Income Fund has certain direct and indirect wholly owned subsidiaries that have elected to be taxable entities (the “Taxable Subsidiaries”). The primary purpose of the Taxable Subsidiaries is to permit MSC Income Fund to hold equity investments in portfolio companies which are “pass-through” entities for tax purposes. MSC Income Fund also has certain direct and indirect wholly owned subsidiaries formed for financing purposes (“Structured Subsidiaries”).

Unless otherwise noted or the context otherwise indicates, the terms “we,” “us,” “our” and the “Company” refer to MSC Income Fund and its consolidated subsidiaries, which includes the Taxable Subsidiaries and the Structured Subsidiaries.

2. Basis of Presentation

The Company’s consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”). The Company is an investment company following accounting and reporting guidance in Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 946, *Financial Services—Investment Companies* (“ASC 946”). For each of the periods presented herein, the Company’s consolidated financial statements include the accounts of MSC Income Fund and its consolidated subsidiaries. The Investment Portfolio, as used herein, refers to all of the Company’s investments in Private Loan (as defined in “Note C.2.—Investment Portfolio Composition”) portfolio companies, investments in LMM portfolio companies, investments in Middle Market portfolio companies and Other Portfolio (as defined in “Note C.2.—Investment Portfolio Composition”) investments (see “Note C—Fair Value Hierarchy for Investments—Portfolio Composition” for additional discussion of the Company’s Investment Portfolio and definitions for the defined terms

Private Loan and Other Portfolio). The Company's results of operations and cash flows for the three months ended March 31, 2022 and 2021, and financial position as of March 31, 2022 and December 31, 2021, are presented on a consolidated basis. The effects of all intercompany transactions between MSC Income Fund and its consolidated subsidiaries have been eliminated in consolidation.

The accompanying unaudited consolidated financial statements of the Company are presented in conformity with U.S. GAAP for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Articles 6, 10 and 12 of Regulation S-X. Accordingly, certain disclosures accompanying annual financial statements prepared in accordance with U.S. GAAP are omitted. The unaudited financial statements and notes should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2021. In the opinion of management, the unaudited consolidated financial results included herein contain all adjustments, consisting solely of normal recurring accruals, considered necessary for the fair presentation of financial statements for the interim periods included herein. The results of operations for the three months ended March 31, 2022 are not necessarily indicative of the operating results to be expected for the full year. Financial statements prepared on a U.S. GAAP basis require management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

Principles of Consolidation

Under ASC 946, the Company is precluded from consolidating other entities in which the Company has equity investments, including those in which it has a controlling interest, unless the other entity is another investment company. An exception to this general principle in ASC 946 occurs if the Company holds a controlling interest in an operating company that provides all or substantially all of its services directly to the Company or to its portfolio companies. Accordingly, as noted above, the Company's consolidated financial statements include the financial position and operating results for MSC Income Fund and its subsidiaries. The Company has determined that none of its portfolio investments qualify for this exception. Therefore, the Company's Investment Portfolio is carried on the consolidated balance sheet at fair value, as discussed further in "Note B.1.—Valuation of the Investment Portfolio," with any adjustments to fair value recognized as "Net Unrealized Appreciation (Depreciation)" on the consolidated statements of operations until the investment is realized, usually upon exit, resulting in any gain or loss being recognized as a "Net Realized Gain (Loss)."

Portfolio Investment Classification

The Company classifies its Investment Portfolio in accordance with the requirements of the 1940 Act. Under the 1940 Act, (a) "Control Investments" are defined as investments in which the Company owns more than 25% of the voting securities or has rights to maintain greater than 50% of the board representation, (b) "Affiliate Investments" are defined as investments in which the Company owns between 5% and 25% (inclusive) of the voting securities and does not have rights to maintain greater than 50% of the board representation and (c) "Non-Control/Non-Affiliate Investments" are defined as investments that are neither Control Investments nor Affiliate Investments. For purposes of determining the classification of its Investment Portfolio, the Company has excluded consideration of any voting securities or board appointment rights held by Main Street and third-party investment funds advised by the Adviser.

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Valuation of the Investment Portfolio

The Company accounts for its Investment Portfolio at fair value. As a result, the Company follows the provisions of ASC 820, *Fair Value Measurements and Disclosures* ("ASC 820"). ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value and enhances disclosure requirements for fair value measurements. ASC 820 requires the Company to assume that the portfolio investment is to be sold in the principal market to independent market participants, which may be a hypothetical market. Market participants are defined as buyers and sellers in the principal market that are independent, knowledgeable and willing and able to transact.

The Company's portfolio strategy calls for it to invest primarily in debt securities issued by Middle Market companies and illiquid debt and equity securities issued by privately held, LMM companies. The Middle Market companies in which the Company invests are generally larger in size and can be more liquid than the LMM companies. The Company categorizes some of its investments in Middle Market companies and LMM companies as Private Loan portfolio investments, which are primarily debt securities in privately held companies that have been originated directly by Main Street or through strategic relationships with other investment funds on a collaborative basis, and are often referred to in the debt markets as "club deals." Private Loan investments are made in companies that are consistent with the size of companies the Company invests in through its Middle Market portfolio and LMM portfolio. The Company's portfolio also includes Other Portfolio investments which primarily consist of investments that are not consistent with the typical profiles for its Private Loan portfolio investments, LMM portfolio investments or Middle Market portfolio investments, including investments which may be managed by third parties. The Company's portfolio may also include short-term portfolio investments that are atypical of the Company's Private Loan, LMM and Middle Market portfolio investments in that they are intended to be a short-term deployment of capital and are more liquid than investments within the other portfolios. The Company's portfolio investments may be subject to restrictions on resale.

Private Loan investments may include investments which have no established trading market or have established markets that are not active. LMM investments and Other Portfolio investments generally have no established trading market while Middle Market and short-term portfolio investments generally have established markets that are not active. The Company determines in good faith the fair value of its Investment Portfolio pursuant to a valuation policy in accordance with ASC 820, with such valuation process approved by its Board of Directors (the "Board") and in accordance with the 1940 Act. The Company's valuation policies and processes are intended to provide a consistent basis for determining the fair value of the Company's Investment Portfolio.

For Private Loan and Middle Market portfolio investments in debt securities for which it has determined that third-party quotes or other independent pricing are not available or appropriate, the Company generally estimates the fair value based on the assumptions that it believes hypothetical market participants would use to value the investment in a current hypothetical sale using a yield-to-maturity model ("Yield-to-Maturity") valuation method. For LMM portfolio investments, the Company generally reviews external events, including private mergers, sales and acquisitions involving comparable companies, and includes these events in the valuation process by using an enterprise value waterfall methodology ("Waterfall") for its LMM equity investments and an income approach using a Yield-to-Maturity valuation method for its LMM debt investments. For Middle Market portfolio investments, the Company primarily uses quoted prices in the valuation process. The Company determines the appropriateness of the use of third-party broker quotes, if any, in determining fair value based on its understanding of the level of actual transactions used by the broker to develop the quote and whether the quote was an indicative price or binding offer, the depth and consistency of broker quotes and the correlation of changes in broker quotes with underlying performance of the portfolio company and other market indices. For its Other Portfolio equity investments, the Company generally calculates the fair value of the investment primarily based on the net asset value ("NAV") of the fund and adjusts the fair value for other factors deemed relevant that would affect the fair value of the investment. All of the valuation approaches for the Company's portfolio investments estimate the value of the investment as if the Company was to sell, or exit, the investment as of the measurement date.

These valuation approaches consider the value associated with the Company's ability to control the capital structure of the portfolio company, as well as the timing of a potential exit. For valuation purposes, "control" portfolio investments are composed of debt and equity securities in companies for which the Company has a controlling interest in the equity ownership of the portfolio company or the ability to nominate a majority of the portfolio company's board of directors. For valuation purposes, "non-control" portfolio investments are generally composed of debt and equity securities in companies for which the Company does not have a controlling interest in the equity ownership of the portfolio company or the ability to nominate a majority of the portfolio company's board of directors.

Under the Waterfall valuation method, the Company estimates the enterprise value of a portfolio company using a combination of market and income approaches or other appropriate valuation methods, such as considering recent transactions in the equity securities of the portfolio company or third-party valuations of the portfolio company, and then performs a Waterfall calculation by allocating the enterprise value over the portfolio company's securities in order of their preference relative to one another. The enterprise value is the fair value at which an enterprise could be sold in a transaction between two willing parties, other than through a forced or liquidation sale. Typically, privately held companies are bought and sold based on multiples of earnings before interest, taxes, depreciation and amortization

(“EBITDA”), cash flows, net income, revenues, or in limited cases, book value. There is no single methodology for estimating enterprise value. For any one portfolio company, enterprise value is generally described as a range of values from which a single estimate of enterprise value is derived. In estimating the enterprise value of a portfolio company, the Company analyzes various factors including the portfolio company’s historical and projected financial results. Due to SEC deadlines for the Company’s quarterly and annual financial reporting, the operating results of a portfolio company used in the current period valuation are generally the results from the period ended three months prior to such valuation date and may include unaudited, projected, budgeted or pro forma financial information and may require adjustments for non-recurring items or to normalize the operating results that may require significant judgment in determining. In addition, projecting future financial results requires significant judgment regarding future growth assumptions. In evaluating the operating results, the Company also analyzes the impact of exposure to litigation, loss of customers or other contingencies. After determining the appropriate enterprise value, the Company allocates the enterprise value to investments in order of the legal priority of the various components of the portfolio company’s capital structure. In applying the Waterfall valuation method, the Company assumes the loans are paid off at the principal amount in a change in control transaction and are not assumed by the buyer, which the Company believes is consistent with its past transaction history and standard industry practices.

Under the Yield-to-Maturity valuation method, the Company also uses the income approach to determine the fair value of debt securities based on projections of the discounted future free cash flows that the debt security will likely generate, including analyzing the discounted cash flows of interest and principal amounts for the debt security, as set forth in the associated loan agreements, as well as the financial position and credit risk of the portfolio company. The Company’s estimate of the expected repayment date of its debt securities is generally the maturity date of the instrument, as the Company generally intends to hold its loans and debt securities to maturity. The Yield-to-Maturity analysis also considers changes in leverage levels, credit quality, portfolio company performance, changes in market-based interest rates and other factors. The Company will generally use the value determined by the Yield-to-Maturity analysis as the fair value for that security; however, because of the Company’s general intent to hold its loans to maturity, the fair value will not exceed the principal amount of the debt security valued using the Yield-to-Maturity valuation method. A change in the assumptions that the Company uses to estimate the fair value of its debt securities using the Yield-to-Maturity valuation method could have a material impact on the determination of fair value. If there is deterioration in credit quality or if a debt security is in workout status, the Company may consider other factors in determining the fair value of the debt security, including the value attributable to the debt security from the enterprise value of the portfolio company or the proceeds that would most likely be received in a liquidation analysis.

Under the NAV valuation method, for an investment in an investment fund that does not have a readily determinable fair value, the Company measures the fair value of the investment predominately based on the NAV of the investment fund as of the measurement date and adjusts the investment’s fair value for factors known to the Company that would affect that fund’s NAV, including, but not limited to, fair values for individual investments held by the fund if the Company holds the same investment or for a publicly traded investment. In addition, in determining the fair value of the investment, the Company considers whether adjustments to the NAV are necessary in certain circumstances, based on the analysis of any restrictions on redemption of the Company’s investment as of the measurement date, recent actual sales or redemptions of interests in the investment fund, and expected future cash flows available to equity holders, including the rate of return on those cash flows compared to an implied market return on equity required by market participants, or other uncertainties surrounding the Company’s ability to realize the full NAV of its interests in the investment fund.

Pursuant to its internal valuation process and the requirements under the 1940 Act, the Company performs valuation procedures on each of its portfolio investments quarterly. For valuation purposes, all of the Company’s Private Loan portfolio investments are non-control investments. For Private Loan portfolio investments for which it has determined that third-party quotes or other independent pricing are not available or appropriate the Company generally estimates the fair value based on the assumptions that it believes hypothetical market participants would use to value such Private Loan debt investments in a current hypothetical sale using the Yield-to-Maturity valuation method and such Private Loan equity investments in a current hypothetical sale using the Waterfall valuation method.

In addition to its internal valuation process, in arriving at estimates of fair value for its investments in its Private Loan portfolio companies, the Company, among other things, consults with a nationally recognized independent financial advisory services firm. The nationally recognized independent financial advisory services firm analyzes and provides observations and recommendations and an assurance certification regarding the Company’s determinations of

the fair value of its Private Loan portfolio company investments. The nationally recognized independent financial advisory services firm is generally consulted relative to the Company's investments in each Private Loan portfolio company at least once every calendar year, and for the Company's investments in new Private Loan portfolio companies, at least once in the twelve-month period subsequent to the initial investment. In certain instances, the Company may determine that it is not cost-effective, and as a result is not in its stockholders' best interest, to consult with the nationally recognized independent financial advisory services firm on its investments in one or more Private Loan portfolio companies. Such instances include, but are not limited to, situations where the fair value of the Company's investment in a Private Loan portfolio company is determined to be insignificant relative to the total Investment Portfolio. The Company consulted with and received an assurance certification from its independent financial advisory services firm in arriving at its determination of fair value on its investments in a total of 12 Private Loan portfolio companies for the three months ended March 31, 2022, representing approximately 26% of the total Private Loan portfolio at fair value as of March 31, 2022, and on a total of 7 Private Loan portfolio companies for the three months ended March 31, 2021, representing approximately 21% of the total Private Loan portfolio at fair value as of March 31, 2021. Excluding its investments in Private Loan portfolio companies that, as of March 31, 2022 and 2021, as applicable, had not been in the Investment Portfolio for at least twelve months subsequent to the initial investment and its investments in Private Loan portfolio companies that were not reviewed because the investment is valued based upon third-party quotes or other independent pricing, the percentage of the Private Loan portfolio reviewed and certified by the Company's independent financial advisory services firm for the three months ended March 31, 2022 and 2021 was 35% and 23% of the total Private Loan portfolio at fair value as of March 31, 2022 and 2021, respectively.

In addition to its internal valuation process, in arriving at estimates of fair value for its investments in its LMM portfolio companies, the Company, among other things, consults with a nationally recognized independent financial advisory services firm. The nationally recognized independent financial advisory services firm analyzes and provides observations, recommendations and an assurance certification regarding the Company's determinations of the fair value of its LMM portfolio company investments. The nationally recognized independent financial advisory services firm is generally consulted relative to the Company's investments in each LMM portfolio company at least once every calendar year, and for the Company's investments in new LMM portfolio companies, at least once in the twelve-month period subsequent to the initial investment. In certain instances, the Company may determine that it is not cost-effective, and as a result is not in its stockholders' best interest, to consult with the nationally recognized independent financial advisory services firm on its investments in one or more LMM portfolio companies. Such instances include, but are not limited to, situations where the fair value of the Company's investment in a LMM portfolio company is determined to be insignificant relative to the total Investment Portfolio. The Company consulted with and received an assurance certification from its independent financial advisory services firm in arriving at the Company's determination of fair value on its investments in a total of 13 LMM portfolio companies for the three months ended March 31, 2022, representing approximately 40% of the total LMM portfolio at fair value as of March 31, 2022 and on a total of 9 LMM portfolio companies for the three months ended March 31, 2021, representing approximately 28% of the total LMM portfolio at fair value as of March 31, 2021. Excluding its investments in LMM portfolio companies that, as of March 31, 2022 and 2021, as applicable, had not been in the Investment Portfolio for at least twelve months subsequent to the initial investment or whose primary purpose is to own real estate for which a third-party appraisal is obtained on at least an annual basis, the percentage of the LMM portfolio reviewed and certified by the Company's independent financial advisory services firm was 48% and 30% of the total LMM portfolio at fair value as of March 31, 2022 and 2021, respectively.

For valuation purposes, all of the Company's Middle Market portfolio investments are non-control investments. To the extent sufficient observable inputs are available to determine fair value, the Company uses observable inputs to determine the fair value of these investments through obtaining third-party quotes or other independent pricing. For Middle Market portfolio investments for which it has determined that third-party quotes or other independent pricing are not available or appropriate, the Company generally estimates the fair value based on the assumptions that it believes hypothetical market participants would use to value such Middle Market debt investments in a current hypothetical sale using the Yield-to-Maturity valuation method and such Middle Market equity investments in a current hypothetical sale using the Waterfall valuation method. The Company generally consults on a limited basis with a financial advisory services firm in connection with determining the fair value of its Middle Market portfolio investments due to the nature of these investments. The vast majority (93% as of both March 31, 2022 and December 31, 2021) of the Middle Market portfolio investments are valued using third-party quotes or other independent pricing services, or are new investments that will be consulted on once they have been in the Investment Portfolio for at least twelve months subsequent to the initial investment.

For valuation purposes, all of the Company's Other Portfolio investments are non-control investments. The Company's Other Portfolio investments comprised 2.5% of the Company's Investment Portfolio at fair value as of both March 31, 2022 and December 31, 2021. Similar to the LMM investment portfolio, market quotations for Other Portfolio equity investments are generally not readily available. For its Other Portfolio equity investments, the Company generally determines the fair value of these investments using the NAV valuation method.

Due to the inherent uncertainty in the valuation process, the Company's determination of fair value for its Investment Portfolio may differ materially from the values that would have been determined had a ready market for the securities existed. In addition, changes in the market environment, portfolio company performance and other events that may occur over the lives of the investments may cause the gains or losses ultimately realized on these investments to be materially different than the valuations currently assigned. The Company determines the fair value of each individual investment and records changes in fair value as unrealized appreciation or depreciation.

The Company uses an internally developed portfolio investment rating system in connection with its investment oversight, portfolio management and analysis and investment valuation procedures for its LMM portfolio companies. This system takes into account both quantitative and qualitative factors of the LMM portfolio company and the investments held therein.

In December 2020, the SEC adopted Rule 2a-5 under the 1940 Act, which permits a BDC's board of directors to designate its executive officers or investment adviser as a valuation designee to determine the fair value for its investment portfolio, subject to the active oversight of the board. The Board has approved policies and procedures pursuant to Rule 2a-5 (the "Valuation Procedures") and has designated the Adviser, led by a group of Main Street's and the Adviser's executive officers, to serve as the Board's valuation designee. The Company adopted the Valuation Procedures effective April 1, 2021. The Company believes its Investment Portfolio as of March 31, 2022 and December 31, 2021 approximates fair value as of those dates based on the markets in which the Company operates and other conditions in existence on those reporting dates.

2. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results may differ from these estimates under different conditions or assumptions. Additionally, as explained in "Note B.1.—Valuation of Investment Portfolio", the consolidated financial statements include investments in the Investment Portfolio whose values have been estimated by the Company pursuant to valuation policies and procedures approved and overseen by the Board, in the absence of readily ascertainable market values. Because of the inherent uncertainty of the Investment Portfolio valuations, those estimated values may differ materially from the values that would have been determined had a ready market for the securities existed.

The COVID-19 pandemic, and the related effect on the U.S. and global economies, has impacted, and threatens to continue to impact, the businesses and operating results of certain of the Company's portfolio companies, as well as market interest rate spreads. As a result of these and other current effects of the COVID-19 pandemic, as well as the uncertainty regarding the extent and duration of its impact, the valuation of the Company's Investment Portfolio has experienced increased volatility since the beginning of the COVID-19 pandemic.

3. Cash and Cash Equivalents

Cash and cash equivalents consist of cash and highly liquid investments with an original maturity of three months or less at the date of purchase. These highly liquid, short-term investments are included in the consolidated schedule of investments. Cash and cash equivalents are carried at cost, which approximates fair value. At March 31, 2022, the Company had investments in short-term money market accounts totaling \$9.7 million classified as cash equivalents.

At March 31, 2022, cash balances totaling \$28.0 million exceeded Federal Deposit Insurance Corporation insurance protection levels, subjecting the Company to risk related to the uninsured balance. All of the Company's cash

deposits are held at large established high credit quality financial institutions and management believes that the risk of loss associated with any uninsured balances is remote.

4. Interest, Dividend and Fee Income

The Company records interest and dividend income on the accrual basis to the extent amounts are expected to be collected. Dividend income is recorded as dividends are declared by the portfolio company or at the point an obligation exists for the portfolio company to make a distribution. In accordance with the Company's valuation policies, the Company evaluates accrued interest and dividend income periodically for collectability. When a loan or debt security becomes 90 days or more past due, and if the Company otherwise does not expect the debtor to be able to service all of its debt or other obligations, it will generally place the loan or debt security on non-accrual status and cease recognizing interest income on that loan or debt security until the borrower has demonstrated the ability and intent to pay contractual amounts due. If a loan or debt security's status significantly improves regarding the debtor's ability to service the debt or other obligations, or if a loan or debt security is sold or written off, the Company removes it from non-accrual status.

As of March 31, 2022, the Company's total Investment Portfolio had four investments on non-accrual status, which comprised approximately 0.6% of its fair value and 2.8% of its cost. As of December 31, 2021, the Company's total Investment Portfolio had four investments on non-accrual status, which comprised approximately 0.7% of its fair value and 2.8% of its cost.

Interest income from investments in the "equity" class of security of collateralized loan obligation ("CLO") funds (typically subordinated notes) is recorded based upon an estimation of an effective yield to expected maturity utilizing estimated projected cash flows in accordance with ASC 325-40, *Beneficial Interests in Securitized Financial Assets*. The Company monitors the expected cash inflows from its investment in a CLO, including the expected residual payments, and the effective yield is determined and updated periodically.

The Company holds certain debt and preferred equity instruments in its Investment Portfolio that contain payment-in-kind ("PIK") interest and cumulative dividend provisions. The PIK interest, computed at the contractual rate specified in each debt agreement, is periodically added to the principal balance of the debt and is recorded as interest income. Thus, the actual collection of this interest may be deferred until the time of debt principal repayment. Cumulative dividends are recorded as dividend income, and any dividends in arrears are added to the balance of the preferred equity investment. The actual collection of these dividends in arrears may be deferred until such time as the preferred equity is redeemed or sold. To maintain RIC tax treatment (as discussed in "Note B.7.—Income Taxes" below), these non-cash sources of income may need to be paid out to stockholders in the form of distributions, even though the Company may not have collected the PIK interest and cumulative dividends in cash. For the three months ended March 31, 2022 and 2021, (i) approximately 1.8% and 3.8%, respectively, of the Company's total investment income was attributable to PIK interest income not paid currently in cash and (ii) approximately 1.8% and 0.7%, respectively, of the Company's total investment income was attributable to cumulative dividend income not paid currently in cash. The Company stops accruing PIK interest and cumulative dividends and writes off any accrued and uncollected interest and dividends in arrears when it determines that such PIK interest and dividends in arrears are no longer collectible.

The Company may periodically provide services, including structuring and advisory services, to its portfolio companies or other third parties. For services that are separately identifiable, fee income is recognized as earned. Fees received in connection with debt financing transactions are generally deferred and are accreted into income over the life of the financing.

A presentation of total investment income the Company received from its Investment Portfolio in each of the periods presented is as follows:

	Three Months Ended March 31,	
	2022	2021
	(dollars in thousands)	
Interest, fee and dividend income:		
Interest income	\$ 20,069	\$ 16,080
Dividend income	2,793	3,952
Fee income	539	240
Total interest, fee and dividend income	<u>\$ 23,401</u>	<u>\$ 20,272</u>

5. Deferred Financing Costs

Deferred financing costs represent fees and other direct costs incurred in connection with arranging the Company's borrowings. These costs were incurred in connection with the Company's Credit Facilities (see "Note E—Debt") and have been capitalized and reflected in the consolidated balance sheet as deferred financing costs. Deferred financing costs incurred in connection with the Series A Notes (as defined below in "Note E—Debt") are recorded as a direct deduction from the principal amount outstanding.

6. Unearned Income—Debt Origination Fees and Original Issue Discount and Discounts / Premiums to Par Value

The Company capitalizes debt origination fees received in connection with financings and reflects such fees as unearned income netted against the applicable debt investments. The unearned income from the fees is accreted into income over the life of the financing.

In connection with its portfolio debt investments, the Company sometimes receives nominal cost warrants or warrants with an exercise price below the fair value of the underlying equity (together, "nominal cost equity") that are valued as part of the negotiation process with the particular portfolio company. When the Company receives nominal cost equity, it allocates its cost basis in its investment between its debt security and its nominal cost equity at the time of origination based on amounts negotiated with the particular portfolio company. The allocated amounts are based upon the fair value of the nominal cost equity, which is then used to determine the allocation of cost to the debt security. Any discount recorded on a debt investment resulting from this allocation is reflected as unearned income, which is netted against the applicable debt investment, and accreted into interest income over the life of the debt investment. The actual collection of this interest is deferred until the time of debt principal repayment.

The Company may also purchase debt securities at a discount or at a premium to the par value of the debt security. In the case of a purchase at a discount, the Company records the investment at the par value of the debt security net of the discount, and the discount is accreted into interest income over the life of the debt investment. In the case of a purchase at a premium, the Company records the investment at the par value of the debt security plus the premium, and the premium is amortized as a reduction to interest income over the life of the debt investment.

To maintain RIC tax treatment (as discussed in "Note B.7.—Income Taxes" below), these non-cash sources of income may need to be paid out to stockholders in the form of distributions, even though the Company may not have collected the interest income. For the three months ended March 31, 2022 and 2021, approximately 2.7% and 2.4%, respectively, of the Company's total investment income was attributable to interest income from the accretion of discounts associated with debt investments, net of any premium reduction.

7. Income Taxes

MSC Income Fund has elected to be treated for U.S. federal income tax purposes as a RIC. MSC Income Fund's taxable income includes the taxable income generated by MSC Income Fund and certain of its subsidiaries, which are treated as disregarded entities for tax purposes. As a RIC, MSC Income Fund generally will not pay corporate-level U.S. federal income taxes on any net ordinary taxable income or capital gains that MSC Income Fund

distributes to its stockholders. MSC Income Fund must generally distribute at least 90% of its “investment company taxable income” (which is generally its net ordinary taxable income and realized net short-term capital gains in excess of realized net long-term capital losses) and 90% of its tax-exempt income to maintain its RIC status (pass-through tax treatment for amounts distributed). As part of maintaining RIC status, undistributed taxable income (subject to a 4% non-deductible U.S. federal excise tax) pertaining to a given fiscal year may be distributed up to twelve months subsequent to the end of that fiscal year, provided such dividends are declared on or prior to the later of (i) the filing of the U.S. federal income tax return for the applicable fiscal year or (ii) the fifteenth day of the ninth month following the close of the year in which such taxable income was generated.

The Taxable Subsidiaries primarily hold certain portfolio equity investments for the Company. The Taxable Subsidiaries permit the Company to hold equity investments in portfolio companies which are “pass-through” entities for tax purposes and to continue to comply with the “source-of-income” requirements contained in the RIC tax provisions of the Code. The Taxable Subsidiaries are consolidated with MSC Income Fund for U.S. GAAP financial reporting purposes, and the portfolio investments held by the Taxable Subsidiaries are included in the Company’s consolidated financial statements as portfolio investments and recorded at fair value. The Taxable Subsidiaries are not consolidated with MSC Income Fund for income tax purposes and may generate income tax expense, or benefit, and tax assets and liabilities, as a result of their ownership of certain portfolio investments. The taxable income, or loss, of the Taxable Subsidiaries may differ from their book income, or loss, due to temporary book and tax timing differences and permanent differences. The Taxable Subsidiaries are each taxed at their normal corporate tax rates based on their taxable income. The income tax expense, or benefit, if any, and the related tax assets and liabilities, of the Taxable Subsidiaries are reflected in the Company’s consolidated financial statements.

The Taxable Subsidiaries use the liability method in accounting for income taxes. Deferred tax assets and liabilities are recorded for temporary differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements, using statutory tax rates in effect for the year in which the temporary differences are expected to reverse. A valuation allowance is provided, if necessary, against deferred tax assets when it is more likely than not that some portion or all of the deferred tax asset will not be realized. The Company’s consolidated balance sheets and consolidated statements of changes in net assets include an adjustment to classification as a result of permanent book-to-tax differences, which include differences in the book and tax treatment of income and expenses.

Taxable income generally differs from net income for financial reporting purposes due to temporary and permanent differences in the recognition of income and expenses. Taxable income generally excludes net unrealized appreciation or depreciation, as investment gains or losses are not included in taxable income until they are realized.

8. Net Realized Gains or Losses and Net Unrealized Appreciation or Depreciation

Realized gains or losses are measured by the difference between the net proceeds from the sale or redemption of an investment or a financial instrument and the cost basis of the investment or financial instrument, without regard to unrealized appreciation or depreciation previously recognized, and includes investments written-off during the period net of recoveries and realized gains or losses from in-kind redemptions. Net unrealized appreciation or depreciation reflects the net change in the fair value of the Investment Portfolio and financial instruments and the reclassification of any prior period unrealized appreciation or depreciation on exited investments and financial instruments to realized gains or losses.

9. Fair Value of Financial Instruments

Fair value estimates are made at discrete points in time based on relevant information. These estimates may be subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. The Company believes that the carrying amounts of its financial instruments, consisting of cash and cash equivalents, receivables, payables and other liabilities approximate the fair values of such items due to the short-term nature of these instruments.

To estimate the fair value of the Company’s Series A Notes as disclosed in “Note E—Debt”, the Company uses the Yield-to-Maturity valuation method based on projections of the discounted future free cash flows that the debt security will likely generate, including both the discounted cash flows of the associated interest and principal amounts for the debt security.

10. Earnings per Share

Net increase (decrease) in net assets resulting from operations per share and net investment income per share are computed utilizing the weighted-average number of shares of common stock outstanding during the reporting period.

11. Recently Issued or Adopted Accounting Standards

In March 2020, the FASB issued ASU 2020-04, “Reference rate reform (Topic 848)—Facilitation of the effects of reference rate reform on financial reporting.” The amendments in this update provide optional expedients and exceptions for applying U.S. GAAP to certain contracts and hedging relationships that reference LIBOR or another reference rate expected to be discontinued due to reference rate reform and became effective upon issuance for all entities. The Company has agreements that have LIBOR as a reference rate with certain portfolio companies and also with certain lenders. Many of these agreements include language for choosing an alternative successor rate if LIBOR reference is no longer considered to be appropriate. Contract modifications are required to be evaluated in determining whether the modifications result in the establishment of new contracts or the continuation of existing contracts. The Company adopted this amendment in March 2020 and plans to apply the amendments in this update to account for contract modifications due to changes in reference rates when LIBOR reference is no longer used. The Company utilized the optional expedients and exceptions provided by ASU 2020-04 during the three months ended March 31, 2022, the effect of which was not material to the consolidated financial statements and the notes thereto. The Company continues to evaluate the impact that the amendments in this update will have on its consolidated financial statements and disclosures.

From time to time, new accounting pronouncements are issued by the FASB or other standards-setting bodies that are adopted by the Company as of the specified effective date. The Company believes that the impact of recently issued standards and any that are not yet effective will not have a material impact on its consolidated financial statements upon adoption.

NOTE C—FAIR VALUE HIERARCHY FOR INVESTMENTS—PORTFOLIO COMPOSITION

ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and enhances disclosure requirements for fair value measurements. The Company accounts for its investments at fair value.

1. Fair Value Hierarchy

In accordance with ASC 820, the Company has categorized its investments based on the priority of the inputs to the valuation technique into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical investments (Level 1) and the lowest priority to unobservable inputs (Level 3).

Investments recorded on the Company’s balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1—Investments whose values are based on unadjusted quoted prices for identical assets in an active market that the Company has the ability to access (examples include investments in active exchange-traded equity securities and investments in most U.S. government and agency securities).

Level 2—Investments whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the investment. Level 2 inputs include the following:

- Quoted prices for similar assets in active markets (for example, investments in restricted stock);
- Quoted prices for identical or similar assets in non-active markets (for example, investments in thinly traded public companies);

- Pricing models whose inputs are observable for substantially the full term of the investment (for example, market interest rate indices); and
- Pricing models whose inputs are derived principally from, or corroborated by, observable market data through correlation or other means for substantially the full term of the investment.

Level 3—Investments whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement (for example, investments in illiquid securities issued by privately held companies). These inputs reflect management’s own assumptions about the assumptions a market participant would use in pricing the investment.

As required by ASC 820, when the inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement in its entirety. For example, a Level 3 fair value measurement may include inputs that are observable (Levels 1 and 2) and unobservable (Level 3). Therefore, unrealized appreciation and depreciation related to such investments categorized within the Level 3 tables below may include changes in fair value that are attributable to both observable inputs (Levels 1 and 2) and unobservable inputs (Level 3).

As of March 31, 2022 and December 31, 2021, the Company’s Private Loan portfolio investments primarily consisted of investments in interest-bearing secured debt investments. The fair value determination for these investments consisted of a combination of observable inputs in non-active markets for which sufficient observable inputs were not available to determine the fair value of these investments and unobservable inputs. As a result, all of the Company’s Private Loan portfolio investments were categorized as Level 3 as of March 31, 2022 and December 31, 2021.

As of March 31, 2022 and December 31, 2021, all of the Company’s LMM portfolio investments consisted of illiquid securities issued by privately held companies and the fair value determination for these investments primarily consisted of unobservable inputs. As a result, all of the Company’s LMM portfolio investments were categorized as Level 3 as of March 31, 2022 and December 31, 2021.

As of March 31, 2022 and December 31, 2021, the Company’s Middle Market portfolio investments consisted primarily of investments in secured and unsecured debt investments and independently rated debt investments. The fair value determination for these investments consisted of a combination of observable inputs in non-active markets for which sufficient observable inputs were not available to determine the fair value of these investments and unobservable inputs. As a result, all of the Company’s Middle Market portfolio investments were categorized as Level 3 as of March 31, 2022 and December 31, 2021.

As of March 31, 2022 and December 31, 2021, the Company’s Other Portfolio investments consisted of illiquid securities issued by privately held companies and the fair value determination for these investments primarily consisted of unobservable inputs. As a result, all of the Company’s Other Portfolio investments were categorized as Level 3 as of March 31, 2022 and December 31, 2021.

The fair value determination of each portfolio investment categorized as Level 3 required one or more of the following unobservable inputs:

- Financial information obtained from each portfolio company, including unaudited statements of operations and balance sheets for the most recent period available as compared to budgeted numbers;
- Current and projected financial condition of the portfolio company;
- Current and projected ability of the portfolio company to service its debt obligations;
- Type and amount of collateral, if any, underlying the investment;
- Current financial ratios (e.g., fixed charge coverage ratio, interest coverage ratio, and net debt/EBITDA ratio) applicable to the investment;

- Current liquidity of the investment and related financial ratios (e.g., current ratio and quick ratio);
- Pending debt or capital restructuring of the portfolio company;
- Projected operating results of the portfolio company;
- Current information regarding any offers to purchase the investment;
- Current ability of the portfolio company to raise any additional financing as needed;
- Changes in the economic environment which may have a material impact on the operating results of the portfolio company;
- Internal occurrences that may have an impact (both positive and negative) on the operating performance of the portfolio company;
- Qualitative assessment of key management;
- Contractual rights, obligations or restrictions associated with the investment; and
- Other factors deemed relevant.

The use of significant unobservable inputs creates uncertainty in the measurement of fair value as of the reporting date. The significant unobservable inputs used in the fair value measurement of the Company’s LMM equity securities, which are generally valued through an average of the discounted cash flow technique and the market comparable/enterprise value technique (unless one of these approaches is determined to not be appropriate), are (i) EBITDA multiples and (ii) the weighted-average cost of capital (“WACC”). Significant increases (decreases) in EBITDA multiple inputs in isolation would result in a significantly higher (lower) fair value measurement. On the contrary, significant increases (decreases) in WACC inputs in isolation would result in a significantly lower (higher) fair value measurement. The significant unobservable inputs used in the fair value measurement of the Company’s Private Loan, LMM and Middle Market securities are (i) risk adjusted discount rates used in the Yield-to-Maturity valuation technique (see “Note B.1.—Valuation of the Investment Portfolio”) and (ii) the percentage of expected principal recovery. Significant increases (decreases) in any of these discount rates in isolation would result in a significantly lower (higher) fair value measurement. Significant increases (decreases) in any of these expected principal recovery percentages in isolation would result in a significantly higher (lower) fair value measurement. However, due to the nature of certain investments, fair value measurements may be based on other criteria, such as third-party appraisals of collateral and fair values as determined by independent third parties, which are not presented in the tables below.

The following tables provide a summary of the significant unobservable inputs used to fair value the Company’s Level 3 portfolio investments as of March 31, 2022 and December 31, 2021:

Type of Investment	Fair Value as of March 31, 2022		Valuation Technique	Significant Unobservable Inputs	Range(3)	Weighted Average(3)	Median(3)
	(in thousands)						
Equity investments	\$	207,620	Discounted cash flow	WACC	10.2% - 19.4%	13.8 %	15.4 %
			Market comparable / Enterprise value	EBITDA multiple(1)	3.8x - 9.0x(2)	7.3x	5.8x
Debt investments		756,543	Discounted cash flow	Risk adjusted discount factor	5.3% - 15.4%(2)	9.5 %	8.6 %
				Expected principal recovery percentage	0.9% - 200.0%	99.9 %	100.0 %
Debt investments		117,433	Market approach	Third-party quote	5.5 - 100	92.5	97.3
Total Level 3 investments	\$	1,081,596					

(1) EBITDA may include proforma adjustments and/or other addbacks based on specific circumstances related to each investment.

(2) Range excludes outliers that are greater than one standard deviation from the mean. Including these outliers, the range for EBITDA multiple is 3.8x - 15.7x and the range for risk adjusted discount factor is 4.8% - 38.5%.

(3) Does not include investments for which the valuation technique does not include the use of the applicable fair value input.

Type of Investment	Fair Value as of December 31, 2021 (in thousands)	Valuation Technique	Significant Unobservable Inputs	Range(3)	Weighted Average(3)	Median(3)
Equity investments	\$ 197,926	Discounted cash flow	WACC	10.1% - 19.1%	13.4 %	14.8 %
		Market comparable / Enterprise value	EBITDA multiple(1)	4.9x - 8.3x(2)	7.3x	6.2x
Debt investments	743,211	Discounted cash flow	Risk adjusted discount factor	5.2% - 15.0%(2)	8.1 %	9.0 %
			Expected principal recovery percentage	1.2% - 100.0%	100.0 %	100.0 %
Debt investments	135,999	Market approach	Third-party quote	3 - 100.2	94.3	97.3
Total Level 3 investments	\$ 1,077,136					

(1) EBITDA may include proforma adjustments and/or other addbacks based on specific circumstances related to each investment.

(2) Range excludes outliers that are greater than one standard deviation from the mean. Including these outliers, the range for EBITDA multiple is 3.8x - 10.0x and the range for risk adjusted discount factor is 4.4% - 38.5%.

(3) Does not include investments for which the valuation technique does not include the use of the applicable fair value input.

The following tables provide a summary of changes in fair value of the Company's Level 3 portfolio investments for the three-month periods ended March 31, 2022 and 2021 (amounts in thousands):

Type of Investment	Fair Value as of December 31, 2021	Transfers Into Level 3 Hierarchy	Redemptions/ Repayments	New Investments	Net Changes from Unrealized to Realized	Net Unrealized Appreciation (Depreciation)	Other(1)	Fair Value as of March 31, 2022
Debt	\$ 879,970	\$ —	\$ (51,189)	\$ 48,270	\$ 756	\$ (3,022)	\$ —	\$ 874,785
Equity	196,374	—	(30)	2,526	-	7,149	—	206,019
Equity Warrant	792	—	—	-	-	-	—	792
	\$ 1,077,136	\$ —	\$ (51,219)	\$ 50,796	\$ 756	\$ 4,127	\$ —	\$ 1,081,596

(1) Includes the impact of non-cash conversions. These transactions represent non-cash investing activities. See additional cash flow information at the consolidated statements of cash flows.

Type of Investment	Fair Value as of December 31, 2020	Transfers Into Level 3 Hierarchy	Redemptions/ Repayments	New Investments	Net Changes from Unrealized to Realized	Net Unrealized Appreciation (Depreciation)	Other(1)	Fair Value as of March 31, 2021
Debt	\$ 638,423	\$ —	\$ (63,307)	\$ 83,329	\$ 2,125	\$ 3,597	\$ (290)	\$ 663,877
Equity(2)	185,041	—	(6,386)	4,421	814	12	290	184,192
Equity Warrant	2,058	—	—	—	—	(395)	—	1,663
	\$ 825,522	\$ —	\$ (69,693)	\$ 87,750	\$ 2,939	\$ 3,214	\$ —	\$ 849,732

(1) Includes the impact of non-cash conversions. These transactions represent non-cash investing activities. See additional cash flow information at the consolidated statements of cash flows.

(2) Includes the Company's investment in CLO subordinated notes. (See "Note D—Investment in SignalPeak CLO 7, Ltd.")

At March 31, 2022 and December 31, 2021, the Company's investments at fair value were categorized as follows in the fair value hierarchy for ASC 820 purposes:

	Fair Value	Fair Value Measurements (in thousands)		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
At March 31, 2022				
Private Loan portfolio investments	\$ 587,628	\$ —	\$ —	\$ 587,628
LMM portfolio investments	322,837	—	—	322,837
Middle Market portfolio investments	144,152	—	—	144,152
Other Portfolio investments	26,979	—	—	26,979
Total investments	<u>\$ 1,081,596</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,081,596</u>

	Fair Value	Fair Value Measurements (in thousands)		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
At December 31, 2021				
Private Loan portfolio investments	\$ 575,865	\$ —	\$ —	\$ 575,865
LMM portfolio investments	315,415	—	—	315,415
Middle Market portfolio investments	159,021	—	—	159,021
Other Portfolio investments	26,835	—	—	26,835
Total investments	<u>\$ 1,077,136</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,077,136</u>

2. Investment Portfolio Composition

The Company's principal investment objective is to maximize its portfolio's total return by generating current income from its debt investments and current income and capital appreciation from its equity and equity-related investments, including warrants, convertible securities and other rights to acquire equity securities in a portfolio company. The Company seeks to achieve its investment objective through its Private Loan, LMM and Middle Market investment strategies.

The Company's private loan ("Private Loan") investment strategy involves investments in privately held companies that are generally consistent with the size of its Middle Market portfolio companies or LMM portfolio companies, and its Private Loan investments generally range in size from \$1 million to \$20 million. The Company's Private Loan investments generally consist of loans that have been originated directly by Main Street or through strategic relationships with other investment funds on a collaborative basis, and are often referred to in the debt markets as "club deals." The Company's Private Loan portfolio debt investments are generally secured by a first priority lien on the assets of the portfolio company and typically have a term of between three and seven years from the original investment date. The Company may also have the option to invest alongside the sponsor in the equity securities of its Private Loan portfolio companies.

The Company's LMM investment strategy involves investments in secured debt, equity warrants and direct equity investments in privately held, LMM companies based in the United States. The Company's LMM portfolio companies generally have annual revenues between \$10 million and \$150 million, and its LMM investments generally range in size from \$1 million to \$20 million. The LMM debt investments are typically secured by a first priority lien on the assets of the portfolio company, can include either fixed or floating rate terms and generally have a term of between five and seven years from the original investment date. In most LMM portfolio investments, the Company receives nominally priced equity warrants and/or makes direct equity investments in connection with a debt investment.

The Company's Middle Market investment strategy involves investments in syndicated loans to or debt securities in Middle Market companies, which the Company defines as companies with annual revenues between \$150 million and \$1.5 billion, and its Middle Market investments generally range in size from \$1 million to \$20 million. The Company's Middle Market portfolio debt investments are generally secured by a first priority lien on the assets of the

portfolio company and typically have an expected duration of between three and seven years from the original investment date.

The Company's other portfolio ("Other Portfolio") investments primarily consist of investments that are not consistent with the typical profiles for its Private Loan, LMM or Middle Market portfolio investments, including investments which may be managed by third parties. In the Other Portfolio, the Company may incur indirect fees and expenses in connection with investments managed by third parties, such as investments in other investment companies or private funds. For Other Portfolio investments, the Company generally receives distributions related to the assets held by the portfolio company. Those assets are typically expected to be liquidated over a five to ten-year period.

Investment income, consisting of interest, dividends and fees, can fluctuate dramatically due to various factors, including the level of new investment activity, repayments of debt investments or sales of equity interests. Investment income in any given year could also be highly concentrated among several portfolio companies. For the three months ended March 31, 2022 and 2021, the Company did not record investment income from any single portfolio company in excess of 10% of total investment income.

The following tables provide a summary of the Company's investments in the Private Loan, LMM and Middle Market portfolios as of March 31, 2022 and December 31, 2021 (this information excludes the Other Portfolio investments which are discussed further below):

	As of March 31, 2022		
	Private Loan	LMM (a)	Middle Market
	(dollars in millions)		
Number of portfolio companies	62	45	23
Fair value	\$ 587.6	\$ 322.8	\$ 144.2
Cost	\$ 586.0	\$ 287.6	\$ 168.6
Debt investments as a % of portfolio (at cost)	94.1 %	72.3 %	93.1 %
Equity investments as a % of portfolio (at cost)	5.9 %	27.7 %	6.9 %
% of debt investments at cost secured by first priority lien	99.9 %	99.9 %	98.7 %
Weighted-average annual effective yield (b)	8.3 %	11.2 %	8.1 %
Average EBITDA(c)	\$ 41.3	\$ 6.2	\$ 76.0

- (a) At March 31, 2022, the Company had equity ownership in all of its LMM portfolio companies, and the average fully diluted equity ownership in those portfolio companies was approximately 9%.
- (b) The weighted-average annual effective yields were computed using the effective interest rates for all debt investments at cost as of March 31, 2022, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments and any debt investments on non-accrual status. The weighted-average annual effective yield on the Company's debt portfolio as of March 31, 2022 including debt investments on non-accrual status was 8.2% for its Private Loan portfolio, 10.8% for its LMM portfolio and 7.5% for its Middle Market portfolio. The weighted-average annual effective yield is not reflective of what an investor in shares of the Company's common stock will realize on its investment because it does not reflect the Company's utilization of debt capital in its capital structure, the Company's expenses or any sales load paid by an investor.
- (c) The average EBITDA is calculated using a weighted-average for the Private Loan and Middle Market portfolios and a simple average for the LMM portfolio. These calculations exclude certain portfolio companies, including two Private Loan portfolio companies, as EBITDA is not a meaningful valuation metric for the Company's investments in these portfolio companies, and those portfolio companies whose primary purpose is to own real estate.

	As of December 31, 2021		
	Private Loan	LMM (a)	Middle Market
	(dollars in millions)		
Number of portfolio companies	57	43	25
Fair value	\$ 575.9	\$ 315.4	\$ 159.0
Cost	\$ 576.3	\$ 281.0	\$ 184.2
Debt investments as a % of portfolio (at cost)	94.0 %	72.2 %	93.7 %
Equity investments as a % of portfolio (at cost)	6.0 %	27.8 %	6.3 %
% of debt investments at cost secured by first priority lien	98.5 %	99.8 %	98.8 %
Weighted-average annual effective yield (b)	8.4 %	10.8 %	7.6 %
Average EBITDA (c)	\$ 38.0	\$ 7.3	\$ 85.9

- (a) At December 31, 2021, the Company had equity ownership in all of its LMM portfolio companies, and the average fully diluted equity ownership in those portfolio companies was approximately 9%.
- (b) The weighted-average annual effective yields were computed using the effective interest rates for all debt investments at cost as of December 31, 2021, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments and any debt investments on non-accrual status. The weighted-average annual effective yield on the Company's debt portfolio as of December 31, 2021 including debt investments on non-accrual status was 8.3% for its Private Loan portfolio, 10.5% for its LMM portfolio and 7.1% for its Middle Market portfolio. The weighted-average annual effective yield is not reflective of what an investor in shares of the Company's common stock will realize on its investment because it does not reflect the Company's utilization of debt capital in its capital structure, the Company's expenses or any sales load paid by an investor.
- (c) The average EBITDA is calculated using a weighted-average for the Private Loan and Middle Market portfolios and a simple average for the LMM portfolio. These calculations exclude certain portfolio companies, including three Private Loan portfolio companies, three LMM portfolio companies and one Middle Market portfolio company, as EBITDA is not a meaningful valuation metric for the Company's investments in these portfolio companies, and those portfolio companies whose primary purpose is to own real estate.

For the three months ended March 31, 2022 and 2021, the Company achieved an annualized total return on investments of 15.0% and 15.7%, respectively. For the year ended December 31, 2021, the Company achieved an annualized total return on investments of 17.9%. Total return on investments is calculated using the interest, dividend, and fee income, as well as the realized and unrealized change in fair value of the Investment Portfolio for the specified period. The Company's total return on investments is not reflective of what an investor in shares of the Company's common stock will realize on its investment because it does not reflect the Company's utilization of debt capital in its capital structure, the Company's expenses or any sales load paid by an investor.

As of March 31, 2022, the Company had Other Portfolio investments in four companies, collectively totaling approximately \$27.0 million in fair value and approximately \$25.7 million in cost basis and which comprised approximately 2.5% and 2.4% of the Company's Investment Portfolio at fair value and cost, respectively. As of December 31, 2021, the Company had Other Portfolio investments in four companies, collectively totaling approximately \$26.8 million in fair value and approximately \$25.6 million in cost basis and which comprised approximately 2.5% and 2.4% of the Company's Investment Portfolio at fair value and cost, respectively.

The following tables summarize the composition of the Company's total combined Private Loan portfolio investments, LMM portfolio investments and Middle Market portfolio investments at cost and fair value by type of investment as a percentage of the total combined Private Loan portfolio investments, LMM portfolio investments and

Middle Market portfolio investments, as of March 31, 2022 and December 31, 2021 (this information excludes the Other Portfolio investments, which are discussed above).

Cost:	March 31, 2022	December 31, 2021
First lien debt	87.6 %	87.2 %
Equity	12.0 %	11.7 %
Second lien debt	— %	0.7 %
Equity warrants	0.1 %	0.1 %
Other	0.3 %	0.3 %
	<u>100.0 %</u>	<u>100.0 %</u>

Fair Value:	March 31, 2022	December 31, 2021
First lien debt	82.6 %	82.8 %
Equity	17.0 %	16.1 %
Second lien debt	— %	0.7 %
Equity warrants	0.1 %	0.1 %
Other	0.3 %	0.3 %
	<u>100.0 %</u>	<u>100.0 %</u>

The following tables summarize the composition of the Company's total combined Private Loan portfolio investments, LMM portfolio investments and Middle Market portfolio investments by geographic region of the United States and other countries at cost and fair value as a percentage of the total combined Private Loan portfolio investments, LMM portfolio investments and Middle Market portfolio investments, as of March 31, 2022 and December 31, 2021 (this information excludes the Other Portfolio investments). The geographic composition is determined by the location of the corporate headquarters of the portfolio company.

Cost:	March 31, 2022	December 31, 2021
Southwest	24.2 %	24.8 %
Northeast	22.3 %	21.4 %
West	20.7 %	22.3 %
Southeast	17.3 %	16.6 %
Midwest	14.6 %	14.0 %
Canada	0.9 %	0.9 %
	<u>100.0 %</u>	<u>100.0 %</u>

Fair Value:	March 31, 2022	December 31, 2021
Southwest	26.6 %	27.1 %
Northeast	22.4 %	21.4 %
West	20.0 %	21.4 %
Midwest	15.1 %	14.8 %
Southeast	15.0 %	14.4 %
Canada	0.9 %	0.9 %
	<u>100.0 %</u>	<u>100.0 %</u>

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The Company's Private Loan portfolio investments, LMM portfolio investments and Middle Market portfolio investments are in companies conducting business in a variety of industries. The following tables summarize the composition of the Company's total combined Private Loan portfolio investments, LMM portfolio investments and Middle Market portfolio investments by industry at cost and fair value as of March 31, 2022 and December 31, 2021 (this information excludes the Other Portfolio investments).

Cost:	March 31, 2022	December 31, 2021
Commercial Services & Supplies	11.0 %	11.1 %
Machinery	8.2 %	7.9 %
Internet Software & Services	6.0 %	6.1 %
Diversified Consumer Services	5.2 %	4.4 %
Distributors	4.6 %	4.5 %
IT Services	4.5 %	4.3 %
Oil, Gas & Consumable Fuels	4.0 %	4.2 %
Construction & Engineering	3.8 %	3.8 %
Specialty Retail	3.8 %	3.8 %
Professional Services	3.7 %	3.7 %
Communications Equipment	3.7 %	3.7 %
Health Care Providers & Services	3.4 %	3.5 %
Diversified Telecommunication Services	3.1 %	4.5 %
Aerospace & Defense	3.1 %	2.8 %
Leisure Equipment & Products	3.0 %	3.0 %
Containers & Packaging	2.6 %	2.6 %
Building Products	2.3 %	2.3 %
Diversified Financial Services	2.3 %	2.3 %
Media	2.3 %	2.0 %
Hotels, Restaurants & Leisure	2.1 %	2.1 %
Textiles, Apparel & Luxury Goods	1.9 %	2.0 %
Internet & Catalog Retail	1.6 %	1.6 %
Energy Equipment & Services	1.4 %	1.4 %
Food Products	1.2 %	1.2 %
Electrical Equipment	1.2 %	0.9 %
Health Care Equipment & Supplies	1.2 %	0.8 %
Trading Companies & Distributors	1.1 %	1.1 %
Food & Staples Retailing	1.1 %	1.1 %
Software	1.0 %	1.0 %
Household Products	1.0 %	1.2 %
Other (1)	4.6 %	5.1 %
	<u>100.0 %</u>	<u>100.0 %</u>

(1) Includes various industries with each industry individually less than 1.0% of the total combined Private Loan portfolio investments, LMM portfolio investments and Middle Market portfolio investments at each date.

Fair Value:	March 31, 2022	December 31, 2021
Commercial Services & Supplies	10.4 %	10.6 %
Machinery	9.6 %	9.3 %
Diversified Consumer Services	6.1 %	5.3 %
Internet Software & Services	5.4 %	5.5 %
Distributors	4.7 %	4.6 %
IT Services	4.4 %	4.2 %
Construction & Engineering	4.2 %	4.2 %
Specialty Retail	3.8 %	3.8 %
Oil, Gas & Consumable Fuels	3.5 %	3.7 %
Health Care Providers & Services	3.4 %	3.5 %
Aerospace & Defense	3.1 %	2.7 %
Leisure Equipment & Products	3.0 %	3.1 %
Diversified Telecommunication Services	3.0 %	4.5 %
Containers & Packaging	2.9 %	2.9 %
Professional Services	2.8 %	2.9 %
Media	2.5 %	2.1 %
Diversified Financial Services	2.4 %	2.4 %
Building Products	2.3 %	2.4 %
Communications Equipment	2.0 %	2.1 %
Textiles, Apparel & Luxury Goods	1.9 %	1.9 %
Internet & Catalog Retail	1.8 %	1.7 %
Computers & Peripherals	1.6 %	1.7 %
Construction Materials	1.6 %	1.5 %
Software	1.4 %	1.3 %
Hotels, Restaurants & Leisure	1.4 %	1.4 %
Electrical Equipment	1.3 %	1.0 %
Trading Companies & Distributors	1.1 %	1.2 %
Food & Staples Retailing	1.1 %	1.1 %
Energy Equipment & Services	1.0 %	1.1 %
Food Products	1.0 %	1.1 %
Household Products	0.9 %	1.2 %
Air Freight & Logistics	0.8 %	1.1 %
Other (1)	3.6 %	2.9 %
	100.0 %	100.0 %

(1) Includes various industries with each industry individually less than 1.0% of the total combined Private Loan portfolio investments, LMM portfolio investments and Middle Market portfolio investments at each date.

At March 31, 2022 and December 31, 2021, the Company had no portfolio investment that was greater than 10% of the Investment Portfolio at fair value.

3. Unconsolidated Significant Subsidiaries

In accordance with Rules 3-09 and 4-08(g) of Regulation S-X, the Company must determine which of its unconsolidated controlled portfolio companies, if any, are considered “significant subsidiaries.” In evaluating its unconsolidated controlled portfolio companies in accordance with Regulation S-X, there are two tests that the Company must utilize to determine if any of the Company’s Control Investments (as defined in “Note A.2.—Basis of Presentation,” including those unconsolidated portfolio companies defined as Control Investments in which the Company does not own greater than 50% of the voting securities or maintain greater than 50% of the board representation) are considered significant subsidiaries: the investment test and the income test. The investment test is generally measured by dividing the Company’s investment in the Control Investment by the value of the Company’s total investments. The income test is generally measured by dividing the absolute value of the combined sum of total investment income, net realized gain (loss) and net unrealized appreciation (depreciation) from the relevant Control Investment for the period being tested by the absolute value of the Company’s change in net assets resulting from operations for the same period. Rules 3-09 and 4-08(g) of Regulation S-X require the Company to include (1) separate

audited financial statements of an unconsolidated majority-owned subsidiary (Control Investments in which the Company owns greater than 50% of the voting securities) in an annual report and (2) summarized financial information of a Control Investment in a quarterly report, respectively, if certain thresholds of the investment or income tests are exceeded and the unconsolidated portfolio company qualifies as a significant subsidiary.

As of March 31, 2022 and December 31, 2021, the Company had no single investment that qualified as a significant subsidiary under either the investment or income tests.

NOTE D—INVESTMENT IN SIGNAL PEAK CLO 7, LTD.

On April 4, 2017, the Company and ORIX Funds Corp. (“Orix”) entered into a limited liability company agreement to co-manage HMS-ORIX SLF LLC (“HMS-ORIX”), which invested primarily in broadly-syndicated loans. Pursuant to the terms of the limited liability agreement and through representation on the HMS-ORIX Board of Managers, the Company and Orix each had 50% voting control of HMS-ORIX and together were required to agree on all portfolio and investment decisions as well as all other significant actions for HMS-ORIX. The Company did not have sole control of significant actions of HMS-ORIX and, accordingly, did not consolidate the operations of HMS-ORIX within the consolidated financial statements. The Company and Orix funded an aggregate of \$50.0 million of equity to HMS-ORIX, with the Company providing \$30.0 million (60% of the equity) and Orix providing \$20.0 million (40% of the equity).

On May 8, 2019, HMS-ORIX Holdings I LLC, a wholly owned subsidiary of HMS-ORIX, which held all of the investments in broadly-syndicated loans held by HMS-ORIX, was merged (the “HMS-ORIX Holdings Merger”) into Mariner CLO 7, Ltd., an exempted company incorporated under the laws of the Cayman Islands (“Mariner CLO”). In connection with the HMS-ORIX Holdings Merger, HMS-ORIX made certain distributions to its members. The Company used the cash proceeds it received from the HMS-ORIX Holdings Merger to purchase an aggregate principal amount of approximately \$25.9 million of the “Subordinated Notes” (the equity tranche of the CLO’s securities) due in 2032 issued by Mariner CLO in connection with an offering of \$405.9 million aggregate principal amount of notes (the “CLO Offering”). After distribution to its members of residual cash remaining after the HMS-ORIX Holdings Merger, HMS-ORIX was fully liquidated on September 26, 2019. On October 8, 2020, Mariner CLO changed its name to Signal Peak CLO 7, Ltd. (“Signal Peak CLO”).

For the three months ended March 31, 2021, the Company recognized approximately \$0.5 million of interest income in respect of its investment in Signal Peak CLO. The Company sold its entire position in the Signal Peak CLO on December 16, 2021.

NOTE E—DEBT

Summary of debt as of March 31, 2022 is as follows:

	<u>Outstanding Balance</u>	<u>Unamortized Debt Issuance Costs ⁽²⁾</u>	<u>Recorded Value</u>	<u>Estimated Fair Value ⁽¹⁾</u>
	(dollars in thousands)			
JPM SPV Facility	\$ 264,688	\$ —	\$ 264,688	\$ 264,688
Series A Notes	150,000	(1,337)	148,663	143,293
TIAA Credit Facility	82,000	—	82,000	82,000
Total Debt	<u>\$ 496,688</u>	<u>\$ (1,337)</u>	<u>\$ 495,351</u>	<u>\$ 489,981</u>

(1) Estimated fair value for outstanding debt if the Company had adopted the fair value option under ASC 825. See discussion of the methods used to estimate the fair value of the Company’s debt in “Note B.9.—Fair Value of Financial Instruments.”

(2) The unamortized debt issuance costs for the Credit Facilities are reflected as Deferred financing costs on the consolidated balance sheet, while the deferred debt issuance costs related to the Series A Notes are reflected as a contra-liability to the Series A Notes on the consolidated balance sheet.

Summary of debt as of December 31, 2021 is as follows:

	Outstanding Balance	Unamortized Debt Issuance Costs ⁽²⁾	Recorded Value	Estimated Fair Value ⁽¹⁾
(dollars in thousands)				
JPM SPV Facility	\$ 273,688	\$ —	\$ 273,688	\$ 273,688
TIAA Credit Facility	153,000	—	153,000	153,000
Series A Notes	77,500	(1,316)	76,184	77,491
Total Debt	<u>\$ 504,188</u>	<u>\$ (1,316)</u>	<u>\$ 502,872</u>	<u>\$ 504,179</u>

- (1) Estimated fair value for outstanding debt if the Company had adopted the fair value option under ASC 825. See discussion of the methods used to estimate the fair value of the Company's debt in "Note B.9.—Fair Value of Financial Instruments."
- (2) The unamortized debt issuance costs for the Credit Facilities are reflected as Deferred financing costs on the consolidated balance sheet, while the deferred debt issuance costs related to the Series A Notes are reflected as a contra-liability to the Series A Notes on the consolidated balance sheet.

Summarized interest expense for the three months ended March 31, 2022 and 2021 is as follows:

	Three Months Ended March 31,	
	2022	2021
(dollars in thousands)		
JPM SPV Facility	\$ 2,393	\$ 1,367
Series A Notes	1,421	—
TIAA Credit Facility	715	388
Deutsche Bank Credit Facility ⁽¹⁾	—	1,046
Main Street Term Loan ⁽²⁾	—	364
Total Interest Expense	<u>\$ 4,529</u>	<u>\$ 3,164</u>

- (1) Deutsche Bank Credit Facility was fully repaid and extinguished on February 3, 2021.
- (2) Main Street Term Loan was fully repaid and extinguished on October 22, 2021.

TIAA Credit Facility

The Company is a party to a senior secured revolving credit agreement dated March 6, 2017 (as amended, the "TIAA Credit Facility") with TIAA, FSB ("TIAA Bank"), as administrative agent, and with TIAA Bank and other financial institutions as lenders. As of March 31, 2022, the TIAA Credit Facility included (i) total commitments of \$165.0 million, (ii) an accordion feature that allows for an increase up to \$200.0 million of total commitments from new and existing lenders on the same terms and conditions as the existing commitments and (iii) a revolving period and maturity date to September 1, 2025 and March 1, 2026, respectively, with two, one-year extension options with lender approval.

Borrowings under the TIAA Credit Facility bear interest, subject to the Company's election, on a per annum basis at a rate equal to (i) LIBOR plus 2.40% or (ii) the base rate plus 1.40%. The base rate is defined as the higher of (a) the prime rate, (b) the Federal Funds Rate (as defined in the credit agreement) plus 0.5% or (c) LIBOR plus 1.0%. Additionally, the Company pays an annual unused commitment fee of 0.30% on the unused revolver commitments if more than 50% or more of the revolver commitments are being used and an annual unused commitment fee of 0.625% on the unused revolver commitments if less than 50% of the revolver commitments are being used.

The TIAA Credit Facility permits the creation of certain "Structured Subsidiaries," which are not guarantors under the TIAA Credit Facility and which are permitted to incur debt outside of the TIAA Credit Facility. Borrowings under the TIAA Credit Facility are secured by all of the Company's assets, other than the assets of Structured Subsidiaries, or immaterial subsidiaries, as well as all of the assets, and a pledge of equity ownership interests, of any

future subsidiaries of the Company (other than Structured Subsidiaries or immaterial subsidiaries). The TIAA Credit Facility contains affirmative and negative covenants usual and customary for credit facilities of this nature, including: (i) maintaining a minimum interest coverage ratio of at least 2.00 to 1.00; (ii) maintaining an asset coverage ratio of at least 2.00 to 1.00; and (iii) maintaining a minimum consolidated tangible net worth, excluding Structured Subsidiaries, of at least the greater of (a) the aggregate amount of the revolver commitments or (b) \$50.0 million. Further, the TIAA Credit Facility contains limitations on incurrence of other indebtedness (other than by the Structured Subsidiaries), limitations on industry concentration, and an anti-hoarding provision to protect the collateral under the TIAA Credit Facility. Additionally, the Company must provide information to TIAA Bank on a regular basis, preserve its corporate existence, comply with applicable laws, including the 1940 Act, pay obligations when they become due, and invest the proceeds of the sales of common stock in accordance with its investment objectives and strategies (as set forth in the TIAA Credit Facility). Further, the credit agreement contains usual and customary default provisions including: (i) a default in the payment of interest and principal; (ii) insolvency or bankruptcy of the Company; (iii) a material adverse change in the Company's business; or (iv) breach of any covenant, representation or warranty in the loan agreement or other credit documents and failure to cure such breach within defined periods. Additionally, the TIAA Credit Facility requires the Company to obtain written approval from the administrative agent prior to entering into any material amendment, waiver or other modification of any provision of the Investment Advisory Agreement.

As of March 31, 2022, the interest rate on the TIAA Credit Facility was 2.63% (based on the LIBOR rate of 0.23% as of the most recent reset date plus 2.40%). The average interest rate for borrowings under the TIAA Credit Facility was 2.55% and 2.74% per annum for the three months ended March 31, 2022 and 2021, respectively. As of March 31, 2022, the Company was not aware of any instances of noncompliance with covenants related to the TIAA Credit Facility.

JPM SPV Facility

On February 3, 2021, MSIF Funding LLC ("MSIF Funding"), a wholly owned Structured Subsidiary that primarily holds originated loan investments, entered into a senior secured revolving credit facility (as amended from time to time, the "JPM SPV Facility") by and among JPMorgan Chase Bank, National Association ("JPM"), as administrative agent, and U.S. Bank, N.A., as collateral agent and collateral administrator and the Company as portfolio manager. The revolving period under the JPM SPV Facility expires on February 3, 2024 and the JPM SPV Facility is scheduled to mature on February 3, 2025. Advances under the JPM SPV Facility bear interest at a per annum rate equal to the three month LIBOR in effect, plus the applicable margin of 2.90% per annum. MSIF Funding also pays a commitment fee of 0.75% per annum on the average daily unused amount of the financing commitments until the third anniversary of the JPM SPV Facility. As of March 31, 2022, the JPM SPV Facility included total commitments of \$325.0 million and an accordion feature, subject to the satisfaction of various conditions, which could bring total commitments and borrowing availability to up to \$450.0 million.

As of March 31, 2022, the interest rate on the JPM SPV Facility, excluding amortization of deferred financing costs and unused fees, was 3.12% (based on the LIBOR rate of 0.22% as of the most recent reset date plus 2.90%). The average cost of borrowings on the JPM SPV Facility, excluding amortization of deferred financing costs and unused fees, was approximately 3.10% and 3.12% per annum for the three months ended March 31, 2022 and 2021, respectively. As of March 31, 2022, the Company was not aware of any instances of noncompliance with covenants related to the JPM SPV Facility.

Series A Notes

On October 22, 2021, the Company and certain qualified institutional investors entered into a Master Note Purchase Agreement (the "Note Purchase Agreement"), which governs the issuance of \$150.0 million in aggregate principal amount of the Company's 4.04% Series A Senior Notes due 2026 (the "Series A Notes"). The Series A Notes bear a fixed interest rate of 4.04% per year and will mature on October 30, 2026, unless redeemed, purchased or prepaid prior to such date by the Company in accordance with their terms. The Company issued \$77.5 million of Series A Notes upon entering into the Note Purchase Agreement, and issued an additional \$72.5 million on January 21, 2022. Net proceeds from the Series A Note issuances were used to repay outstanding debt borrowed under the Main Street Term Loan (as defined below), which was fully repaid and extinguished in October 2021, and the TIAA Credit Facility.

Interest on the Series A Notes is due semiannually on April 30 and October 30 each year, beginning on April 30, 2022. The Series A Notes may be redeemed in whole or in part at any time or from time to time at the Company's option at par plus accrued interest to the prepayment date and, if applicable, a make-whole premium. In addition, the Company is obligated to offer to prepay the Series A Notes at par plus accrued and unpaid interest up to, but excluding, the date of prepayment, if certain change in control events occur. The Series A Notes are general unsecured obligations of the Company that rank pari passu with all outstanding and future unsecured unsubordinated indebtedness issued by the Company.

The Note Purchase Agreement 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 BDC within the meaning of the 1940 Act, a minimum asset coverage ratio of 2.00 to 1.00, subject to reduction to 1.50 to 1.00 upon the Company obtaining the approval required under the 1940 Act, a minimum interest coverage ratio of 2.00 to 1.00, which may be reduced to 1.25 to 1.00 under certain conditions, and minimum unsecured debt coverage ratio of 1.25 to 1.00. In addition, in the event that a Below Investment Grade Event (as defined in the Note Purchase Agreement) occurs, the Series A Notes will bear interest at a fixed rate of 5.04% per year from the date of the occurrence of the Below Investment Grade Event to and until the date on which the Below Investment Grade Event ends.

The Note Purchase Agreement also contains customary events of default with customary cure and notice periods, including, without limitation, nonpayment, incorrect representation in any material respect, breach of covenant, cross-default under other indebtedness of the Company or subsidiary guarantors subject to a cure pass-through, certain judgments and orders and certain events of bankruptcy. As of March 31, 2022, the Company was not aware of any instances of noncompliance with covenants related to the Series A Notes.

Main Street Term Loan

On January 27, 2021, the Company entered into a term loan agreement (the "Main Street Term Loan") with Main Street, which initially provided up to an aggregate principal amount of \$40.0 million in borrowings. The Company paid a 1.0% upfront fee to Main Street on the closing date. On July 27, 2021, the Company entered into an amendment to the Main Street Term Loan that allowed the Company to draw an additional \$20.0 million, with another \$15.0 million available to be drawn in two separate \$7.5 million tranches (each a "Delayed Draw Term Loan") at a later date.

Borrowings under the Main Street Term Loan were expressly subordinated and junior in right of payment to all secured indebtedness of the Company. On October 22, 2021, in connection with the issuance of the Series A Notes (discussed above), the Company fully repaid all borrowings outstanding under the Main Street Term Loan, and the Main Street Term Loan was extinguished. As a result, the Company recorded a loss on the extinguishment of debt in the amount of \$0.3 million, which represented the write-off of the unamortized deferred financing fees related to the Main Street Term Loan.

Deutsche Bank Credit Facility

On May 18, 2015, HMS Funding I LLC ("HMS Funding"), a wholly owned Structured Subsidiary, entered into an amended and restated credit agreement (as amended, the "Deutsche Bank Credit Facility") among HMS Funding, as borrower, the Company, as equity holder and as servicer, Deutsche Bank AG, New York Branch ("Deutsche Bank"), as administrative agent, the financial institutions party thereto as lenders (together with Deutsche Bank, the "HMS Funding Lenders"), and U.S. Bank National Association, as collateral agent and collateral custodian. On February 3, 2021, the total amount outstanding on the facility under the Deutsche Bank Credit Facility was fully repaid. As a result, the Company recorded a loss on the extinguishment of debt in the amount of \$2.1 million, which represented the write-off of the unamortized deferred financing fees related to the Deutsche Bank Credit Facility.

For the three months ended March 31, 2021, the average cost of borrowings on the Deutsche Bank Credit Facility was approximately 2.93% per annum.

NOTE F—FINANCIAL HIGHLIGHTS

	Three Months Ended March 31,			
	2022		2021	
Per Share Data:				
NAV at the beginning of the period	\$	7.68	\$	7.28
Net investment income(1)		0.16		0.15
Net realized loss(1)(2)		—		(0.05)
Net unrealized appreciation (depreciation)(1)(2)		0.04		0.07
Net increase (decrease) in net assets resulting from operations(1)		0.20		0.17
Dividends paid from net investment income		(0.17)		(0.10)
Distributions from capital gains		—		—
Dividends paid or accrued(3)		(0.17)		(0.10)
Other(4)		0.01		(0.01)
NAV at the end of the period	\$	7.72	\$	7.34
Shares of common stock outstanding at end of period		79,870,636		79,608,304
Weighted-average shares of common stock outstanding		79,861,392		79,608,304

- (1) Based on weighted-average number of shares of common stock outstanding for the period.
- (2) Net realized gains or losses, net unrealized appreciation or depreciation, and income taxes can fluctuate significantly from period to period.
- (3) Represents stockholder dividends paid or accrued for the period.
- (4) Includes the impact of the different share amounts as a result of calculating certain per share data based on the weighted-average basic shares outstanding during the period and certain per share data based on the shares outstanding as of a period end or transaction date.

	Three Months Ended March 31,			
	2022		2021	
	(dollars in thousands)			
NAV at end of period	\$	616,627	\$	584,320
Average NAV	\$	614,899	\$	581,972
Average outstanding debt	\$	499,112	\$	249,947
Ratios to average NAV:				
Ratio of total expenses to average NAV(1)(2)(3)(5)		1.82 %		1.36 %
Ratio of operating expenses to average NAV(2)(3)(5)		1.74 %		1.44 %
Ratio of operating expenses, excluding interest expense, to average NAV(2)(3)(5)		1.00 %		0.89 %
Ratio of net investment income to average NAV(2)(5)		2.06 %		2.05 %
Portfolio turnover ratio(2)		4.62 %		7.25 %
Total return based on change in NAV(2)(4)(5)		2.73 %		2.20 %

- (1) Total expenses are the sum of operating expenses and net income tax provision/benefit. Net income tax provision/benefit includes the accrual of net deferred tax provision/benefit relating to the net unrealized appreciation/depreciation on portfolio investments held in Taxable Subsidiaries and due to the change in the loss carryforwards, which are non-cash in nature and may vary significantly from period to period. The Company is required to include net deferred tax provision/benefit in calculating its total expenses even though these net deferred taxes are not currently payable/receivable.
- (2) Not annualized.
- (3) Unless otherwise noted, operating expenses include interest and general and administrative expenses.

- (4) Total return is calculated based on the change in NAV per share and stockholder distributions declared per share during the reporting period, divided by the NAV per share at the beginning of the period. The total return does not reflect the sales load from the sale of the Company's common stock.
- (5) Net of expense waivers of \$1.0 million for each of the three months ended March 31, 2022 and March 31, 2021. Excluding these expense waivers, the expense and income ratios are as follows:

	Three Months Ended March 31,	
	2022	2021
Ratio of total expenses to average NAV(1)(2)(3)	1.99 %	1.54 %
Ratio of operating expenses to average NAV(2)(3)	1.91 %	1.61 %
Ratio of operating expenses excluding interest expense to average NAV(2)(3)	1.17 %	1.07 %
Ratio of net investment income to average NAV(2)	1.90 %	2.23 %
Total return based on change in NAV(2)(4)	2.48 %	2.20 %

See footnotes (1), (2), (3) and (4) immediately prior to this table.

NOTE G—DIVIDENDS, DISTRIBUTIONS AND TAXABLE INCOME

The Company currently pays quarterly dividends to its stockholders. Future quarterly dividends, if any, will be determined by the Board on a quarterly basis. The Company paid or accrued dividends to its common stockholders of \$13.2 million, or \$0.165 per share, during the three months ended March 31, 2022 compared to \$8.0 million, or \$0.10 per share, for the three months ended March 31, 2021.

MSC Income Fund has elected to be treated for U.S. federal income tax purposes as a RIC. MSC Income Fund's taxable income includes the taxable income generated by MSC Income Fund and certain of its subsidiaries which are treated as disregarded entities for tax purposes. As a RIC, MSC Income Fund generally will not pay corporate-level U.S. federal income taxes on any net ordinary taxable income or capital gains that MSC Income Fund distributes to its stockholders. MSC Income Fund must generally distribute at least 90% of its "investment company taxable income" (which is generally its net ordinary taxable income and realized net short-term capital gains in excess of realized net long-term capital losses) and 90% of its tax-exempt income to maintain its RIC status (pass-through tax treatment for amounts distributed). As part of maintaining RIC status, undistributed taxable income (subject to a 4% non-deductible U.S. federal excise tax) pertaining to a given fiscal year may be distributed up to twelve months subsequent to the end of that fiscal year, provided such dividends are declared on or prior to the later of (i) filing of the U.S. federal income tax return for the applicable fiscal year or (ii) the fifteenth day of the ninth month following the close of the year in which such taxable income was generated.

The determination of the tax attributes for MSC Income Fund's distributions is made annually, based upon its taxable income for the full year and distributions paid for the full year. Therefore, a determination made on an interim basis may not be representative of the actual tax attributes of distributions for a full year. Ordinary dividend distributions from a RIC do not qualify for the 20% maximum tax rate (plus a 3.8% Medicare surtax, if applicable) on dividend income from domestic corporations and qualified foreign corporations, except to the extent that the RIC received the income in the form of qualifying dividends from domestic corporations and qualified foreign corporations. The tax attributes for distributions will generally include both ordinary income and qualified dividends, but may also include either one or both of capital gains and return of capital.

Listed below is a reconciliation of “Net increase (decrease) in net assets resulting from operations” to taxable income and to total distributions declared to common stockholders for the three months ended March 31, 2022 and 2021.

	Three Months Ended March 31,	
	2022	2021
	(estimated, dollars in thousands)	
Net increase (decrease) in net assets resulting from operations	\$ 16,213	\$ 12,657
Net unrealized (appreciation) depreciation	(3,731)	(5,193)
Income tax provision	464	396
Pre-tax book (income) loss not consolidated for tax purposes	(2,592)	(2,485)
Book income (loss) and tax income differences, including debt origination, structuring fees, dividends, realized gains and changes in estimates	(227)	936
Estimated taxable income ⁽¹⁾	10,127	6,311
Taxable income earned in prior year and carried forward for distribution in current year	23,276	29,173
Taxable income earned prior to period end and carried forward for distribution next period	(33,403)	(35,484)
Dividend accrued as of period end and paid-in the following period	13,178	7,961
Taxable income earned to be carried forward	(20,225)	(27,523)
Total distributions accrued or paid to common stockholders	\$ 13,178	\$ 7,961

(1) MSC Income Fund’s taxable income for each period is an estimate and will not be finally determined until MSC Income Fund files its tax return for each year. Therefore, the final taxable income, and the taxable income earned in each period and carried forward for distribution in the following period, may be different than this estimate.

The Taxable Subsidiaries primarily hold certain portfolio equity investments for the Company. The Taxable Subsidiaries permit the Company to hold equity investments in portfolio companies which are “pass-through” entities for tax purposes and to continue to comply with the “source-of-income” requirements contained in the RIC tax provisions of the Code. The Taxable Subsidiaries are consolidated with MSC Income Fund for U.S. GAAP financial reporting purposes, and the portfolio investments held by the Taxable Subsidiaries are included in the Company’s consolidated financial statements as portfolio investments and recorded at fair value. The Taxable Subsidiaries are not consolidated with MSC Income Fund for income tax purposes and may generate income tax expense, or benefit, and tax assets and liabilities, as a result of their ownership of certain portfolio investments. The taxable income, or loss, of the Taxable Subsidiaries may differ from their book income, or loss, due to temporary book and tax timing differences and permanent differences. The Taxable Subsidiaries are each taxed at their normal corporate tax rates based on their taxable income. The income tax expense, or benefit, if any, and the related tax assets and liabilities, of the Taxable Subsidiaries are reflected in the Company’s consolidated financial statements.

The income tax expense (benefit) for the Company is generally composed of (i) deferred tax expense (benefit), which is primarily the result of the net activity relating to the portfolio investments held in the Taxable Subsidiaries, including changes in loss carryforwards, changes in net unrealized appreciation or depreciation and other temporary book tax differences, and (ii) current tax expense, which is primarily the result of current U.S. federal income and state taxes and excise taxes on the Company’s estimated undistributed taxable income. The income tax expense, or benefit, and the related tax assets and liabilities generated by the Taxable Subsidiaries, if any, are reflected in the Company’s

consolidated statement of operations. The Company's provision for income taxes was comprised of the following for the three months ended March 31, 2022 and 2021 (amounts in thousands):

	Three Months Ended March 31,	
	2022	2021
Current tax expense (benefit):		
Federal	\$ 8	\$ —
State	147	87
Excise	188	309
Total current tax expense (benefit)	343	396
Deferred tax expense (benefit):		
Federal	115	—
State	6	—
Total deferred tax expense (benefit)	121	—
Total income tax provision (benefit)	<u>\$ 464</u>	<u>\$ 396</u>

The net deferred tax liability at March 31, 2022 and December 31, 2021 was \$0.1 million and \$0, respectively, with the change primarily related to net unrealized appreciation or depreciation, loss carryforwards and other temporary book-tax differences relating to portfolio investments held by the Taxable Subsidiaries. The Company recorded a valuation allowance to reduce the carrying value of deferred tax assets to the amount that more likely than not can be realized.

At March 31, 2022, for U.S. federal income tax purposes, the Taxable Subsidiaries had net operating loss carryforwards from prior years which, if unused, will expire in 2037. Any net operating losses generated in 2018 and future periods are not subject to expiration and will carryforward indefinitely until utilized. The net capital loss carryforwards of the Company will expire in various taxable years 2023 through 2025. Additionally, the Taxable Subsidiaries have interest expense limitation carryforwards which have an indefinite carryforward period.

NOTE H—SHARE REPURCHASE PROGRAM

Prior to March 31, 2020, the Company historically conducted quarterly tender offers pursuant to its share repurchase program. On March 31, 2020, the Board unanimously approved a temporary suspension of the Company's share repurchase program commencing with the second quarter of 2020. The Board determined that it was in the best interest of the Company to suspend the share repurchase program in order to preserve financial flexibility and liquidity given the potential prolonged impact of COVID-19. From April 2020 through March 2021, the share repurchase program remained suspended due to the impacts of the COVID-19 pandemic. On March 8, 2021, the Company announced that the Board approved the reinstatement of the share repurchase program following the payment of the dividend declared by the Board for payment on April 1, 2021, and the Company has conducted quarterly tender offers pursuant to its share repurchase program since then.

Under the terms of the reinstated share repurchase program, the Company offers to purchase shares at the estimated NAV per share, as determined within 48 hours prior to the repurchase date. The amount of shares of the Company's common stock to be repurchased during any calendar quarter may be equal to the lesser of (i) the number of shares of common stock the Company could repurchase with the proceeds it received from the issuance of common stock under the Company's dividend reinvestment plan or (ii) 2.5% of the weighted-average number of shares of common stock outstanding in the prior four calendar quarters. Upon resuming making offers to repurchase shares pursuant to the share repurchase program in April 2021, the Company has limited repurchase offers to the number of shares of common stock it can repurchase with 90% of the cash retained as a result of issuances of common stock under the Company's dividend reinvestment plan.

At the discretion of the Board, the Company may also use cash on hand, cash available from borrowings and cash from the sale of investments as of the end of the applicable period to repurchase shares. The Board may amend, suspend or terminate the share repurchase program upon 30 days' notice. Since inception of its share repurchase program, the Company has funded the repurchase of \$116.9 million in shares of common stock. For the three months

ended March 31, 2022, the Company funded \$3.8 million for shares of its common stock tendered for repurchase under the plan. As discussed above, the share repurchase program was suspended due to the impacts of the COVID-19 pandemic during the first quarter of 2021, and therefore no shares were repurchased for the three months ended March 31, 2021.

NOTE I—DIVIDEND REINVESTMENT PLAN

The Company has adopted a dividend reinvestment plan (“DRIP”) that provides for the reinvestment of dividends on behalf of stockholders. As a result, if the Company declares a cash dividend, stockholders who have “opted in” to the DRIP will have their cash dividend automatically reinvested into additional shares of MSC Income Fund common stock. The number of shares of common stock to be issued to a stockholder under the DRIP shall be determined by dividing the total dollar amount of the distribution payable to such stockholder by a price per share of common stock determined by the Board or a committee thereof, in its sole discretion, that is (i) not less than the net asset value per share of common stock determined in good faith by the Board or a committee thereof, in its sole discretion, within 48 hours prior to the payment of the distribution (the “NAV per share”) and (ii) not more than 2.5% greater than the NAV per share as of such date.

Summarized DRIP information for the three months ended March 31, 2022 and 2021 is follows:

	March 31,	
	2022	2021
	(\$ in millions)	
DRIP participation	\$ 4.2	\$ —
Shares issued for DRIP	533,062	—

NOTE J—COMMITMENTS AND CONTINGENCIES

At March 31, 2022, the Company had the following outstanding commitments (in thousands):

<i>Investments with equity capital commitments that have not yet funded:</i>	Amount
Brightwood Capital Fund III, LP	\$ 1,000
Freeport First Lien Loan Fund III LP	4,871
HPEP 3, L.P.	1,555
Total Equity Commitments	\$ 7,426
<i>Investments with commitments to fund revolving loans that have not been fully drawn or term loans with additional commitments not yet funded:</i>	
GS Operating, LLC	\$ 4,773
Winter Services LLC	4,028
ArborWorks, LLC	3,727
Infolinks Media Buyco, LLC	3,150
NinjaTrader, LLC	3,078
KMS, LLC	2,714
NWN Corporation	2,674
SIB Holdings, LLC	2,655
Rug Doctor, LLC	2,633
Roof Opco, LLC	2,450
MB2 Dental Solutions, LLC	2,256
Mako Steel, LP	2,231
SI East, LLC	1,750
American Health Staffing Group, Inc.	1,667
Xenon Arc, Inc.	1,600
Evergreen North America Acquisitions, LLC	1,548
IG Parent Corporation	1,333
Burning Glass Intermediate Holding Company, Inc.	1,239
Flip Electronics LLC	1,091

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Paragon Healthcare, Inc.	1,071
Interface Security Systems, L.L.C	1,067
Invincible Boat Company, LLC.	1,037
Adams Publishing Group, LLC	941
Student Resource Center, LLC	833
Watterson Brands, LLC	758
DTE Enterprises, LLC	750
RA Outdoors LLC	741
JTI Electrical & Mechanical, LLC	702
West Star Aviation Acquisition, LLC	667
GRT Rubber Technologies LLC	660
Direct Marketing Solutions, Inc.	600
VVS Holdco, LLC	600
Zips Car Wash, LLC	582
Robbins Bros. Jewelry, Inc.	500
Wall Street Prep, Inc.	500
Cody Pools, Inc.	471
Computer Data Source, LLC	417
Colonial Electric Company LLC	400
Trantech Radiator Topco, LLC	400
Chamberlin Holding LLC	400
South Coast Terminals Holdings, LLC	381
Hawk Ridge Systems, LLC	354
AVEX Aviation Holdings, LLC	350
BDS Solutions IntermediateCo, LLC	324
Gamber-Johnson Holdings, LLC	300
Batjer TopCo, LLC	300
Dynamic Communities, LLC	250
The Affiliati Network, LLC	230
Mystic Logistics Holdings, LLC	200
Johnson Downie Opco, LLC	200
Career Team Acquireco LLC	200
Orttech Holdings, LLC	156
Event Holdco, LLC	154
ATS Operating, LLC	150
Classic H&G Holdco, LLC	100
Flame King Holdings, LLC	100
Datacom, LLC	50
<hr/>	
Total Loan Commitments	\$ 64,493
<hr/>	
Total Commitments	\$ 71,919

The Company will fund its unfunded commitments from the same sources it uses to fund its investment commitments that are funded at the time they are made (which are typically through existing cash and cash equivalents and borrowings under the Credit Facilities). The Company follows a process to manage its liquidity and ensure that it has available capital to fund its unfunded commitments as necessary. The Company had no unrealized appreciation or depreciation on the outstanding unfunded commitments as of March 31, 2022.

The Company may, from time to time, be involved in litigation arising out of its operations in the normal course of business or otherwise. Furthermore, third parties may try to impose liability on the Company in connection with the activities of its portfolio companies. While the outcome of any current legal proceedings cannot at this time be predicted with certainty, the Company does not expect any current matters will materially affect its financial condition or results of operations; however, there can be no assurance whether any pending legal proceedings will have a material adverse effect on the Company's financial condition or results of operations in any future reporting period.

NOTE K - RELATED PARTY TRANSACTIONS

1. Advisory Agreements and Conditional Fee and Expense Reimbursement Waivers

On October 30, 2020, the Company entered into the Investment Advisory Agreement with the Adviser which states that the Adviser will oversee the management of the Company's activities and is responsible for making investment decisions with respect to, and providing day-to-day management and administration of, the Company's investment portfolio.

Pursuant to the Investment Advisory Agreement, the Company pays the Adviser a base management fee and incentive fees as compensation for the services described above. The base management fee is calculated at an annual rate of 1.75% of the Company's average gross assets. The term "gross assets" means total assets of the Company as disclosed on the Company's balance sheet. "Average gross assets" are calculated based on the Company's gross assets at the end of the two most recently completed calendar quarters. The base management fee is payable quarterly in arrears. The base management fee is expensed as incurred.

The incentive fee under the Investment Advisory Agreement consists of two parts. The first part, referred to as the subordinated incentive fee on income, is calculated and payable quarterly in arrears based on Pre-Incentive Fee Net Investment Income (as defined below) for the immediately preceding quarter. The subordinated incentive fee on income is equal to 20.0% of the Company's Pre-Incentive Fee Net Investment Income for the immediately preceding quarter, expressed as a quarterly rate of return on adjusted capital at the beginning of the most recently completed calendar quarter, exceeding 1.875% (or 7.5% annualized), subject to a "catch up" feature (as described below).

For this purpose, Pre-Incentive Fee Net Investment Income means interest income, dividend income and any other income (including any other fees 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 Company's operating expenses for the quarter (including the management fee, expenses payable under any proposed administration agreement and any interest expense and dividends paid on any issued and outstanding preferred stock, but excluding taxes and the incentive fee). Pre-Incentive Fee Net Investment Income includes, in the case of investments with a deferred interest feature (such as original issue discount debt instruments and PIK interest and zero coupon securities), 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. For purposes of this fee, adjusted capital means cumulative gross proceeds generated from sales of the Company's common stock (including proceeds from the Company's dividend reinvestment plan) reduced for non-liquidating distributions, other than distributions of profits, paid to the Company's stockholders and amounts paid for share repurchases pursuant to the Company's share repurchase program. The subordinated incentive fee on income is expensed in the quarter in which it is incurred.

The calculation of the subordinated incentive fee on income for each quarter is as follows:

- No subordinated incentive fee on income shall be payable to the Adviser in any calendar quarter in which the Company's Pre-Incentive Fee Net Investment Income does not exceed the hurdle rate of 1.875% (or 7.5% annualized) on adjusted capital;
- 100% of the Company's Pre-Incentive Fee Net Investment Income, if any, that exceeds the hurdle rate but is less than or equal to 2.34375% in any calendar quarter (9.375% annualized) shall be payable to the Adviser. This portion of the subordinated incentive fee on income is referred to as the "catch up" and is intended to provide the Adviser with an incentive fee of 20.0% on all of the Company's Pre-Incentive Fee Net Investment Income as if the hurdle rate did not apply when the Pre-Incentive Fee Net Investment Income exceeds 2.34375% (9.375% annualized) in any calendar quarter; and
- For any quarter in which the Company's Pre-Incentive Fee Net Investment Income exceeds 2.34375% (9.375% annualized), the subordinated incentive fee on income shall equal 20.0% of the amount of the Company's Pre-Incentive Fee Net Investment Income, as the hurdle rate and catch-up will have been achieved.

The second part of the incentive fee, referred to as the incentive fee on capital gains, is an incentive fee on realized capital gains earned from the portfolio of the Company and is determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Advisory Agreement). This fee equals 20.0% of the Company's incentive fee capital gains, which equals the Company's realized capital gains on a cumulative basis from inception, calculated as of the end of each calendar year, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gain incentive fees. At the end of each reporting period, the Company estimates the incentive fee on capital gains and accrues the fee based on a hypothetical liquidation of its portfolio. Therefore, the accrual includes both net realized gains and net unrealized gains (the net unrealized difference between the fair value and the par value of its portfolio), if any. The incentive fee accrued pertaining to the unrealized gain is neither earned nor payable to the Adviser until such time it is realized.

For the three months ended March 31, 2022 and 2021, the Company incurred base management fees of approximately \$5.0 million and \$3.9 million, respectively. The Adviser did not waive any portion of the base management fees incurred in the three months ended March 31, 2022 and 2021. For both of the three months ended March 31, 2022 and 2021, the Company did not incur any subordinated incentive fees on income or any capital gains incentive fees.

Pursuant to the Investment Advisory Agreement, the Company is required to pay or reimburse the Adviser for administrative services expenses, which include all costs and expenses related to the Company's day-to-day administration and management not related to advisory services, whether such administrative services were performed by a third-party service provider or the Adviser or its affiliates (to the extent performed by the Adviser, or its affiliates, the "Internal Administrative Services"). Internal Administrative Services include, but are not limited to, the cost of the Adviser's personnel performing accounting and compliance functions and other administrative services on behalf of the Company.

The Adviser waived reimbursement of all Internal Administrative Services expenses from October 30, 2020 through December 31, 2021. On January 1, 2022, the Adviser assumed responsibility of certain administrative services that were previously provided for the Company by a third-party sub-administrator. From January 1, 2022 through March 31, 2022, the Adviser continued to waive reimbursement of all Internal Administrative Services expenses, except for the cost of the services previously provided by the sub-administrator. For the three months ended March 31, 2022 and 2021, the Company incurred Internal Administrative Services Expenses of \$1.2 million and \$1.1 million, respectively. For the three months ended March 31, 2022 and 2021, the Adviser waived the reimbursements of Internal Administrative Services expenses of \$1.0 million and \$1.1 million, respectively. Waived Internal Administrative Services expenses are permanently waived and are not subject to future reimbursement.

2. Offering Costs

In accordance with the investment advisory agreement (the "Original Investment Advisory Agreement") with HMS Adviser LP, the Company's previous investment adviser ("HMS Adviser"), the Company reimbursed HMS Adviser for any offering costs that were paid on the Company's behalf, which consisted of, among other costs, actual legal, accounting, bona fide out-of-pocket itemized and detailed due diligence costs, printing, filing fees, transfer agent costs, postage, escrow fees, advertising and sales literature and other costs incurred in connection with the offering of the Company's common stock, including through the Company's dividend reinvestment plan. HMS Adviser was responsible for the payment of offering costs to the extent they exceeded 1.5% of the aggregate gross stock offering proceeds. Pursuant to the transaction whereby the Adviser became the investment adviser to the Company, HMS Adviser agreed to permanently waive reimbursement of organizational and offering expenses except for \$0.6 million which remained payable to HMS Adviser and would be reimbursed as part of future issuances of common stock by the Company. For the three months ended March 31, 2022, the Company reimbursed HMS Adviser \$0.06 million in connection with stock issuances. As of March 31, 2022, \$0.3 million of the Company's reimbursement obligation to HMS Adviser for organizational and offering expenses remained outstanding.

3. Indemnification

The Investment Advisory Agreement provides that the Adviser and its officers, directors, controlling persons and any other person or entity affiliated with it acting as the Company's agent are entitled to indemnification (including reasonable attorneys' fees and amounts reasonably paid in settlement) for any liability or loss suffered by such

indemnitee, and such indemnitee will be held harmless for any loss or liability suffered by the Company, if (i) the indemnitee has determined, in good faith, that the course of conduct which caused the loss or liability was in the Company's best interests, (ii) the indemnitee was acting on behalf of or performing services for the Company, (iii) the liability or loss suffered was not the result of negligence, willful malfeasance, bad faith or misconduct by the indemnitee or an affiliate thereof acting as the Company's agent and (iv) the indemnification or agreement to hold the indemnitee harmless is only recoverable out of the Company's net assets and not from the Company's stockholders.

4. Co-Investment

In the ordinary course of business, the Company enters into transactions with other parties that may be considered related party transactions. The Company has implemented certain policies and procedures, both written and unwritten, to ensure that it does not engage in any prohibited transactions with any persons affiliated with the Company. If such affiliations are found to exist, the Company seeks the Board and/or appropriate Board committee review and approval for such transactions and otherwise comply with, or seek, orders for exemptive relief from the SEC, as appropriate.

The Company has received an exemptive order from the SEC permitting co-investments among the Company, Main Street and other funds and clients advised by the Adviser in certain negotiated transactions where co-investing would otherwise be prohibited under the 1940 Act. The Company has made co-investments, and in the future intends to continue to make co-investments with Main Street and other funds and clients advised by the Adviser, in accordance with the conditions of the order. The order requires, among other things, that the Adviser and Main Street consider whether each such investment opportunity is appropriate for the Company, Main Street and the other funds and clients advised by the Adviser, as applicable, and if it is appropriate, to propose an allocation of the investment opportunity between such parties. Because the Adviser is wholly owned by Main Street and is not managing the Company's investment activities as its sole activity, this may provide the Adviser an incentive to allocate opportunities to other participating funds and clients instead of the Company. However, the Adviser has policies and procedures in place to manage this conflict, including oversight by the independent members of the Board. Additional information regarding the operation of the co-investment program is set forth in the order granting exemptive relief, which may be reviewed on the SEC's website at www.sec.gov. In addition to the co-investment program described above, the Company also co-invests in syndicated deals and other transactions where price is the only negotiated point by the Company and its affiliates.

5. Main Street Term Loan

On January 27, 2021, the Company entered into the Main Street Term Loan, which initially provided for an aggregate principal amount of \$40.0 million in borrowings. The Company paid a 1.0% upfront fee to Main Street on the closing date.

On July 27, 2021, the Company entered into an amendment to the Main Street Term Loan that allowed the Company to initially draw an additional \$20.0 million, with another \$15.0 million available to be drawn in two separate \$7.5 million tranches at a later date. Following the amendment, as of September 30, 2021, the aggregate principal amount outstanding under the Main Street Term Loan was \$60.0 million bearing interest at a fixed rate of 5.00% per annum and maturing on January 27, 2026.

Borrowings under the Main Street Term Loan were expressly subordinated and junior in right of payment to all secured indebtedness of the Company. The Main Street Term Loan was unanimously approved by the Board, including each director who is not an "interested person," as such term is defined in Section 2(a)(19) of the 1940 Act, of the Company or the Adviser. On October 22, 2021, the Company fully repaid all borrowings outstanding under the Main Street Term Loan and the Main Street Term Loan was extinguished.

NOTE L—SUBSEQUENT EVENTS

On May 2, 2022, the Company repurchased 534,339 shares of its common stock validly tendered and not withdrawn on the terms set forth in the tender offer statement on Schedule TO and Offer to Purchase filed with the SEC on March 14, 2022. The shares were repurchased at a price of \$7.77 per share, which was the Company's net asset value per share as of May 2, 2022, for an aggregate purchase price of \$4.2 million (an amount equal to approximately 90% of

the proceeds the Company received from the issuance of shares under the Company's dividend reinvestment plan from the May 2, 2022 dividend payment).

On May 2, 2022, the Company sold 94,697 shares of its common stock to Main Street at \$7.92 per share, the price at which the Company issued new shares in connection with reinvestments of the May 2, 2022 dividend pursuant to the dividend reinvestment plan, for total proceeds to the Company of \$750,000. The issuance and sale were made pursuant to the exemption from registration under Section 4(a)(2) of the Securities Act of 1933, as amended, and was unanimously approved by the Board, including each director who is not an "interested person," as such term is defined in Section 2(a)(19) of the 1940 Act, of the Company or the Adviser.

On May 12, 2022, the Board declared a quarterly cash dividend of \$0.16 per share payable August 1, 2022 to stockholders of record as of June 30, 2022.

MSC INCOME FUND, INC.
Consolidated Schedule of Investments In and Advances to Affiliates
March 31, 2022
(dollars in thousands)
(Unaudited)

Company	Investment(1)(10)(11)	Geography	Amount of Realized Gain/(Loss)	Amount of Unrealized Gain/(Loss)	Amount of Interest, Fees or Dividends Credited to Income(2)	December 31, 2021 Fair Value	Gross Additions(3)	Gross Reductions(4)	March 31, 2022 Fair Value
Control Investments									
GRT Rubber Technologies LLC	8.23% (L+8.00%) Secured Debt Member Units	(8)	\$ -	\$ (12)	\$ 401	\$ 19,152	\$ 1	\$ -	\$ 19,153
		(8)	-	-	600	22,750	-	-	22,750
Harris Preston Fund Investments	LP Interests (2717 MH, L.P.)	(8)	-	189	-	3,971	346	-	4,317
	LP Interests (2717 HPP- MS, L.P.)	(8)	-	-	-	-	-	-	-
Copper Trail Energy Fund I, LP - CTMH	LP Interests (CTMH, LP)	(9)	-	-	-	710	-	-	710
Other									
Amounts related to investments transferred to or from other 1940 Act classification during the period									
			-	-	-	-	-	-	-
Total Control Investments			\$ -	\$ 177	\$ 1,001	\$ 46,583	\$ 347	\$ -	\$ 46,930
Affiliate Investments									
AFG Capital Group, LLC	10.00% Secured Debt Preferred Member Units	(8)	\$ -	\$ -	\$ 1	\$ 36	\$ -	\$ 22	\$ 14
	12.00% (L+10.00%, Floor 2.00%) Secured Debt	(8)	-	160	-	1,930	160	-	2,090
ASK (Analytical Systems Keco Holdings, LLC)	Preferred Member Units	(8)	-	(140)	42	1,178	7	17	1,168
	Warrants	(8)	-	-	-	1,220	-	140	1,080
ATX Networks Corp.	8.50% (L+7.50%, Floor 1.00%) Secured Debt	(6)	-	235	-	7,121	235	96	7,260
	10.00% PIK Unsecured Debt	(6)	-	84	74	1,977	159	-	2,136
Barfly Ventures, LLC	Preferred Member Units	(5)	-	40	-	643	40	-	683
Batjer TopCo, LLC	11.00% Secured Debt Member Units	(8)	-	-	10	-	1,201	-	1,201
	11.00% (L+10.00%, Floor 1.00%) Secured Debt	(8)	-	-	-	-	453	-	453
Brewer Crane Holdings, LLC	Preferred Member Units	(9)	-	-	57	2,005	2	31	1,976
	12.00% (L+10.00%, Floor 2.00%) Secured Debt	(9)	-	10	66	1,930	10	-	1,940
Centre Technologies Holdings, LLC	Preferred Member Units	(8)	-	-	73	2,216	3	38	2,181
	9.00% (L+8.00%, Floor 1.00%) Secured Debt	(8)	-	-	8	1,460	-	-	1,460
Chamberlin Holding LLC	Member Units	(8)	-	(11)	110	4,454	11	45	4,420
	10.00% Unsecured Debt	(8)	-	(27)	78	6,415	-	27	6,388
Charps, LLC	Preferred Member Units	(5)	-	-	-	-	-	-	-
	10.50% (L+9.50%, Floor 1.00%) Secured Debt	(5)	-	20	52	3,500	20	-	3,520
Clad-Rex Steel, LLC	Member Units	(5)	-	-	69	2,620	-	-	2,620
	12.25% (L+10.50%, Floor 1.75%) Secured Debt	(5)	-	-	7	268	-	2	266
	Preferred Member Units	(5)	-	20	87	2,693	20	1	2,712
Cody Pools, Inc.	Debt	(8)	-	4	234	7,181	649	640	7,190
	Preferred Member Units	(8)	-	-	172	11,910	-	-	11,910
Colonial Electric Company LLC	12.00% Secured Debt	(6)	-	-	192	6,007	10	79	5,938
	Preferred Member Units	(6)	-	-	93	2,280	-	-	2,280
Datacom, LLC	7.50% Secured Debt	(8)	-	-	25	852	6	7	851
	Preferred Member Units	(8)	-	10	3	290	10	-	300
Digital Products Holdings LLC	11.00% (L+10.00%, Floor 1.00%) Secured Debt	(5)	-	-	120	4,186	6	83	4,109

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	Preferred Member Units	(5)	-	-	13	2,459	-	-	2,459
	12.00% (L+11.00%, Floor 1.00%) Secured Debt	(9)	-	-	150	4,698	14	75	4,637
Direct Marketing Solutions, Inc.	Preferred Stock	(9)	-	1,020	86	4,590	1,020	-	5,610
	12.00% (L+11.00%, Floor 1.00%) Secured Debt	(9)	-	-	167	5,145	8	-	5,153
Flame King Holdings, LLC	7.50% (L+6.50%, Floor 1.00%) Secured Debt	(9)	-	-	35	1,581	301	-	1,882
	Preferred Equity	(9)	-	-	70	2,600	-	-	2,600
Freeport Financial Funds	LP Interests (Freeport First Lien Loan Fund III LP)	(5)	-	-	88	7,231	-	-	7,231
	10.50% (L+8.50%, Floor 2.00%) Secured Debt	(5)	-	(1)	130	5,400	1	1	5,400
Gamber-Johnson Holdings, LLC	Member Units	(5)	-	(1,151)	45	12,430	-	1,151	11,279
GFG Group, LLC.	12.00% Secured Debt	(5)	-	(5)	99	3,136	5	5	3,136
	Preferred Member Units	(5)	-	-	63	1,750	-	-	1,750
	10.50% (5.25% Cash, 5.25% PIK) (L+9.50%, Floor 1.00%) Secured Debt	(8)	-	-	1	64	-	-	64
Gulf Publishing Holdings, LLC	12.50% (6.25% Cash, 6.25% PIK) Secured Debt	(8)	-	(430)	53	2,429	-	429	2,000
	LP Interests (HPEP 3, L.P.)	(8)	446	(280)	-	4,712	-	280	4,432
HPEP 3, L.P.	11.50% Secured Debt	(5)	-	-	155	5,040	9	-	5,049
Kickhaefer Manufacturing Company, LLC	9.00% Secured Debt	(5)	-	-	22	970	-	3	967
	Member Units	(5)	-	(20)	-	3,695	-	20	3,675
	Member Units	(5)	-	-	7	-	-	-	-
	12.00% (L+11.00%, Floor 1.00%) Secured Debt	(9)	-	-	3	2,234	3	-	2,237
Market Force Information, LLC	13.00% Secured Debt	(5)	-	(374)	68	1,484	2	394	1,092
MH Corbin Holding LLC	Preferred Member Units	(5)	-	-	-	-	-	-	-
Oneliance, LLC	Preferred Stock	(7)	-	-	-	264	-	-	264
	12.00% (L+11.00%, Floor 1.00%) Secured Debt	(7)	-	-	44	1,374	1	-	1,375
Ortech Holdings, LLC	12.00% (L+11.00%, Floor 1.00%) Secured Debt	(5)	-	-	189	5,978	6	-	5,984
	Preferred Stock	(5)	-	-	48	2,500	-	-	2,500
Mystic Logistics Holdings, LLC	10.00% Secured Debt	(6)	-	-	39	1,595	-	71	1,524
	Common Stock	(6)	-	555	142	2,210	554	-	2,764
NexRev LLC	11.00% Secured Debt	(8)	-	-	215	3,510	6	54	3,462
	Preferred Member Units	(8)	-	-	5	670	-	-	670
	7.50% (L+6.50%, Floor 1.00%) Secured Debt	(5)	-	1	11	430	300	-	730
NuStep, LLC	12.00% Secured Debt	(5)	-	-	126	4,310	-	-	4,310
	Preferred Member Units	(5)	-	-	-	3,380	-	1	3,379
	12.00% (L+11.00%, Floor 1.00%) Secured Debt	(9)	-	-	126	-	3,955	-	3,955
Robbins Bros. Jewelry, Inc.	Preferred Equity	(9)	-	-	16	-	1,230	-	1,230
SI East, LLC (Stavig)	10.25% Secured Debt	(7)	-	106	569	21,950	-	102	21,848
	Preferred Member Units	(7)	-	320	30	3,860	320	-	4,180
Sonic Systems International, LLC	8.50% (L+7.50%, Floor 1.00%) Secured Debt	(8)	-	-	312	13,738	14	-	13,752
	Common Stock	(8)	-	(70)	13	1,250	-	70	1,180
Tedder Industries, LLC	12.00% Secured Debt	(9)	-	-	142	4,013	157	-	4,170
	Preferred Member Units	(9)	-	-	-	2,145	-	-	2,145
Trantech Radiator Topco, LLC	12.00% Secured Debt	(7)	-	-	71	2,174	11	105	2,080
	Common Stock	(7)	-	-	7	2,160	-	-	2,160
VVS Holdeo, LLC	11.50% Secured Debt	(5)	-	-	230	7,375	11	-	7,386
	7.00% (L+6.00%, Floor 1.00%) Secured Debt	(5)	-	-	5	292	-	99	193
	Preferred Equity	(5)	-	-	38	2,960	-	-	2,960
Other									
Amounts related to investments transferred to or from other									
1940 Act classification during the period									
Total Affiliate investments									
			\$ 446	\$ 77	\$ 5,206	\$ 234,158	\$ 10,930	\$ 4,088	\$ 241,000

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- (1) The principal amount, the ownership detail for equity investments and if the investment is income producing is included in the consolidated schedule of investments.
- (2) Represents the total amount of interest, fees and dividends credited to income for the portion of the period for which an investment was included in Control or Affiliate categories, respectively. For investments transferred between Control and Affiliate categories during the period, any income or investment balances related to the time period it was in the category other than the one shown at period end is included in “Amounts related to investments transferred to or from other 1940 Act classifications during the period.”
- (3) Gross additions include increases in the cost basis of investments resulting from new portfolio investments, follow-on investments and accrued PIK interest, and the exchange of one or more existing securities for one or more new securities. Gross additions also include net increases in unrealized appreciation or net decreases in net unrealized depreciation as well as the movement of an existing portfolio company into this category and out of a different category.
- (4) Gross reductions include decreases in the cost basis of investments resulting from principal repayments or sales and the exchange of one or more existing securities for one or more new securities. Gross reductions also include net increases in net unrealized depreciation or net decreases in unrealized appreciation as well as the movement of an existing portfolio company out of this category and into a different category.
- (5) Portfolio company located in the Midwest region as determined by location of the corporate headquarters. The fair value as of March 31, 2022 for affiliate investments located in this region was \$83,390. This represented 13.5% of net assets as of March 31, 2022.
- (6) Portfolio company located in the Northeast region as determined by location of the corporate headquarters. The fair value as of March 31, 2022 for affiliate investments located in this region was \$21,902. This represented 3.6% of net assets as of March 31, 2022.
- (7) Portfolio company located in the Southeast region as determined by location of the corporate headquarters. The fair value as of March 31, 2022 for affiliate investments located in this region was \$31,907. This represented 5.2% of net assets as of March 31, 2022.
- (8) Portfolio company located in the Southwest region as determined by location of the corporate headquarters. The fair value as of March 31, 2022 for control investments located in this region was \$46,220. This represented 7.5% of net assets as of March 31, 2022. The fair value as of March 31, 2022 for affiliate investments located in this region was \$66,266. This represented 10.7% of net assets as of March 31, 2022.
- (9) Portfolio company located in the West region as determined by location of the corporate headquarters. The fair value as of March 31, 2022 for control investments located in this region was \$710. This represented 0.1% of net assets as of March 31, 2022. The fair value as of March 31, 2022 for affiliate investments located in this region was \$37,535. This represented 6.1% of net assets as of March 31, 2022.
- (10) All of the Company’s portfolio investments are generally subject to restrictions on resale as “restricted securities,” unless otherwise noted.
- (11) This schedule should be read in conjunction with the consolidated schedule of investments and notes to the consolidated financial statements. Supplemental information can be located within the schedule of investments including end of period interest rate, preferred dividend rate, maturity date, investments not paid currently in cash and investments whose value was determined using significant unobservable inputs.

MSC INCOME FUND, INC.
Consolidated Schedule of Investments in and Advances to Affiliates
March 31, 2021
(dollars in thousands)
(Unaudited)

Company	Investment(1)(10)(11)	Geography	Amount of Realized Gain/(Loss)	Amount of Unrealized Gain/(Loss)	Amount of Interest, Fees or Dividends Credited to Income(2)	December 31, 2020 Fair Value	Gross Additions(3)	Gross Reductions(4)	March 31, 2021 Fair Value
Control Investments									
GRT Rubber Technologies LLC	(L+7.00%) Secured Debt	(8)	\$ -	\$ (1)	\$ 152	\$ 8,262	\$ 3,465	\$ -	\$ 8,262
	Member Units	(8)	-	-	448	22,120	-	3,465	22,120
	LP Interests (2717 MH, L.P.)	(8)	-	(65)	-	2,702	47	65	2,684
Copper Trail Energy Fund I, LP - CTMH	LP Interests (CTMH, LP)	(9)	-	-	-	727	-	37	710
Other									
Amounts related to investments transferred to or from other 1940 Act classification during the period									
			-	-	-	-	-	-	-
Total Control Investments			<u>\$ -</u>	<u>\$ (66)</u>	<u>\$ 600</u>	<u>\$ 33,811</u>	<u>\$ 3,512</u>	<u>\$ 3,567</u>	<u>\$ 33,776</u>
Affiliate Investments									
AFG Capital Group, LLC	Preferred Member Units	(8)	\$ -	\$ 130	\$ -	\$ 1,450	\$ 130	\$ -	\$ 1,580
	10.00% Secured Debt	(8)	-	-	3	123	-	22	101
ASK (Analytical Systems Keco Holdings, LLC)	Preferred Member Units (L+10.00%, Floor 2.00%) Secured Debt	(8)	-	(120)	-	800	-	120	680
	Warrants	(8)	-	-	79	1,180	39	-	1,219
	Member Units	(5)	-	-	-	528	-	-	528
Brewer Crane Holdings, LLC	Preferred Member Units (L+10.00%, Floor 1.00%) Secured Debt	(9)	-	(90)	8	1,460	-	90	1,370
	(L+10.00%, Floor 2.00%) Secured Debt	(9)	-	-	63	2,119	2	31	2,090
Centre Technologies Holdings, LLC	(L+10.00%, Floor 2.00%) Secured Debt	(8)	-	-	92	2,868	3	38	2,833
	Preferred Member Units (L+8.00%, Floor 1.00%) Secured Debt	(8)	-	-	-	1,540	-	-	1,540
Chamberlin Holding LLC	Member Units	(8)	-	(6)	102	3,803	6	6	3,803
	Member Units	(8)	-	50	290	7,020	50	-	7,070
	Member Units	(8)	-	15	4	317	15	-	332
Charps, LLC	Preferred Member Units	(5)	-	200	261	2,630	200	-	2,830
	0.15 Secured Debt (L+9.50%, Floor 1.00%)	(5)	-	-	9	167	-	167	-
Clad-Rex Steel, LLC	Secured Debt	(5)	-	-	76	2,706	4	-	2,710
	Member Units	(5)	-	(1)	68	2,153	-	1	2,152
	Member Units	(5)	-	-	-	132	-	-	132
	10.00% Secured Debt	(5)	-	-	7	275	-	2	273
Cody Pools, Inc.	(L+10.50%, Floor 1.75%) Secured Debt	(8)	-	(4)	119	3,554	4	54	3,504
	Preferred Member Units	(8)	-	980	-	3,740	980	-	4,720
Colonial Electric Company LLC	12.00% Secured Debt	(6)	-	-	-	-	6,143	-	6,143
	Preferred Member Units	(6)	-	-	-	-	1,920	-	1,920
	LP Interests (Copper Trail Energy Fund I, LP)	(9)	-	61	98	1,782	61	-	1,843
Copper Trail Energy Fund I, LP	8.00% Secured Debt	(8)	-	-	-	-	-	-	-
Datacom, LLC	Preferred Member Units	(8)	-	-	-	-	290	-	290
	10.50% PIK Secured Debt	(8)	-	-	-	-	-	-	-
	Preferred Member Units	(8)	-	-	-	-	-	-	-
	Preferred Member Units	(8)	-	-	-	-	-	-	-
	5.00% Secured Debt (L+10.00%, Floor 1.00%) Secured Debt	(8)	-	-	4	-	904	3	901
Digital Products Holdings LLC	(L+10.00%, Floor 1.00%) Secured Debt	(5)	-	-	133	4,493	6	83	4,416
	Preferred Member Units	(5)	-	-	13	2,459	-	-	2,459
Direct Marketing Solutions, Inc.	Preferred Stock	(9)	-	(380)	-	4,840	-	380	4,460

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	(L+11.00%, Floor 1.00%) Secured Debt	(9)	-	-	122	3,717	10	4	3,723
Freeport Financial Funds	LP Interests (Freeport First Lien Loan Fund III LP)	(5)	-	-	274	10,321	1,398	-	8,923
Gamber-Johnson Holdings, LLC	(L+7.00%, Floor 2.00%) Secured Debt	(5)	-	(12)	127	4,960	798	598	5,160
	Member Units	(5)	-	(22)	119	13,120	712	22	13,810
GFG Group, LLC.	Preferred Member Units	(5)	-	-	-	-	1,225	-	1,225
	12.00% Secured Debt (5.25% Cash, 5.25% PIK) (L+9.50%, Floor 1.00%) Secured Debt (6.25% Cash, 6.25% PIK) Secured Debt	(5)	-	-	-	-	3,818	-	3,818
Gulf Publishing Holdings, LLC		(8)	-	-	2	63	1	-	64
		(8)	-	5	125	2,988	60	-	3,048
Hawk Ridge Systems, LLC	10.00% Secured Debt	(9)	-	-	7	-	-	-	-
	10.00% Secured Debt	(9)	-	(4)	98	3,350	4	4	3,350
	Preferred Member Units	(9)	-	321	77	2,008	322	-	2,330
	Preferred Member Units	(9)	-	15	-	105	15	-	120
HPEP 3, L.P.	LP Interests (HPEP 3, L.P.)	(8)	-	-	-	3,258	374	-	3,632
J&J Services, Inc.	11.50% Secured Debt	(7)	-	(2)	102	3,200	2	2	3,200
	Preferred Stock	(7)	-	-	-	3,170	-	-	3,170
Kickhaefer Manufacturing Company, LLC	Member Units	(5)	-	-	4	3,060	-	-	3,060
	11.50% Secured Debt	(5)	-	-	178	5,500	5,375	5,367	5,508
	9.00% Secured Debt	(5)	-	-	21	978	-	2	976
	Member Units	(5)	-	-	-	290	-	-	290
	PIK Secured Debt	(9)	-	(74)	-	3,391	-	74	3,317
MH Corbin Holding LLC	(10.00% Cash, 3.00% PIK) Secured Debt	(5)	-	-	74	2,070	2	20	2,052
	Preferred Member Units	(5)	-	(290)	-	590	-	290	300
Mystic Logistics Holdings, LLC	12.00% Secured Debt	(6)	-	-	52	1,682	248	248	1,682
	Common Stock	(6)	-	(428)	51	2,248	-	428	1,820
NexRev LLC	Preferred Member Units	(8)	-	450	5	370	450	-	820
	11.00% Secured Debt	(8)	-	46	125	4,177	248	252	4,173
NuStep, LLC	Preferred Member Units	(5)	-	150	-	2,700	150	-	2,850
	12.00% Secured Debt	(5)	-	-	153	4,288	5	-	4,293
SI East, LLC (Stavig)	9.50% Secured Debt	(7)	-	(19)	288	10,987	20	1,269	9,738
Tedder Industries, LLC	12.00% Secured Debt	(9)	-	-	138	4,025	13	400	3,638
	Preferred Member Units	(9)	-	-	-	2,034	-	-	2,034
	12.00% Secured Debt	(9)	-	-	1	-	-	-	-
Trantech Radiator Topco, LLC	Common Stock	(7)	-	(90)	7	1,510	-	90	1,420
	12.00% Secured Debt	(7)	-	(8)	71	2,131	3	8	2,126
	Preferred Member Units	(7)	-	130	-	3,260	130	-	3,390
Other									
Amounts related to investments transferred to or from other 1940 Act classification during the period			-	-	-	-	-	-	-
Total Affiliate investments			\$ -	\$ 1,003	\$ 3,650	\$ 157,690	\$ 26,140	\$ 10,075	\$ 170,959

- (1) The principal amount, the ownership detail for equity investments and if the investment is income producing is included in the consolidated schedule of investments.
- (2) Represents the total amount of interest, fees and dividends credited to income for the portion of the period for which an investment was included in Control or Affiliate categories, respectively. For investments transferred between Control and Affiliate categories during the period, any income or investment balances related to the time period it was in the category other than the one shown at period end is included in "Amounts related to investments transferred to or from other 1940 Act classifications during the period."
- (3) Gross additions include increases in the cost basis of investments resulting from new portfolio investments, follow-on investments and accrued PIK interest, and the exchange of one or more existing securities for one or more

new securities. Gross additions also include net increases in unrealized appreciation or net decreases in net unrealized depreciation as well as the movement of an existing portfolio company into this category and out of a different category.

- (4) Gross reductions include decreases in the cost basis of investments resulting from principal repayments or sales and the exchange of one or more existing securities for one or more new securities. Gross reductions also include net increases in net unrealized depreciation or net decreases in unrealized appreciation as well as the movement of an existing portfolio company out of this category and into a different category.
- (5) Portfolio company located in the Midwest region as determined by location of the corporate headquarters. The fair value as of March 31, 2021 for affiliate investments located in this region was \$67,766. This represented 11.6% of net assets as of March 31, 2021.
- (6) Portfolio company located in the Northeast region as determined by location of the corporate headquarters. The fair value as of March 31, 2021 for affiliate investments located in this region was \$11,565. This represented 2.0% of net assets as of March 31, 2021.
- (7) Portfolio company located in the Southeast region as determined by location of the corporate headquarters. The fair value as of March 31, 2021 for affiliate investments located in this region was \$23,043. This represented 3.9% of net assets as of March 31, 2021.
- (8) Portfolio company located in the Southwest region as determined by location of the corporate headquarters. The fair value as of March 31, 2021 for control investments located in this region was \$33,066. This represented 5.7% of net assets as of March 31, 2021. The fair value as of March 31, 2021 for affiliate investments located in this region was \$40,310. This represented 6.9% of net assets as of March 31, 2021.
- (9) Portfolio company located in the West region as determined by location of the corporate headquarters. The fair value as of March 31, 2021 for control investments located in this region was \$710. This represented 0.1% of net assets as of March 31, 2021. The fair value as of March 31, 2021 for affiliate investments located in this region was \$28,274. This represented 4.8% of net assets as of March 31, 2021.
- (10) All of the Company's portfolio investments are generally subject to restrictions on resale as "restricted securities," unless otherwise noted.
- (11) This schedule should be read in conjunction with the consolidated schedule of investments and notes to the consolidated financial statements. Supplemental information can be located within the schedule of investments including end of period interest rate, preferred dividend rate, maturity date, investments not paid currently in cash and investments whose value was determined using significant unobservable inputs.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Quarterly Report on Form 10-Q contains forward-looking statements regarding the plans and objectives of management for future operations and which relate to future events or our future performance or financial condition. Any such forward-looking statements may involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by any forward-looking statements. Forward-looking statements, which involve assumptions and describe our future plans, strategies and expectations, are generally identifiable by use of the words "may," "will," "should," "expect," "anticipate," "estimate," "believe," "intend" or "project" or the negative of these words or other variations on these words or comparable terminology. These forward-looking statements are based on assumptions that may be incorrect, and we cannot assure you that the projections included in these forward-looking statements will come to pass. Our actual results could differ materially from those expressed or implied by the forward-looking statements as a result of various factors, including, without limitation the factors referenced in Item 1A entitled "Risk Factors" below in Part II of this Quarterly Report on Form 10-Q, if any, and discussed in Item 1A entitled "Risk Factors" in Part I of our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the Securities and Exchange Commission ("SEC") on March 14, 2022 and elsewhere in this Quarterly Report on Form 10-Q and our other SEC filings. Other factors that could cause actual results to differ materially include changes in the economy and future changes in laws or regulations and conditions in our operating areas.

We have based the forward-looking statements included in this Quarterly Report on Form 10-Q on information available to us on the date of this Quarterly Report on Form 10-Q, and we assume no obligation to update any such forward-looking statements, unless we are required to do so by applicable law. However, you are advised to refer to any additional disclosures that we may make directly to you or through reports that we in the future may file with the SEC, including subsequent periodic and current reports.

This discussion should be read in conjunction with our consolidated financial statements as of December 31, 2021, and for the year then ended, and Management's Discussion and Analysis of Financial Condition and Results of Operations, both contained in our Annual Report on Form 10-K for the year ended December 31, 2021, as well as the consolidated financial statements (unaudited) and notes to the consolidated financial statements (unaudited) contained in this report.

ORGANIZATION

MSC Income Fund, Inc. ("MSC Income Fund") is a principal investment firm. MSC Income Fund has certain direct and indirect wholly owned subsidiaries that have elected to be taxable entities (the "Taxable Subsidiaries"). The primary purpose of the Taxable Subsidiaries is to permit MSC Income Fund to hold equity investments in portfolio companies which are "pass-through" entities for tax purposes. MSC Income Fund also has certain direct and indirect wholly owned subsidiaries formed for financing purposes ("Structured Subsidiaries").

On October 28, 2020, MSC Income Fund's stockholders approved the appointment of MSC Adviser I, LLC (the "Adviser"), which is wholly owned by Main Street Capital Corporation ("Main Street"), a New York Stock Exchange listed BDC, as MSC Income Fund's investment adviser and administrator under an Investment Advisory and Administrative Services Agreement dated October 30, 2020 (the "Investment Advisory Agreement"). In such role, the Adviser has the responsibility to manage the business of MSC Income Fund, including the responsibility to identify, evaluate, negotiate and structure prospective investments, make investment and portfolio management decisions, monitor MSC Income Fund's investment portfolio and provide ongoing administrative services.

COVID-19 UPDATE

The COVID-19 pandemic and its effect on the U.S. and global economies, including the current related impacts to supply chain delays, labor and material availability and price increases, has had, and threatens to continue to have, adverse consequences for our business and operating results, and the businesses and operating results of our portfolio companies. During the quarter ended March 31, 2022, our Adviser continued to work collectively with its employees and our portfolio companies to navigate these significant challenges. Neither our Adviser nor our Board of Directors

(the “Board”) is able to predict the full impact of the COVID-19 pandemic, including its duration and the magnitude of its economic and societal impact. As such, while our Adviser will continue to monitor the evolving situation, it is unable to predict with any certainty the extent to which these events, or any future impacts related to the pandemic, will negatively affect our portfolio companies’ operating results and financial condition or the impact that such disruptions may have on our results of operations and financial condition in the future.

OVERVIEW OF OUR BUSINESS

Our principal investment objective is to maximize our portfolio’s total return by generating current income from our debt investments and current income and capital appreciation from our equity and equity-related investments, including warrants, convertible securities and other rights to acquire equity securities in a portfolio company. We seek to achieve our investment objective through our Private Loan (as defined below), lower middle market (“LMM”) and middle market (“Middle Market”) investment strategies. Our Middle Market investment strategy involves investments in companies with annual revenues typically between \$150 million and \$1.5 billion. Our LMM investment strategy involves investments in companies that are generally smaller in size than our Middle Market companies, with annual revenues typically between \$10 million and \$150 million. Private Loan, LMM and Middle Market portfolio investments generally range in size from \$1 million to \$20 million.

Private Loan investments generally consist of loans that have been originated directly by Main Street or through strategic relationships with other investment funds on a collaborative basis and are often referred to in the debt markets as “club deals.” Our Private Loan portfolio debt investments are generally secured by a first priority lien on the assets of the portfolio company and typically have a term of between three and seven years from the original investment date.

We seek to fill the financing gap for LMM businesses, which, historically, have had limited access to financing from commercial banks and other traditional sources. The underserved nature of the LMM creates the opportunity for us to meet the financing needs of LMM companies while also negotiating favorable transaction terms and equity participations. Our ability to invest across a company’s capital structure, from secured loans to equity securities, allows us to offer portfolio companies a comprehensive suite of financing options, or a “one stop” financing solution. Providing customized, “one stop” financing solutions is important to LMM portfolio companies. We generally seek to partner directly with entrepreneurs, management teams and business owners in making our investments. Our LMM portfolio debt investments are generally secured by a first lien on the assets of the portfolio company and typically have a term of between five and seven years from the original investment date.

Our Middle Market portfolio investments primarily consist of direct investments in or secondary purchases of interest-bearing syndicated loans or debt securities in privately held companies based in the United States that are generally larger in size than the companies included in our LMM portfolio. Our Middle Market portfolio debt investments are generally secured by a first priority lien on the assets of the portfolio company and typically have an expected duration of between three and seven years from the original investment date.

Our other portfolio (“Other Portfolio”) investments primarily consist of investments that are not consistent with the typical profiles for our Private Loan, LMM or Middle Market portfolio investments, including investments which may be managed by third parties. In our Other Portfolio, we may incur indirect fees and expenses in connection with investments managed by third parties, such as investments in other investment companies or private funds.

Our portfolio investments are generally made through MSC Income Fund, the Taxable Subsidiaries and Structured Subsidiaries. MSC Income Fund, the Taxable Subsidiaries and Structured Subsidiaries share the same investment strategies and criteria. An investor’s return in MSC Income Fund will depend, in part, on the Taxable Subsidiaries’ and the Structured Subsidiaries’ investment returns as they are wholly owned subsidiaries of MSC Income Fund.

The level of new portfolio investment activity will fluctuate from period to period based upon our view of the current economic fundamentals, our ability to identify new investment opportunities that meet our investment criteria, our ability to consummate the identified opportunities and available liquidity. The level of new investment activity, and associated interest and fee income, will directly impact future investment income. In addition, the level of dividends paid by portfolio companies and the portion of our portfolio debt investments on non-accrual status will directly impact future investment income. Our operating results may be more limited during depressed economic periods. However, we intend

to appropriately manage our cost structure and liquidity position based on applicable economic conditions and our investment outlook. The level of realized gains or losses and unrealized appreciation or depreciation on our investments will also fluctuate depending upon portfolio activity, economic conditions and the performance of our individual portfolio companies. The changes in realized gains and losses and unrealized appreciation or depreciation could have a material impact on our operating results.

We have received an exemptive order from the SEC permitting co-investments among us, Main Street and other funds and clients advised by our Adviser in certain negotiated transactions where co-investing would otherwise be prohibited under the 1940 Act. We have made co-investments, and in the future intend to continue to make co-investments with Main Street and other funds and clients advised by our Adviser, in accordance with the conditions of the order. The order requires, among other things, that we and our Adviser consider whether each such investment opportunity is appropriate for us and the other funds and clients advised by our Adviser, as applicable, and if it is appropriate, to propose an allocation of the investment opportunity between such parties. Because our Adviser is wholly owned by Main Street and is not managing our investment activities as its sole activity, this may provide our Adviser an incentive to allocate opportunities to other participating funds and clients instead of us. However, our Adviser has policies and procedures in place to manage this conflict, including oversight by the independent members of our Board. Additional information regarding the operation of the co-investment program is set forth in the order granting exemptive relief, which may be reviewed on the SEC's website at www.sec.gov. In addition to the co-investment program described above, we also co-invest in syndicated deals and other transactions where price is the only negotiated point by us and our affiliates.

INVESTMENT PORTFOLIO SUMMARY

The following tables provide a summary of our investments in the Private Loan, LMM and Middle Market portfolios as of March 31, 2022 and December 31, 2021 (this information excludes the Other Portfolio investments which are discussed further below):

	As of March 31, 2022		
	Private Loan	LMM (a)	Middle Market
	(dollars in millions)		
Number of portfolio companies	62	45	23
Fair value	\$ 587.6	\$ 322.8	\$ 144.2
Cost	\$ 586.0	\$ 287.6	\$ 168.6
Debt investments as a % of portfolio (at cost)	94.1 %	72.3 %	93.1 %
Equity investments as a % of portfolio (at cost)	5.9 %	27.7 %	6.9 %
% of debt investments at cost secured by first priority lien	99.9 %	99.9 %	98.7 %
Weighted-average annual effective yield (b)	8.3 %	11.2 %	8.1 %
Average EBITDA(c)	\$ 41.3	\$ 6.2	\$ 76.0

- (a) At March 31, 2022, we had equity ownership in all of our LMM portfolio companies, and the average fully diluted equity ownership in those portfolio companies was approximately 9%.
- (b) The weighted-average annual effective yields were computed using the effective interest rates for all debt investments at cost as of March 31, 2022, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments and any debt investments on non-accrual status. The weighted-average annual effective yield on our debt portfolio as of March 31, 2022 including debt investments on non-accrual status was 8.2% for our Private Loan portfolio, 10.8% for our LMM portfolio and 7.5% for our Middle Market portfolio. The weighted-average annual effective yield is not reflective of what an investor in shares of our common stock will realize on its investment because it does not reflect our utilization of debt capital in our capital structure, our expenses or any sales load paid by an investor.
- (c) The average EBITDA is calculated using a weighted-average for the Private Loan and Middle Market portfolios and a simple average for the LMM portfolio. These calculations exclude certain portfolio companies, including two Private Loan portfolio companies, as EBITDA is not a meaningful valuation metric for our investments in these portfolio companies, and those portfolio companies whose primary purpose is to own real estate.

	As of December 31, 2021		
	Private Loan	LMM (a) (dollars in millions)	Middle Market
Number of portfolio companies	57	43	25
Fair value	\$ 575.9	\$ 315.4	\$ 159.0
Cost	\$ 576.3	\$ 281.0	\$ 184.2
Debt investments as a % of portfolio (at cost)	94.0 %	72.2 %	93.7 %
Equity investments as a % of portfolio (at cost)	6.0 %	27.8 %	6.3 %
% of debt investments at cost secured by first priority lien	98.5 %	99.8 %	98.8 %
Weighted-average annual effective yield (b)	8.4 %	10.8 %	7.6 %
Average EBITDA (c)	\$ 38.0	\$ 7.3	\$ 85.9

- (a) At December 31, 2021, we had equity ownership in all of our LMM portfolio companies, and the average fully diluted equity ownership in those portfolio companies was approximately 9%.
- (b) The weighted-average annual effective yields were computed using the effective interest rates for all debt investments at cost as of December 31, 2021, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments and any debt investments on non-accrual status. The weighted-average annual effective yield on our debt portfolio as of December 31, 2021 including debt investments on non-accrual status was 8.3% for our Private Loan portfolio, 10.5% for our LMM portfolio and 7.1% for our Middle Market portfolio. The weighted-average annual effective yield is not reflective of what an investor in shares of our common stock will realize on its investment because it does not reflect our utilization of debt capital in our capital structure, our expenses or any sales load paid by an investor.
- (c) The average EBITDA is calculated using a weighted-average for the Private Loan and Middle Market portfolios and a simple average for the LMM portfolio. These calculations exclude certain portfolio companies, including three Private Loan portfolio companies, three LMM portfolio companies and one Middle Market portfolio company, as EBITDA is not a meaningful valuation metric for our investments in these portfolio companies, and those portfolio companies whose primary purpose is to own real estate.

For the three months ended March 31, 2022 and 2021, we achieved an annualized total return on investments of 15.0% and 15.7%, respectively. For the year ended December 31, 2021, we achieved an annualized total return on investments of 17.9%. Total return on investments is calculated using the interest, dividend and fee income, as well as the realized and unrealized change in fair value of the Investment Portfolio for the specified period. Our total return on investments is not reflective of what an investor in shares of our common stock will realize on its investment because it does not reflect our utilization of debt capital in our capital structure, our expenses or any sales load paid by an investor.

As of March 31, 2022, we had Other Portfolio investments in four companies, collectively totaling approximately \$27.0 million in fair value and approximately \$25.7 million in cost basis and which comprised approximately 2.5% and 2.4% of our Investment Portfolio at fair value and cost, respectively. As of December 31, 2021, we had Other Portfolio investments in four companies, collectively totaling approximately \$26.8 million in fair value and approximately \$25.6 million in cost basis and which comprised approximately 2.5% and 2.4% of our Investment Portfolio at fair value and cost, respectively.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements and related disclosures in conformity with generally accepted accounting principles (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the periods reported. Actual results could materially differ from those estimates. Critical accounting policies are those that require management to make subjective or complex judgments about the effect of matters that are inherently uncertain and may change in subsequent periods. Changes that may be required in the underlying assumptions or estimates in these areas could have a material impact on our current and future financial condition and results of operations.

Management has discussed the development and selection of each critical accounting policy and estimate with the Audit Committee of the Board of Directors. Our critical accounting policies and estimates include the Investment Portfolio Valuation and Revenue Recognition policies described below. Our significant accounting policies are described in greater detail in “Note B—Summary of Significant Accounting Policies” to the consolidated financial statements included in “Item 1. Consolidated Financial Statements” of this Quarterly Report on Form 10-Q.

Investment Portfolio Valuation

The most significant determination inherent in the preparation of our consolidated financial statements is the valuation of our Investment Portfolio and the related amounts of unrealized appreciation and depreciation. We consider this determination to be a critical accounting estimate, given the significant judgments and subjective measurements required. As of March 31, 2022 and December 31, 2021, our Investment Portfolio valued at fair value represented approximately 95% and 94% of our total assets, respectively. We are required to report our investments at fair value. We follow the provisions of FASB ASC 820, *Fair Value Measurements and Disclosures* (“ASC 820”). ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value and enhances disclosure requirements for fair value measurements. ASC 820 requires us to assume that the portfolio investment is to be sold in the principal market to independent market participants, which may be a hypothetical market. Market participants are defined as buyers and sellers in the principal market that are independent, knowledgeable and willing and able to transact. See “Note B.1.—Valuation of the Investment Portfolio” in the notes to the consolidated financial statements for a detailed discussion of our investment portfolio valuation process and procedures.

Due to the inherent uncertainty in the valuation process, our determination of fair value for our Investment Portfolio may differ materially from the values that would have been determined had a ready market for the securities existed. In addition, changes in the market environment, portfolio company performance and other events that may occur over the lives of the investments may cause the gains or losses ultimately realized on these investments to be materially different than the valuations currently assigned. We determine the fair value of each individual investment and record changes in fair value as unrealized appreciation or depreciation.

In December 2020, the SEC adopted Rule 2a-5 under the 1940 Act, which permits a BDC’s board of directors to designate its executive officers or investment adviser as a valuation designee to determine the fair value for its investment portfolio, subject to the active oversight of the board. Our Board has approved policies and procedures pursuant to Rule 2a-5 (the “Valuation Procedures”) and has designated our Adviser, led by a group of Main Street’s and our Adviser’s executive officers, to serve as the Board’s valuation designee. We adopted the Valuation Procedures effective April 1, 2021. We believe our Investment Portfolio as of March 31, 2022 and December 31, 2021 approximates fair value as of those dates based on the markets in which we operate and other conditions in existence on those reporting dates.

Revenue Recognition

Interest and Dividend Income

We record interest and dividend income on the accrual basis to the extent amounts are expected to be collected. Dividend income is recorded as dividends are declared by the portfolio company or at the point an obligation exists for the portfolio company to make a distribution. In accordance with our valuation policies, we evaluate accrued interest and dividend income periodically for collectability. When a loan or debt security becomes 90 days or more past due, and if we otherwise do not expect the debtor to be able to service all of its debt or other obligations, we will generally place the loan or debt security on non-accrual status and cease recognizing interest income on that loan or debt security until the borrower has demonstrated the ability and intent to pay contractual amounts due. If a loan or debt security’s status significantly improves regarding the debtor’s ability to service the debt or other obligations, or if a loan or debt security is sold or written off, we remove it from non-accrual status.

Fee Income

We may periodically provide services, including structuring and advisory services to our portfolio companies or other third parties. For services that are separately identifiable and evidence exists to substantiate fair value, fee income

is recognized as earned, which is generally when the investment or other applicable transaction closes. Fees received in connection with debt financing transactions for services that do not meet these criteria are treated as debt origination fees and are deferred and accreted into income over the life of the financing.

Payment-in-Kind (“PIK”) Interest and Cumulative Dividends

We hold certain debt and preferred equity instruments in our Investment Portfolio that contain PIK interest and cumulative dividend provisions. The PIK interest, computed at the contractual rate specified in each debt agreement, is periodically added to the principal balance of the debt and is recorded as interest income. Thus, the actual collection of this interest may be deferred until the time of debt principal repayment. Cumulative dividends are recorded as dividend income, and any dividends in arrears are added to the balance of the preferred equity investment. The actual collection of these dividends in arrears may be deferred until such time as the preferred equity is redeemed or sold. To maintain RIC tax treatment (as discussed in “Note B.7.—Income Taxes” in the notes to the consolidated financial statements), these non-cash sources of income may need to be paid out to stockholders in the form of distributions, even though we may not have collected the PIK interest and cumulative dividends in cash. We stop accruing PIK interest and cumulative dividends and write off any accrued and uncollected interest and dividends in arrears when we determine that such PIK interest and dividends in arrears are no longer collectible. For the three months ended March 31, 2022 and 2021, (i) approximately 1.8% and 3.8%, respectively, of our total investment income was attributable to PIK interest income not paid currently in cash and (ii) approximately 1.8% and 0.7%, respectively, of our total investment income was attributable to cumulative dividend income not paid currently in cash.

INVESTMENT PORTFOLIO COMPOSITION

The following tables summarize the composition of our total combined Private Loan portfolio investments, LMM portfolio investments and Middle Market portfolio investments at cost and fair value by type of investment as a percentage of the total combined Private Loan portfolio investments, LMM portfolio investments and Middle Market portfolio investments as of March 31, 2022 and December 31, 2021 (this information excludes the Other Portfolio investments).

Cost:	March 31, 2022	December 31, 2021
First lien debt	87.6 %	87.2 %
Equity	12.0 %	11.7 %
Second lien debt	— %	0.7 %
Equity warrants	0.1 %	0.1 %
Other	0.3 %	0.3 %
	<u>100.0 %</u>	<u>100.0 %</u>

Fair Value:	March 31, 2022	December 31, 2021
First lien debt	82.6 %	82.8 %
Equity	17.0 %	16.1 %
Second lien debt	— %	0.7 %
Equity warrants	0.1 %	0.1 %
Other	0.3 %	0.3 %
	<u>100.0 %</u>	<u>100.0 %</u>

Our Private Loan portfolio investments, LMM portfolio investments and Middle Market portfolio investments carry a number of risks including: (1) investing in companies which may have limited operating histories and financial resources; (2) holding investments that generally are not publicly traded and which may be subject to legal and other restrictions on resale; and (3) other risks common to investing in below investment-grade debt and equity investments in our Investment Portfolio. Please see “Item 1A. Risk Factors—Risks Related to our Investments” contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 for a more complete discussion of the risks involved with investing in our Investment Portfolio.

PORTFOLIO ASSET QUALITY

We utilize an internally developed investment rating system to rate the performance of each LMM portfolio company and to monitor our expected level of returns on each of our LMM investments in relation to our expectations for the portfolio company. The investment rating system takes into consideration various factors, including each investment's expected level of returns, the collectability of our debt investments and the ability to receive a return of the invested capital in our equity investments, comparisons to competitors and other industry participants, the portfolio company's future outlook and other factors that are deemed to be significant to the portfolio company.

As of March 31, 2022, our total Investment Portfolio had four investments on non-accrual status, which comprised approximately 0.6% of its fair value and 2.8% of its cost. As of December 31, 2021, our total Investment Portfolio had four investments on non-accrual status, which comprised approximately 0.7% of its fair value and 2.8% of its cost.

The operating results of our portfolio companies are impacted by changes in the broader fundamentals of the United States economy. In periods during which the United States economy contracts, it is likely that the financial results of small to mid-sized companies, like those in which we invest, could experience deterioration or limited growth from current levels, which could ultimately lead to difficulty in meeting their debt service requirements, to an increase in defaults on our debt investments or in realized losses on our investments and to difficulty in maintaining historical dividend payment rates and unrealized appreciation on our equity investments. Consequently, we can provide no assurance that the performance of certain portfolio companies will not be negatively impacted by future economic cycles or other conditions, which could also have a negative impact on our future results.

DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS

Comparison of the three months ended March 31, 2022 and 2021

	Three Months Ended March 31,		Net Change	
	2022	2021	Amount	%
	(dollars in thousands)			
Total investment income	\$ 23,401	\$ 20,272	\$ 3,129	15 %
Total expenses (net of expense waivers)	10,708	8,330	2,378	29 %
Net investment income	12,693	11,942	751	6 %
Net realized gain (loss) from investments	253	(1,991)	2,244	NM
Net realized loss on extinguishment of debt	—	(2,091)	—	NM
Net unrealized appreciation (depreciation) from investments	3,731	5,193	(1,462)	NM
Income tax benefit (provision)	(464)	(396)	(68)	17 %
Net increase (decrease) in net assets resulting from operations	<u>\$ 16,213</u>	<u>\$ 12,657</u>	<u>\$ 3,556</u>	28 %

NM Net Change % not meaningful

Investment Income

Total investment income for the three months ended March 31, 2022 was \$23.4 million, a 15% increase from the \$20.3 million of total investment income for the corresponding period of 2021. The following table provides a summary of the changes in the comparable period activity.

	Three Months Ended March 31,		Net Change	
	2022	2021	Amount	%
	(dollars in thousands)			
Interest income	\$ 20,069	\$ 16,080	\$ 3,989	25 % (a)
Dividend income	2,793	3,952	(1,159)	(29)% (b)
Fee income	539	240	299	125 %
Total investment income	<u>\$ 23,401</u>	<u>\$ 20,272</u>	<u>\$ 3,129</u>	15 %

- (a) The increase in interest income was primarily related to higher average levels of Investment Portfolio debt investments and repayment, repricing and other activities related to certain Investment Portfolio debt investments.
- (b) The decrease in dividend income from equity investments is primarily the result of a decrease in dividend distributions from Other Portfolio investments.

Expenses

Total expenses, net of fee and expense waivers, for the three months ended March 31, 2022 were \$10.7 million, a 29% increase from \$8.3 million in the corresponding period of 2021. The following table provides a summary of the changes in the comparable period activity.

	Three Months Ended March 31,		Net Change	
	2022	2021	Amount	%
	(dollars in thousands)			
Interest expense	\$ 4,529	\$ 3,164	\$ 1,365	43 % (a)
Base management fees	4,990	3,903	1,087	28 % (b)
Internal administrative services fees	1,181	1,055	126	12 %
Offering costs	62	—	62	100 %
Professional fees	347	558	(211)	(38)%
Insurance	130	114	16	14 %
Board of director fees	90	108	(18)	(17)%
General and administrative	409	483	(74)	(15)%
Total expenses before fee and expense waivers	11,738	9,385	2,353	25 %
Waiver of internal administrative services expenses	(1,030)	(1,055)	25	(2)%
Total expenses	<u>\$ 10,708</u>	<u>\$ 8,330</u>	<u>\$ 2,378</u>	29 %

- (a) The increase in interest expense is primarily related to higher weighted average debt balances to support the larger Investment Portfolio resulting from the investment activity since the prior year.
- (b) The increase in base management fees is primarily due to an increase in average gross assets subject to the base management fee.

Net Investment Income

Net investment income for the three months ended March 31, 2022 increased 6% to \$12.7 million, or \$0.16 per share, compared to net investment income of \$11.9 million, or \$0.15 per share, for the corresponding period of 2021. The increase in net investment income was principally attributable to the increase in total investment income, partially offset by the increase in total expenses, both as discussed above.

Net Realized Gain (Loss) from Investments

The following table provides a summary of the primary components of the total net realized gain (loss) on investments of \$0.3 million for the three months ended March 31, 2022:

	Three Months Ended March 31, 2022							
	Full Exits		Partial Exits		Restructures		Other (a)	Total (a)
	Net	# of	Net	# of	Net	# of	Net	Net
	Gain/(Loss)	Investments	Gain/(Loss)	Investments	Gain/(Loss)	Investments	Gain/(Loss)	Gain/(Loss)
	(dollars in thousands)							
Private Loan Portfolio	\$ —	—	\$ —	—	\$ —	—	\$ (16)	\$ (16)
LMM Portfolio	—	—	—	—	—	—	—	—
Middle Market Portfolio	—	—	—	—	—	—	(40)	(40)
Other Portfolio	—	—	446	1	—	—	(137)	309
Total Net Realized Gain/(Loss)	\$ —	—	\$ 446	1	\$ —	—	\$ (193)	\$ 253

(a) Other activity includes realized gains and losses from transactions involving five portfolio companies which are not considered to be significant individually or in the aggregate.

Net Unrealized Appreciation (Depreciation)

The following table provides a summary of the total net unrealized appreciation of \$3.7 million for the three months ended March 31, 2022:

	Three Months Ended March 31, 2022				
	Private Loan	Middle Market	Other	Total	
	LMM(a)	Market		(dollars in millions)	
Accounting reversals of net unrealized (appreciation) depreciation recognized in prior periods due to net realized (gains/income) losses recognized during the current period	\$ (0.2)	\$ —	\$ (0.2)	\$ (0.4)	\$ (0.8)
Net unrealized appreciation (depreciation) relating to portfolio investments	2.3	0.9	0.9	0.4	4.5
Total net unrealized appreciation (depreciation) relating to portfolio investments	\$ 2.1	\$ 0.9	\$ 0.7	\$ —	\$ 3.7

(a) Includes unrealized appreciation on 15 LMM portfolio investments and unrealized depreciation on 12 LMM portfolio investments.

Income Tax Benefit (Provision)

The income tax provision for the three months ended March 31, 2022 of \$0.5 million principally consisted of a current tax provision of \$0.3 million, related to a \$0.2 million provision for excise tax on our estimated undistributed taxable income and \$0.1 million provision for current U.S. federal and state income taxes, as well as a deferred tax provision of \$0.1 million, which is primarily the result of the net activity relating to our portfolio investments held in our Taxable Subsidiaries, including changes in loss carryforwards, changes in net unrealized appreciation/depreciation and other book-tax differences. The income tax provision for the three months ended March 31, 2021 of \$0.4 million consisted of a current tax provision of \$0.4 million, related to a \$0.3 million provision for excise tax on our estimated undistributed taxable income and \$0.1 million provision for current U.S. federal and state income taxes.

Net Increase (Decrease) in Net Assets Resulting from Operations

The net increase in net assets resulting from operations for the three months ended March 31, 2022 was \$16.2 million, or \$0.20 per share, compared with a net increase in net assets of \$12.7 million, or \$0.16 per share, during the three months ended March 31, 2021. The tables above provide a summary of the net increase in net assets resulting from operations for the three months ended March 31, 2022.

Liquidity and Capital Resources

This “Liquidity and Capital Resources” section should be read in conjunction with the “COVID-19 Update” section above.

Cash Flows

For the three months ended March 31, 2022, we experienced a net increase in cash and cash equivalents of \$13.4 million, which is the net result of \$32.6 million of cash provided by our operating activities partially offset by \$19.2 million of cash used in our financing activities.

The \$32.6 million of cash provided by our operating activities resulted primarily from (i) cash proceeds totaling \$51.8 million from principal repayments received and proceeds from sales of investments in portfolio companies, (ii) cash flows of \$20.4 million related to the change in other assets and liabilities and (iii) the operating profits earned totaling \$10.2 million, which is our net investment income, excluding the non-cash effects of the accretion of unearned income, payment-in-kind interest income, cumulative dividends and the amortization expense for deferred financing costs, partially offset by the funding of new and follow-on portfolio company investments of \$49.9 million.

The \$19.2 million of cash used in our financing activities principally consisted of (i) \$80.0 million net cash repayments related to our TIAA Credit Facility and JPM SPV Facility (together, the “Credit Facilities”), (ii) \$7.8 million in cash dividends paid to stockholders, (iii) \$3.8 million for the repurchase of common stock and (iv) \$0.1 million for deferred financing costs, partially offset by \$72.5 million of cash proceeds from our Series A Notes (defined below) issued in January 2022.

Share Repurchase Program

On March 31, 2020, our Board unanimously approved a temporary suspension of the share repurchase program commencing with the second quarter of 2020. The Board determined that it was the best interest of the Company to suspend the share repurchase program in order to preserve the financial flexibility and liquidity given the prolonged impact of COVID-19.

On March 2, 2021, our Board unanimously approved the reinstatement of our share repurchase program commencing in April 2021 with repurchases effectuated via tender offers and generally equal to 90% of the amount of the dividend reinvestment plan proceeds resulting from dividend payments. See “Item 2. Unregistered Sales of Equity Securities and Use of Proceeds” of Part II of this Quarterly Report on Form 10-Q for more information regarding repurchases of our common stock during the three months ended March 31, 2022.

Capital Resources

As of March 31, 2022, we had \$39.2 million in cash and cash equivalents and \$143.3 million of unused capacity under the Credit Facilities, which we maintain to support our investment and operating activities. As of March 31, 2022, our net asset value totaled \$1,136.8 million, or \$7.72 per share.

As of March 31, 2022, we had \$82.0 million outstanding and \$83.0 million of undrawn commitments under our TIAA Credit Facility, and \$264.7 million outstanding and \$60.3 million of undrawn commitments under our JPM SPV Facility, both of which we estimated approximated fair value. Availability under the TIAA Credit Facility is subject to certain borrowing base limitations and the asset coverage restrictions. Availability under the JPM SPV Facility is subject to certain borrowing base limitations. For further information on our Credit Facilities, including key terms and financial covenants, refer to “Note E—Debt” in the notes to our consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

On October 22, 2021, we and certain qualified institutional investors entered into a Master Note Purchase Agreement (the “Note Purchase Agreement”), which governs the issuance of \$150.0 million in aggregate principal amount of the Company’s 4.04% Series A Senior Notes due 2026 (the “Series A Notes”). The Series A Notes bear a fixed interest rate of 4.04% per year and will mature on October 30, 2026, unless redeemed, purchased or prepaid prior to such date by us in accordance with their terms. We issued \$77.5 million of Series A Notes upon entering into the Note

Purchase Agreement, and issued an additional \$72.5 million in January 2022. Net proceeds from the Series A Note issuance were used to repay outstanding debt borrowed under the Company's Credit Facilities, including the Main Street Term Loan, which was fully repaid and extinguished in October 2021, and the TIAA Credit Facility, on which amounts may be re-borrowed to make investments in accordance with our investment objective and strategies and for general corporate purposes. For more information on our Series A Notes and the Main Street Term Loan, including key terms and financial covenants, refer to "Note E—Debt" in the notes to our consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

We closed our continuous follow-on public offering of shares to new investors effective September 2017. As such, our ability to raise additional equity is limited. As a BDC, we generally are required to maintain a coverage ratio of total assets to total senior securities, which include borrowings and any preferred stock we may issue in the future, of at least 200%. The combination of these factors limits our access to capital to fund future investment activities or operating requirements, including our ability to grow the investment portfolio. We anticipate that we will continue to fund our investment activities and operating requirements through existing cash and cash equivalents, cash flows generated through our ongoing operating activities, including cash proceeds from the repayments and from the sales of investments in our portfolio companies, and utilization of available borrowings under our Credit Facilities. Our primary uses of funds will be investments in portfolio companies, operating expenses, cash distributions to holders of our common stock and share repurchases under our share repurchase program.

We periodically invest excess cash balances into marketable securities and idle funds investments. The primary investment objective of marketable securities and idle funds investments is to generate incremental cash returns on excess cash balances prior to utilizing those funds for investment in our Private Loan, LMM and Middle Market portfolio investments. Marketable securities and idle funds investments generally consist of debt investments, independently rated debt investments, certificates of deposit with financial institutions, diversified bond funds and publicly traded debt and equity investments.

In order to satisfy the Code requirements applicable to a RIC, we intend to distribute to our stockholders, after consideration and application of our ability under the Code to carry forward certain excess undistributed taxable income from one tax year into the next tax year, substantially all of our taxable income. In addition, as a BDC, we generally are required to meet a coverage ratio of total assets to total senior securities, which include borrowings and any preferred stock we may issue in the future, of at least 200% (or 150% if certain requirements are met). This requirement limits the amount that we may borrow.

Although we have been able to secure access to additional liquidity, including through the Credit Facilities, and the Note Purchase Agreement, there is no assurance that debt or equity capital will be available to us in the future on favorable terms, or at all.

Recently Issued or Adopted Accounting Standards

From time to time, new accounting pronouncements are issued by the FASB or other standards setting bodies that are adopted by us as of the specified effective date. We believe that the impact of recently issued standards and any that are not yet effective will not have a material impact on our consolidated financial statements upon adoption. For a description of recently issued or adopted accounting standards, see "Note B.11.—Recently Issued or Adopted Accounting Standards" to the consolidated financial statements included in this Quarterly Report on Form 10-Q.

Inflation

Inflation has not historically had a significant effect on our results of operations in any of the reporting periods presented herein. However, our portfolio companies have experienced, specifically including over the last few quarters as a result of the COVID-19 pandemic, recent geopolitical events and the related supply chain and labor issues, and may continue to experience, the increasing impacts of inflation on their operating results, including periodic escalations in their costs for labor, raw materials and third-party services and required energy consumption. These issues and challenges related to inflation are receiving significant attention from our investment teams and the management teams of our portfolio companies as we work to manage these growing challenges. Prolonged or more severe impacts of inflation to our portfolio companies could continue to impact their operating profits and, thereby, increase their borrowing costs, and as a result negatively impact their ability to service their debt obligations and/or reduce their

available cash for distributions. In addition, these factors could have a negative impact on the fair value of our investments in these portfolio companies. The combined impacts of these impacts in turn could negatively affect our results of operations.

Off-Balance Sheet Arrangements

We may be a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financial needs of our portfolio companies. These instruments include commitments to extend credit and fund equity capital and involve, to varying degrees, elements of liquidity and credit risk in excess of the amount recognized in the balance sheet. At March 31, 2022, we had a total of \$71.9 million in outstanding commitments comprised of (i) 57 investments with commitments to fund revolving loans that had not been fully drawn or term loans with additional commitments not yet funded and (ii) three investments with equity capital commitments that had not been fully called.

Contractual Obligations

As of March 31, 2022, we had \$346.7 million in total borrowings outstanding under our Credit Facilities and Series A Notes. The TIAA Credit Facility will mature on March 1, 2026. The JPM SPV Facility will mature on February 3, 2025. The Series A Notes will mature on October 30, 2026. See further discussion of the terms of our Credit Facilities, Series A Notes and other debt in “Note E—Debt” in the notes to our consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

A summary of our significant contractual payment obligations for the repayment of outstanding borrowings at March 31, 2022 is as follows:

	2022	2023	2024	2025	2026	Thereafter	Total
	(dollars in thousands)						
JPM SPV Facility ⁽²⁾	\$ —	\$ —	\$ —	\$ 264,688	\$ —	\$ —	\$ 264,688
Series A Notes ⁽³⁾	—	—	—	—	150,000	—	150,000
Interest due on Series A Senior Notes	5,487	6,060	6,060	6,060	6,060	—	29,727
TIAA Credit Facility ⁽¹⁾	—	—	—	—	82,000	—	82,000
Total	\$ 5,487	\$ 6,060	\$ 6,060	\$ 270,748	\$ 238,060	\$ —	\$ 526,415

(1) At March 31, 2022, \$83.0 million remained available to borrow under the TIAA Credit Facility; however, our borrowing ability is limited to the asset coverage restrictions imposed by the TIAA Credit Facility and the 1940 Act, as discussed above.

(2) At March 31, 2022, \$60.3 million remained available to borrow under the JPM SPV Facility; however, our borrowing ability is limited to the asset coverage restrictions imposed by the JPM SPV Facility and the 1940 Act, as discussed above.

(3) In January 2022, an additional \$72.5 million was issued under the Series A Notes.

Related Party Transactions

We have entered into agreements with our Adviser and/or certain of its affiliates and other parties whereby we pay certain fees and reimbursements to these entities. These included payments for selling commissions and fees and for reimbursement of offering costs. In addition, we make payments for certain services that include the identification, execution and management of our investments and also the management of our day-to-day operations provided to us by our Adviser, pursuant to various agreements that we have entered into. See “Note K—Related Party Transactions” in the notes to our consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for additional information regarding related party transactions.

Recent Developments

On May 2, 2022, we repurchased 534,339 shares of our common stock validly tendered and not withdrawn on the terms set forth in our tender offer statement on Schedule TO and Offer to Purchase filed with the SEC on September 13, 2021. The shares were repurchased at a price of \$7.77 per share, which was our net asset value per share as of May 2, 2022, for an aggregate purchase price of \$4.2 million (an amount equal to approximately 90% of the proceeds we received from the issuance of shares under our dividend reinvestment plan from our May 2, 2022 dividend payment).

On May 2, 2022, we sold 94,697 shares of our common stock to Main Street at \$7.92 per share, the price at which we issued new shares in connection with reinvestments of the May 2, 2022 dividend pursuant to our dividend reinvestment plan, for total proceeds to the Company of \$750,000. The issuance and sale were made pursuant to the exemption from registration under Section 4(a)(2) of the Securities Act of 1933, as amended.

On May 12, 2022, our Board declared a quarterly cash dividend of \$0.16 per share payable August 1, 2022 to stockholders of record as of June 30, 2022.

Item 3. *Quantitative and Qualitative Disclosures about Market Risk*

We are subject to financial market risks, including changes in interest rates, and changes in interest rates may affect both our interest expense on the debt outstanding under our Credit Facilities and our interest income from portfolio investments. Our risk management systems and procedures are designed to identify and analyze our risk, to set appropriate policies and limits and to continually monitor these risks. Our investment income will be affected by changes in various interest rates, including LIBOR, SOFR and prime rates, to the extent that any debt investments include floating interest rates. See “Risk Factors — Risks Related to our Investments — Changes relating to the LIBOR calculation process, the phase-out of LIBOR and the use of replacement rates for LIBOR may adversely affect the value of our portfolio securities.”, “Risk Factors — Risks Related to our Investments — We are subject to risks associated with the current interest rate environment and changes in interest rates will affect our cost of capital, net investment income and the value of our investments.” and “Risk Factors — Risks Related to Leverage — Because we borrow money, the potential for gain or loss on amounts invested in us is magnified and may increase the risk of investing in us.” included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 for more information regarding risks associated with our debt investments and borrowings that utilize LIBOR as a reference rate.

The majority of our debt investments are made with either fixed interest rates or floating rates that are subject to contractual minimum interest rates for the term of the investment. As of March 31, 2022, approximately 85% of our debt investment portfolio (at cost) bore interest at floating rates, 93% of which were subject to contractual minimum interest rates. Our interest expense associated with our Credit Facilities will be affected by changes in the published LIBOR rate. However, the interest rates on our outstanding Series A Notes due 2026 (the “Series A Notes”) are fixed for the life of such debt. As of March 31, 2022, we had not entered into any interest rate hedging arrangements. Due to our limited use

of derivatives, we have claimed an exclusion from the definition of the term “commodity pool operator” under the Commodity Exchange Act and, therefore, are not subject to registration or regulation as a pool operator under such Act.

The following table shows the approximate annualized increase or decrease in the components of net investment income due to hypothetical base rate changes in interest rates, assuming no changes in our investments and borrowings as of March 31, 2022.

Basis Point Change	Increase (Decrease) in Interest Income	(Increase) Decrease in Interest Expense	Increase (Decrease) in Net Investment Income	Increase (Decrease) in Net Investment Income per Share
	(dollars in thousands, except per share amounts)			
(50)	(328)	1,513	1,185	0.01
(25)	(207)	851	644	0.01
25	1,227	(867)	360	—
50	2,721	(1,733)	988	0.01
75	4,479	(2,600)	1,879	0.02
100	6,292	(3,467)	2,825	0.04
125	8,120	(4,334)	3,786	0.05
150	9,980	(5,200)	4,780	0.06
175	11,865	(6,067)	5,798	0.07
200	13,755	(6,934)	6,821	0.09
300	21,313	(10,401)	10,912	0.14

The hypothetical results assume that all LIBOR and prime rate changes would be effective on the first day of the period. However, the contractual LIBOR and prime rate reset dates would vary throughout the period, on either a monthly or quarterly basis, for both our investments and our Credit Facilities. The hypothetical results would also be impacted by the changes in the amount of debt outstanding under our Credit Facilities (with an increase (decrease) in the debt outstanding under the Credit Facilities resulting in an (increase) decrease in the hypothetical interest expense).

Item 4. 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, President, Chief Financial Officer, Chief Compliance Officer and Chief Accounting 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, President, Chief Financial Officer, Chief Compliance Officer and Chief Accounting Officer have concluded that our current disclosure controls and procedures are effective in timely alerting them of material information relating to us that is required to be disclosed in the reports we file or submit under the Exchange Act. During the quarter ended March 31, 2022, our Adviser transitioned certain of our accounting and internal control testing functions from a third-party sub-administrator to its internal administrative services staff. In conjunction with this transition, we modified the design, operation and documentation of certain of our internal controls over financial reporting. With the exception of the transition described above, there have been no changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

We or our Adviser may, from time to time, be involved in litigation arising out of our respective operations in the normal course of business or otherwise. Furthermore, third parties may seek to impose liability on us in connection with the activities of our portfolio companies. While the outcome of any current legal proceedings cannot at this time be predicted with certainty, we do not expect any current matters will materially affect our or our Adviser’s financial condition or results of operations; however, there can be no assurance whether any pending legal proceedings will have a material adverse effect on our or our Adviser’s financial condition or results of operations in any future reporting period.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the risk factors described in Part I, “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 that we filed with the SEC on March 14, 2022, which could materially affect our business, financial condition and/or operating results. There have been no material changes to the risk factors as previously disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

The risks described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, financial condition and/or operating results.

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

During the three months ended March 31, 2022, we issued 533,062 shares of our common stock under our dividend reinvestment plan. These issuances were not subject to the registration requirements of the Securities Act of 1933, as amended. The aggregate value of the shares of common stock issued during the three months ended March 31, 2022 under the dividend reinvestment plan was approximately \$4.2 million.

Issuer Purchases of Equity Securities

The following chart summarizes repurchases of our common stock for the three months ended March 31, 2022:

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under the plans or programs
January 1 through January 31, 2022	—	—	—	—
February 1 through February 28, 2022	489,031	7.75	489,031	N/A
March 1 through March 31, 2022	—	—	—	—
Total	489,031		489,031	

Item 6. Exhibits

Listed below are the exhibits which are filed as part of this report (according to the number assigned to them in Item 601 of Regulation S-K):

Exhibit Number	Description of Exhibit
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
32.1	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).
32.2	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).

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.

MSC INCOME FUND, INC.

Date: May 16, 2022	<hr/> <i>/s/ DWAYNE L. HYZAK</i> Dwayne L. Hyzak <i>Chairman of the Board and Chief Executive Officer</i> <i>(Principal Executive Officer)</i>
Date: May 16, 2022	<hr/> <i>/s/ JESSE E. MORRIS</i> Jesse E. Morris <i>Executive Vice President, Chief Financial Officer, Chief Operating Officer and Treasurer</i> <i>(Principal Financial Officer)</i>
Date: May 16, 2022	<hr/> <i>/s/ CORY E. GILBERT</i> Cory E. Gilbert <i>Vice President, Chief Accounting Officer and Assistant Treasurer</i> <i>(Principal Accounting Officer)</i>

I, Dwayne L. Hyzak, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarterly period ended March 31, 2022 of MSC Income Fund, Inc. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Dated this May 16, 2022.

By: /s/ DWAYNE L. HYZAK
Dwayne L. Hyzak
Chief Executive Officer

I, Jesse E. Morris, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarterly period ended March 31, 2022 of MSC Income Fund, Inc. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Dated this May 16, 2022.

By: /s/ JESSE E. MORRIS

Jesse E. Morris
Chief Financial Officer and Chief Operating Officer

**Certification of Chief Executive Officer
Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)**

In connection with the Quarterly Report of MSC Income Fund, Inc. (the "Registrant") on Form 10-Q for the quarter ended March 31, 2022 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I, Dwayne L. Hyzak, the Chief Executive Officer of the Registrant, hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ DWAYNE L. HYZAK

Name: Dwayne L. Hyzak

Date: May 16, 2022

**Certification of Chief Financial Officer
Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)**

In connection with the Quarterly Report of MSC Income Fund, Inc. (the "Registrant") on Form 10-Q for the quarter ended March 31, 2022 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I, Jesse E. Morris, the Chief Financial Officer of the Registrant, hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ JESSE E. MORRIS

Name: Jesse E. Morris

Date: May 16, 2022
