UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

Form 10-Q

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

For the Quarterly Period Ended June 30, 2021

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: 1-35040

PHENIXFIN CORPORATION
(Exact Name of Registrant as Specified in its Charter)

Delaware	**27-4576073**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
445 Park Avenue, 9th Floor, New York, NY	**10022**
(Address of Principal Executive Offices)	(Zip Code)

(212) 859-0390
(Registrant's Telephone Number, Including Area Code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.001 per share	PFX	The NASDAQ Global Market
6.125% Notes due 2023	PFXNL	The NASDAQ Global Market

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See 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 Securities Exchange Act of 1934). Yes ☐ No ☒

The Registrant had 2,658,921 shares of common stock, $0.001 par value, outstanding as of August 11, 2021.

PHENIXFIN CORPORATION

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PHENIXFIN CORPORATION
Consolidated Statements of Assets and Liabilities

	June 30, 2021 (Unaudited)	September 30, 2020
Assets:		
Investments at fair value		
Non-controlled, non-affiliated investments (amortized cost of $109,219,571 and $117,360,954, respectively)	$ 105,407,064	$ 114,321,948
Affiliated investments (amortized cost of $78,821,547 and $92,898,755, respectively)	68,722,983	84,873,023
Controlled investments (amortized cost of $37,489,171 and $117,874,821, respectively)	7,488,473	47,548,578
Total Investments at fair value	181,618,520	246,743,549
Cash and cash equivalents	52,864,911	56,522,148
Receivables:		
Interest receivable	289,832	624,524
Fees receivable	106,528	119,028
Dividends receivable	66,445	-
Other assets	1,003,437	2,093,559
Total Assets	$ 235,949,673	$ 306,102,808
Liabilities:		
Notes payable (net of debt issuance costs of $482,346 and $905,624, respectively)	$ 77,364,454	$ 150,960,662
Interest and fees payable	-	801,805
Due to affiliate	-	53,083
Due to broker	284,067	-
Management and incentive fees payable (see Note 6)	-	1,392,022
Administrator expenses payable (see Note 6)	60,685	156,965
Accounts payable and accrued expenses	1,547,888	2,108,225
Deferred revenue	14,003	10,529
Total Liabilities	79,271,097	155,483,291
Commitments and Contingencies (see Note 8)		
Net Assets:		
Common Shares, $0.001 par value; 5,000,000 shares authorized; 2,723,709 shares issued; 2,678,921 and 2,723,709 common shares outstanding, respectively	2,679	2,724
Capital in excess of par value	670,122,430	672,381,617
Total distributable earnings (loss)	(513,446,533)	(521,764,824)
Total Net Assets	$ 156,678,576	$ 150,619,517
Total Liabilities and Net Assets	$ 235,949,673	$ 306,102,808
Net Asset Value Per Common Share	$ 58.49	$ 55.30

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

PHENIXFIN CORPORATION
Consolidated Statements of Operations
(Unaudited)

	For the Three Months Ended June 30		For the Nine Months Ended June 30	
	2021	2020	2021	2020
Interest Income:				
Interest from investments				
Non-controlled, non-affiliated investments:				
Cash	$ 1,578,657	1,961,009	$ 4,785,374	7,499,171
Payment in-kind	186,733	138,018	356,762	465,339
Affiliated investments:				
Cash	249,157	291,569	797,776	691,010
Payment in-kind	286,444	487,065	286,444	2,141,327
Controlled investments:				
Cash	-	-	-	84,505
Payment in-kind	-	-	-	500,767
Total interest income	2,300,991	2,877,661	6,226,356	11,382,119
Dividend income	6,307,408	1,225,000	20,979,143	4,725,000
Interest from cash and cash equivalents	3,862	4,319	5,308	376,747
Fee income (see Note 9)	71,443	202,122	650,323	617,654
Other income	-	-	78,204	-
Total Investment Income	8,683,704	4,309,102	27,939,334	17,101,520
Expenses:				
Base management fees (see Note 6)	-	1,317,223	1,146,403	4,966,728
Interest and financing expenses	1,260,825	2,736,136	4,538,520	12,312,183
General and administrative expenses	294,022	540,066	856,396	3,140,305
Salaries and Benefits	679,229	-	1,011,546	-
Administrator expenses (see Note 6)	106,578	614,535	546,372	1,742,419
Insurance expenses	444,832	333,816	1,404,312	988,394
Directors fees	179,000	347,500	875,217	960,000
Professional fees, net (see Note 8)	289,200	(511,519)	113,797	(4,796,964)
Expenses before expense support reimbursement and management and incentive fee waivers	3,253,686	5,377,757	10,492,563	19,313,065
Expense support reimbursement (see Note 6)	-	(349,427)	-	(349,427)
Total expenses net of expense support reimbursement and management and incentive fee waivers	3,253,686	5,028,330	10,492,563	18,963,638
Net Investment Income	5,430,018	(719,228)	17,446,771	(1,862,118)
Realized and unrealized gains (losses) on investments				
Net realized gains (losses):				
Non-controlled, non-affiliated investments	38,852	(532,253)	4,093,500	(690,167)
Affiliated investments	19,811	-	(10,433,117)	-
Controlled investments	1,850	(37,389,588)	(40,145,720)	(39,076,425)
Total net realized gains (losses)	60,513	(37,921,841)	(46,485,337)	(39,766,592)
Net change in unrealized gains (losses):				
Non-controlled, non-affiliated investments	(1,794,173)	7,379,695	(773,501)	(8,422,875)
Affiliated investments	1,513,353	8,137,213	(2,072,831)	2,558,480
Controlled investments	1,759,025	31,389,160	40,325,544	(17,062,311)
Total net change in unrealized gains (losses)	1,478,205	46,906,068	37,479,212	(22,926,706)
Change in provision for deferred taxes on unrealized (appreciation) depreciation on investments	-	35,970	-	(49,694)
Loss on extinguishment of debt (see Note 5)	-	(697,191)	(122,355)	(2,481,374)
Total realized and unrealized gains (losses)	1,538,718	8,323,006	(9,128,480)	(65,224,366)
Net Increase (Decrease) in Net Assets Resulting from Operations	$ 6,968,736	$ 7,603,778	$ 8,318,291	$ (67,086,484)
Weighted Average Basic and diluted earnings per common share	$ 2.60	$ 2.79	$ 3.07	$ (24.63)
Weighted Average Basic and diluted net investment income (loss) per common share	$ 2.02	$ (0.26)	$ 6.44	$ (0.68)
Weighted Average Common Shares Outstanding - Basic and Diluted (see Note 11)	2,683,093	2,723,711	2,707,794	2,723,711

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

PHENIXFIN CORPORATION
Consolidated Statements of Changes in Net Assets
(Unaudited)

	Shares	Par Amount	Capital in Excess of Par Value	Total Distributable Earnings/(Loss)	Total Net Assets
Balance at March 31, 2020	2,723,711	$ 2,724	$ 673,584,468	$ (531,844,924)	$ 141,742,268
OPERATIONS					
Net investment income (loss)	-	-	-	(719,228)	(719,228)
Net realized gains (losses) on investments	-	-	-	(37,921,841)	(37,921,841)
Net change in unrealized appreciation (depreciation) on investments	-	-	-	46,906,068	46,906,068
Change in provision for deferred taxes on unrealized (appreciation) depreciation on investments	-	-	-	35,970	35,970
Net loss on extinguishment of debt	-	-	-	(697,191)	(697,191)
Total Increase (Decrease) in Net Assets	-	-	-	7,603,778	7,603,778
Balance at June 30, 2020	2,723,711	$ 2,724	$ 673,584,468	$ (524,241,146)	$ 149,346,046
Balance at March 31, 2021	2,703,936	$ 2,704	$ 671,589,690	$ (520,415,269)	$ 151,177,125
OPERATIONS					
Net investment income (loss)	-	-	-	5,430,018	5,430,018
Net realized gains (losses) on investments	-	-	-	60,513	60,513
Net change in unrealized appreciation (depreciation) on investments	-	-	-	1,478,205	1,478,205
	-	-	-	6,968,736	6,968,736
CAPITAL SHARE TRANSACTIONS					
Repurchase of common shares	(25,015)	(25)	(1,467,260)	-	(1,467,285)
	(25,015)	(25)	(1,467,260)	-	(1,467,285)
Total Increase (Decrease) in Net Assets	(25,015)	(25)	(1,467,260)	6,968,736	5,501,451
Balance at June 30, 2021	2,678,921	$ 2,679	$ 670,122,430	$ (513,446,533)	$ 156,678,576
Balance at September 30, 2019	2,723,711	$ 2,724	$ 673,584,468	$ (457,154,662)	$ 216,432,530
OPERATIONS					
Net investment income (loss)	-	-	-	(1,862,118)	(1,862,118)
Net realized gains (losses) on investments	-	-	-	(39,766,592)	(39,766,592)
Net change in unrealized appreciation (depreciation) on investments	-	-	-	(22,926,706)	(22,926,706)
Change in provision for deferred taxes on unrealized (appreciation) depreciation on investments	-	-	-	(49,694)	(49,694)
Net loss on extinguishment of debt	-	-	-	(2,481,374)	(2,481,374)
Total Increase (Decrease) in Net Assets	-	-	-	(67,086,484)	(67,086,484)
Balance at June 30, 2020	2,723,711	$ 2,724	$ 673,584,468	$ (524,241,146)	$ 149,346,046
Balance at September 30, 2020	2,723,709	$ 2,724	$ 672,381,617	$ (521,764,824)	$ 150,619,517
OPERATIONS					
Net investment income (loss)	-	-	-	17,446,771	17,446,771
Net realized gains (losses) on investments	-	-	-	(46,485,337)	(46,485,337)
Net change in unrealized appreciation (depreciation) on investments	-	-	-	37,479,212	37,479,212
Net loss on extinguishment of debt	-	-	-	(122,355)	(122,355)
	-	-	-	8,318,291	8,318,291
CAPITAL SHARE TRANSACTIONS					
Repurchase of common shares	(44,788)	(45)	(2,259,187)	-	(2,259,232)
	(44,788)	(45)	(2,259,187)	-	(2,259,232)
Total Increase (Decrease) in Net Assets	(44,788)	(45)	(2,259,187)	8,318,291	6,059,059
Balance at June 30, 2021	2,678,921	$ 2,679	$ 670,122,430	$ (513,446,533)	$ 156,678,576

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

PHENIXFIN CORPORATION
Consolidated Statements of Cash Flows
(Unaudited)

	For the Nine Months Ended June 30	
	2021	**2020**
Cash Flows from Operating Activities:		
Net increase (decrease) in net assets resulting from operations	$ 8,318,291	$ (67,086,484)
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by (used in) operating activities:		
Investment increases due to payment-in-kind interest	(643,206)	(3,539,584)
Net amortization of premium (discount) on investments	(13,366)	(91,980)
Amortization of debt issuance cost	294,261	2,642,386
Net realized (gain) loss from investments	46,485,337	39,766,592
Net deferred income taxes	-	49,694
Net unrealized (gains) losses on investments	(37,479,212)	22,926,706
Proceeds from sale and settlements of investments	87,789,083	103,367,413
Purchases, originations and participations	(31,013,606)	(16,159,203)
Loss on extinguishment of debt	122,355	2,481,374
(Increase) decrease in operating assets:		
Other assets	1,090,122	931,926
Interest receivable	334,692	929,546
Receivable for dispositions and investments sold	-	(882,979)
Fees receivable	12,500	(10,723)
Dividends receivable	(66,445)	-
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(560,337)	(7,580,816)
Interest and fees payable	(801,805)	(2,102,943)
Management and incentive fees payable, net	(1,392,022)	(913,952)
Administrator expenses payable	(96,280)	(596,677)
Deferred revenue	3,474	(74,577)
Due to affiliate	(53,083)	(13,398)
Due to broker	284,067	-
Net cash provided by (used in) operating activities	72,614,820	74,042,321
Cash Flows from Financing Activities:		
Paydowns on debt	(74,012,825)	(106,122,923)
Repurchase of common shares	(2,259,232)	-
Net cash provided by (used in) financing activities	(76,272,057)	(106,122,923)
Net increase (decrease) in cash and cash equivalents	(3,657,237)	(32,080,602)
Cash and cash equivalents, beginning of period	56,522,148	84,283,903
Cash and cash equivalents, end of period	$ 52,864,911	$ 52,203,301
Supplemental information:		
Interest paid during the period	$ 5,340,325	$ 11,772,739

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

PHENIXFIN CORPORATION
Consolidated Schedule of Investments
As of June 30, 2021
(Unaudited)

Company[(1)]	Industry	Type of Investment	Maturity	Par Amount[(2)]	Cost[(3)]	Fair Value[(4)]	% of Net Assets[(5)]
Non-Controlled/Non-Affiliated Investments:							
Alpine SG, LLC (8)	High Tech Industries	Senior Secured First Lien Term Loan (LIBOR + 5.75% Cash, 1.00% LIBOR Floor)(14)	11/16/2022	$ 4,715,809	$ 4,715,809	$ 4,715,806	3.01%
		Senior Secured Incremental First Lien Term Loan (LIBOR + 8.50% Cash, 1.00% LIBOR Floor)(14)	11/16/2022	472,087	472,087	472,087	0.30%
		Senior Secured First Lien Delayed Draw Term Loan (LIBOR + 5.75% Cash, 1.00% LIBOR Floor)(14)	11/16/2022	2,277,293	2,277,293	2,277,293	1.45%
		Senior Secured Incremental First Lien Term Loan (LIBOR + 6.50% Cash, 1.00% LIBOR Floor)(14)	11/16/2022	4,174,037	4,094,287	4,174,037	2.66%
				11,639,226	11,559,476	11,639,223	7.42%
Autosplice, Inc.	Automotive	Senior Secured First Lien Term Loan (LIBOR + 8.00% Cash & 2.00% PIK, 1.00% LIBOR Floor)(14)	4/30/2022	11,854,234	11,854,234	11,854,234	7.57%
				11,854,234	11,854,234	11,854,234	7.57%
Be Green Packaging, LLC	Containers, Packaging & Glass	Equity - 417 Common Units		1	416,250	-	0.00%
				1	416,250	-	0.00%
Chimera Investment Corp. (11)	Banking, Finance, Insurance & Real Estate	Equity - 112,310 Class C Preferred Units(18)(21)		112,310	2,755,253	2,904,337	1.85%
				112,310	2,755,253	2,904,337	1.85%
Cleaver-Brooks, Inc.	Manufacturing	7.875% Senior Secured Notes(19)	3/1/2023	3,764,000	3,756,540	3,726,360	2.38%
				3,764,000	3,756,540	3,726,360	2.38%
CM Finance SPV, LLC	Energy: Oil & Gas	Unsecured Debt(10)		101,463	101,463	-	0.00%
				101,463	101,463	-	0.00%

Company[(1)]	Industry	Type of Investment	Maturity	Par Amount[(2)]	Cost[(3)]	Fair Value[(4)]	% of Net Assets[(5)]
CPI International, Inc.	Aerospace & Defense	Senior Secured Second Lien Term Loan (LIBOR + 7.25% Cash, 1.00% LIBOR Floor) (13)	7/28/2025	2,607,062	2,599,755	2,483,227	1.58%
				2,607,062	2,599,755	2,483,227	1.58%
Crow Precision Components, LLC	Aerospace & Defense	Equity - 350 Common Units		350	700,000	127,474	0.08%
				350	700,000	127,474	0.08%
DataOnline Corp.(8)	High Tech Industries	Senior Secured First Lien Term Loan (LIBOR + 6.25% Cash, 1.00% LIBOR Floor) (14)	11/13/2025	4,925,000	4,925,000	4,826,500	3.08%
		Revolving Credit Facility (LIBOR + 6.25% Cash, 1.00% LIBOR Floor)(14)(16)	11/13/2025	607,143	607,143	592,857	0.38%
				5,532,143	5,532,143	5,419,357	3.46%
Dividend and Income Fund(11)	Banking, Finance, Insurance & Real Estate	Equity - 45,653 Common Units(18)		45,653	665,852	676,121	0.43%
				45,653	665,852	676,121	0.43%
Dream Finders Homes, LLC(11)	Construction & Building	Preferred Equity (8.00% PIK)		4,808,834	4,808,834	4,616,481	2.95%
				4,808,834	4,808,834	4,616,481	2.95%
Footprint Acquisition, LLC	Services: Business	Preferred Equity (8.75% PIK)(10)		4,049,398	4,049,398	2,348,651	1.50%
		Equity - 150 Common Units		150	-	-	0.00%
				4,049,548	4,049,398	2,348,651	1.50%
Global Accessories Group, LLC	Consumer goods: Non-durable	Equity - 3.8% Membership Interest		380	151,337	-	0.00%
				380	151,337	-	0.00%
Great AJAX Corp. (11)	Banking, Finance, Insurance & Real Estate	Equity - 37,254 Common Units(18)		37,254	469,512	483,557	0.31%
				37,254	469,512	483,557	0.31%

Company[1]	Industry	Type of Investment	Maturity	Par Amount[2]	Cost[3]	Fair Value[4]	% of Net Assets[5]
Non-Controlled/ Non-Affiliated Investments:							
Impact Group, LLC	Services: Business	Senior Secured First Lien Term Loan (LIBOR + 7.37% Cash, 1.00% LIBOR Floor) (14)	6/27/2023	3,159,309	3,159,309	3,159,309	2.02%
		Senior Secured First Lien Delayed Draw Term Loan (LIBOR + 7.37% Cash, 1.00% LIBOR Floor)(14)	6/27/2023	9,155,136	9,155,136	9,155,136	5.84%
				12,314,445	12,314,445	12,314,445	7.86%
InterFlex Acquisition Company, LLC	Containers, Packaging & Glass	Senior Secured First Lien Term Loan (LIBOR + 9.00% Cash, 1.00% LIBOR Floor) (13)	8/18/2022	11,535,906	11,535,906	11,535,906	7.36%
				11,535,906	11,535,906	11,535,906	7.36%
Invesco Mortgage Capital, Inc.(11)	Banking, Finance, Insurance & Real Estate	Equity - 205,000 Class C Preferred Units(18)(22)		205,000	5,035,506	5,139,350	3.28%
				205,000	5,035,506	5,139,350	3.28%
Lighting Science Group Corporation	Containers, Packaging & Glass	Warrants - 0.62% of Outstanding Equity		5,000,000	955,680	-	0.00%
				5,000,000	955,680	-	0.00%
New Residential Investment Corp. (11)	Banking, Finance, Insurance & Real Estate	Equity - 159,583 Class B Preferred Units(18)(23)		159,583	3,948,103	4,096,496	2.61%
				159,583	3,948,103	4,096,496	2.61%
New York Mortgage Trust, Inc.(11)	Banking, Finance, Insurance & Real Estate	Equity - 135,000 Class E Preferred Units(18)(24)		135,000	3,335,657	3,488,400	2.23%
				135,000	3,335,657	3,488,400	2.23%
Point.360	Services: Business	Senior Secured First Lien Term Loan (LIBOR + 6.00% PIK)(10)(15)	7/8/2020	2,777,366	2,103,712	-	0.00%
				2,777,366	2,103,712	-	0.00%

Company[(1)]	Industry	Type of Investment	Maturity	Par Amount[(2)]	Cost[(3)]	Fair Value[(4)]	% of Net Assets[(5)]
RateGain Technologies, Inc.	Hotel, Gaming & Leisure	Unsecured Debt(10)(12)	10/2/2023	589,821	589,821	-	0.00%
		Unsecured Debt(10)(12)	4/1/2024	761,905	761,905	-	0.00%
				1,351,726	1,351,726	-	0.00%
Redwood Services Group, LLC(8)	Services: Business	Revolving Credit Facility (LIBOR + 6.00% Cash, 1.00% LIBOR Floor)(13)(16)	6/6/2023	175,000	175,000	157,500	0.10%
				175,000	175,000	157,500	0.10%
Sendero Drilling Company, LLC	Energy: Oil & Gas	Unsecured Debt (9.00% Cash)(10)	8/1/2022	297,500	283,238	-	0.00%
				297,500	283,238	-	0.00%
Seotowncenter, Inc.	Services: Business	Equity - 3,434,169.6 Common Units		3,434,170	566,475	-	0.00%
				3,434,170	566,475	-	0.00%
SFP Holding, Inc.	Services: Business	Senior Secured First Lien Term Loan (LIBOR + 6.25% Cash, 1.00% LIBOR Floor) (14)	9/1/2022	4,744,636	4,744,636	4,697,190	3.00%
		Senior Secured First Lien Delayed Draw Term Loan (LIBOR + 6.25% Cash, 1.00% LIBOR Floor)(14)	9/1/2022	1,839,544	1,839,544	1,821,149	1.16%
		Equity - 101,165.93 Common Units in CI (Summit) Investment Holdings LLC		101,166	1,067,547	863,957	0.55%
				6,685,346	7,651,727	7,382,296	4.71%
SMART Financial Operations, LLC	Retail	Equity - 700,000 Class A Preferred Units		700,000	700,000	-	0.00%
				700,000	700,000	-	0.00%

Company[1]	Industry	Type of Investment	Maturity	Par Amount[2]	Cost[3]	Fair Value[4]	% of Net Assets[5]
Stancor, Inc.	Services: Business	Equity - 263,814.43 Class A Units		263,814	263,814	204,946	0.13%
				263,814	263,814	204,946	0.13%
Thryv Holdings, Inc.(11)	Services: Business	Senior Secured First Lien Term Loan B (LIBOR + 8.50% Cash, 1.00% LIBOR Floor)(13)(19)	3/1/2026	6,120,000	5,944,492	6,120,000	3.91%
				6,120,000	5,944,492	6,120,000	3.91%
Velocity Pooling Vehicle, LLC	Automotive	Senior Secured First Lien Term Loan (LIBOR + 11.00%, 1.00% LIBOR Floor)(14)	4/28/2023	1,014,440	951,629	1,014,440	0.65%
		Equity - 5,441 Class A Units		5,441	302,464	62,299	0.04%
		Warrants - 0.65% of Outstanding Equity	3/30/2028	6,506	361,667	74,429	0.05%
				1,026,387	1,615,760	1,151,168	0.74%
Walker Edison Furniture Company LLC	Consumer goods: Durable	Equity - 10,244 Common Units		10,244	1,500,000	7,537,535	4.81%
				10,244	1,500,000	7,537,535	4.81%
Watermill-QMC Midco, Inc.	Automotive	Equity - 1.3% Partnership Interest(9)		518,283	518,283	-	-0.02%
				518,283	518,283	-	-0.02%
Subtotal Non-Controlled/ Non-Affiliated Investments				**$ 97,262,228**	**$ 109,219,571**	**$ 105,407,064**	67.28%

Company[1]	Industry	Type of Investment	Maturity	Par Amount[2]	Cost[3]	Fair Value[4]	% of Net Assets[5]
Non-Controlled/Non-Affiliated Investments:							
Affiliated Investments:[6]							
1888 Industrial Services, LLC(8)	Energy: Oil & Gas	Senior Secured First Lien Term Loan A (LIBOR + 5.00% PIK, 1.00% LIBOR Floor)(10)(14)	9/30/2021	9,946,740	9,473,066	-	0.00%
		Senior Secured First Lien Term Loan B (LIBOR + 8.00% PIK, 1.00% LIBOR Floor)(10)(14)	9/30/2021	25,937,520	19,468,870	-	0.00%
		Senior Secured First Lien Term Loan C (LIBOR + 5.00%, 1.00% LIBOR Floor)(10)(14)	9/30/2021	1,231,932	1,191,257	197,109	0.13%
		Revolving Credit Facility (LIBOR +5.00%, 1.00% LIBOR Floor)(14)(16)(25)	9/30/2021	3,554,069	3,554,069	3,554,069	2.27%
		Equity - 17,493.63 Class A Units		21,562	-	-	0.00%
				40,691,823	33,687,262	3,751,178	2.40%
Black Angus Steakhouses, LLC(8)	Hotel, Gaming & Leisure	Senior Secured First Lien Delayed Draw Term Loan (LIBOR + 9.00% Cash, 1.00% LIBOR Floor)(13)	6/30/2022	758,929	758,929	758,929	0.48%
		Senior Secured First Lien Term Loan (LIBOR + 9.00% PIK, 1.00% LIBOR Floor)(10)(13)	6/30/2022	8,412,596	7,767,533	2,136,799	1.36%
		Senior Secured First Lien Super Priority DDTL (LIBOR + 9.00% Cash, 1.00% LIBOR Floor)(13)(16)	6/30/2022	1,500,000	1,500,000	1,500,000	0.96%
				10,671,525	10,026,462	4,395,728	2.80%
Caddo Investors Holdings 1 LLC(11)	Forest Products & Paper	Equity - 6.15% Membership Interest(20)		2,528,826	2,528,826	3,766,822	2.40%
				2,528,826	2,528,826	3,766,822	2.40%

Company[(1)]	Industry	Type of Investment	Maturity	Par Amount[(2)]	Cost[(3)]	Fair Value[(4)]	% of Net Assets[(5)]
Dynamic Energy Services International LLC	Energy: Oil & Gas	Senior Secured First Lien Term Loan (LIBOR + 13.50% PIK)(10)(15)	12/31/2021	12,930,235	7,824,975	-	0.00%
		Equity - 12,350,000 Class A Units		12,350,000	-	-	0.00%
				25,280,235	7,824,975	-	0.00%
JFL-NGS Partners, LLC	Construction & Building	Equity - 57,300 Class B Units		57,300	57,300	33,383,212	21.31%
				57,300	57,300	33,383,212	21.31%
JFL-WCS Partners, LLC	Environmental Industries	Equity - 129,588 Class B Units		129,588	129,588	10,070,454	6.43%
				129,588	129,588	10,070,454	6.43%
Kemmerer Operations, LLC(8)	Metals & Mining	Senior Secured First Lien Term Loan (15.00% PIK)	6/21/2023	2,294,047	2,294,047	2,294,047	1.45%
		Senior Secured First Lien Delayed Draw Term Loan (15.00% PIK)(16)	6/21/2023	288,614	288,614	288,614	0.18%
		Equity - 6.7797 Common Units		7	962,717	276,078	0.18%
				2,582,668	3,545,378	2,858,739	1.81%
Path Medical, LLC	Healthcare & Pharmaceuticals	Senior Secured First Lien Term Loan A (LIBOR + 9.50% Cash, 1.00% LIBOR Floor)(10)(13)	10/11/2021	5,905,080	5,905,080	2,911,204	1.85%
		Senior Secured First Lien Term Loan B (LIBOR + 13.00% PIK, 1.00% LIBOR Floor)(10)(13)	10/11/2021	7,783,840	6,599,918	-	0.00%
		Warrants - 7.68% of Outstanding Equity		123,867	499,751	-	0.00%
				13,812,787	13,004,749	2,911,204	1.85%
URT Acquisition Holdings Corporation	Services: Business	Unsecured Debt (10.00% Cash)(17)	12/4/2024	2,109,589	2,109,589	2,109,589	1.35%
		Warrants		28,912	-	1,070,000	0.68%
				2,138,501	2,109,589	3,179,589	2.03%
US Multifamily, LLC(11)	Banking, Finance, Insurance & Real Estate	Senior Secured First Lien Term Loan (10.00% Cash)	12/31/2022	2,577,418	2,577,418	2,577,418	1.65%
		Equity - 33,300 Preferred Units		33,300	3,330,000	1,828,639	1.17%
				2,610,718	5,907,418	4,406,057	2.82%
Subtotal Affiliated Investments				**$ 100,503,971**	**$ 78,821,547**	**$ 68,722,983**	43.86%

Company[(1)]	Industry	Type of Investment	Maturity	Par Amount[(2)]	Cost[(3)]	Fair Value[(4)]	% of Net Assets[(5)]
Controlled Investments:[(7)]							
NVTN LLC(8)	Hotel, Gaming & Leisure	Senior Secured First Lien Delayed Draw Term Loan (LIBOR + 4.00% Cash, 1.00% LIBOR Floor)(10)(13)(16)	11/9/2021	6,565,875	6,565,875	6,027,473	3.85%
		Senior Secured First Lien Super Priority DDTL (LIBOR + 4.00% Cash, 1.00% LIBOR Floor)(13)(16)	12/31/2024	1,500,000	1,497,224	1,461,000	0.93%
		Senior Secured First Lien Term Loan B (LIBOR + 9.25% PIK, 1.00% LIBOR Floor)(10)(13)	11/9/2021	14,963,195	12,305,096	-	0.00%
		Senior Secured First Lien Term Loan C (LIBOR + 12.00% PIK, 1.00% LIBOR Floor)(10)(13)	11/9/2021	10,014,223	7,570,054	-	0.00%
		Equity - 787.4 Class A Units		9,550,922	9,550,922	-	0.00%
				42,594,215	37,489,171	7,488,473	4.78%
Subtotal Control Investments				**$ 42,594,215**	**$ 37,489,171**	**$ 7,488,473**	4.78%
Total Investments, June 30, 2021				**$ 240,360,414**	**$ 225,530,289**	**$ 181,618,520**	115.92%

(1) All of our investments are domiciled in the United States. Certain investments also have international operations.

(2) Par amount includes accumulated payment-in-kind (“PIK”) interest, as applicable, and is net of repayments.

(3) Net unrealized depreciation for U.S. federal income tax purposes totaled $44,153,134.

The tax cost basis of investments is $225,771,654 as of June 30, 2021.

(4) Unless otherwise indicated, all securities are valued using significant unobservable inputs, which are categorized as Level 3 assets under the definition of ASC 820 fair value hierarchy (see Note 4).

(5) Percentage is based on net assets of $156,678,576 as of June 30, 2021.

(6) Affiliated Investments are defined by the 1940 Act as investments in companies in which the Company owns between 5% and 25% outstanding voting securities or is under common control with such portfolio company.

(7) Control Investments are defined by the Investment Company Act of 1940, as amended (the “1940 Act”), as investments in companies in which the Company owns more than 25% of the voting securities or maintains greater than 50% of the board representation.

(8) The investment has an unfunded commitment as of June 30, 2021 (see Note 8), and fair value includes the value of any unfunded commitments.

(9) Represents 1.3% partnership interest in Watermill-QMC Partners, LP and Watermill-EMI Partners, LP.

(10) The investment was on non-accrual status as of June 30, 2021.

(11) The investment is not a qualifying asset as defined under Section 55(a) of 1940 Act, in whole, or in part. As of June 30, 2021, 14.51% of the Company's portfolio investments were non-qualifying assets.

(12) Security is non-income producing.

(13) The interest rate on these loans is subject to the greater of a London Interbank Offering Rate (“LIBOR”) floor, or 1 month LIBOR plus a base rate. The 1 month LIBOR as of June 30, 2021 was 0.10%.

(14) The interest rate on these loans is subject to the greater of a LIBOR floor, or 3 month LIBOR plus a base rate. The 3 month LIBOR as of June 30, 2021 was 0.15%.

(15) The interest rate on these loans is subject to 3 month LIBOR plus a base rate. The 3 month LIBOR as of June 30, 2021 was 0.15%.

(16) This investment earns 0.50% commitment fee on all unused commitment as of June 30, 2021, and is recorded as a component of interest income on the Consolidated Statements of Operations.

(17) In lieu of paying 10.00% Cash, URT Acquisition Holdings Corporation may elect to pay 12.00% PIK. This security has been paying 10.00% Cash since 12/31/2020.

(18) This investment represents a Level 1 security in the ASC 820 table as of June 30, 2021 (see Note 4).

(19) This investment represents a Level 2 security in the ASC 820 table as of June 30, 2021 (see Note 4).

(20) As a practical expedient, the Company uses net asset value (“NAV”) to determine the fair value of this investment.

(21) The interest rate on this loan is fixed-to-floating and will shift to 3 month LIBOR plus a 4.743% spread on 9/30/2025.

(22) The interest rate on this loan is fixed-to-floating and will shift to 3 month LIBOR plus a 5.29% spread on 9/27/2027.

(23) The interest rate on this loan is fixed-to-floating and will shift to 3 month LIBOR plus a 5.64% spread on 8/15/2024.

(24) The interest rate on this loan is fixed-to-floating and will shift to 3 month LIBOR plus a 6.429% spread on 1/15/2025.

(25) In lieu of paying 5.00% Cash, 1888 Industrial Services, LLC may elect to pay 5.00% PIK. This security has been paying 5.00% Cash.

PHENIXFIN CORPORATION
Consolidated Schedule of Investments
September 30, 2020

Company[1]	Industry	Type of Investment	Maturity	Par Amount[2]	Cost[3]	Fair Value[6]	% of Net Assets[4]
Non-Controlled/Non-Affiliated Investments:							
Alpine SG, LLC	High Tech Industries	Senior Secured First Lien Term Loan (LIBOR + 5.75% Cash, 1.00% LIBOR Floor) (13)	11/16/2022	4,715,809	4,715,809	4,466,815	3.0%
		Senior Secured Incremental First Lien Term Loan (LIBOR + 8.50% Cash, 1.00% LIBOR Floor)(13)	11/16/2022	472,087	472,087	472,087	0.3%
		Senior Secured First Lien Delayed Draw Term Loan (LIBOR + 5.75% Cash, 1.00% LIBOR Floor)(13)	11/16/2022	2,277,293	2,277,293	2,157,052	1.4%
		Revolving Credit Facility (LIBOR + 5.75% Cash, 1.00% LIBOR Floor)(13)(15)	11/16/2022	1,000,000	1,000,000	947,200	0.6%
				8,465,189	8,465,189	8,043,154	
American Dental Partners, Inc.	Healthcare & Pharmaceuticals	Senior Secured Second Lien Term Loan (LIBOR + 8.50% Cash, 1.00% LIBOR Floor) (13)	9/25/2023	4,387,500	4,387,500	3,948,750	2.6%
				4,387,500	4,387,500	3,948,750	
Autosplice, Inc.	High Tech Industries	Senior Secured First Lien Term Loan (LIBOR + 8.00% Cash, 1.00% LIBOR Floor) (13)	12/17/2021	12,780,349	12,780,349	11,898,505	7.9%
				12,780,349	12,780,349	11,898,505	
Avantor, Inc.(10)	Wholesale	Equity - 13,695 Common Units(16)		—	9,553,793	12,277,988	8.2%
				—	9,553,793	12,277,988	
Be Green Packaging, LLC	Containers, Packaging & Glass	Equity - 417 Common Units		—	416,250	—	0.0%
				—	416,250	—	
CM Finance SPV, LLC	Banking, Finance, Insurance & Real Estate	Unsecured Debt	6/24/2021	101,463	101,463	101,463	0.1%
				101,463	101,463	101,463	
CPI International, Inc.	Aerospace & Defense	Senior Secured Second Lien Term Loan (LIBOR + 7.25% Cash, 1.00% LIBOR Floor) (12)	7/28/2025	2,607,062	2,598,252	2,219,392	1.5%
				2,607,062	2,598,252	2,219,392	

Company[1]	Industry	Type of Investment	Maturity	Par Amount[2]	Cost[3]	Fair Value[6]	% of Net Assets[4]
Crow Precision Components, LLC	Aerospace & Defense	Equity - 350 Common Units		—	700,000	723,131	0.5%
				—	700,000	723,131	
CT Technologies Intermediate Holdings, Inc.[11]	Healthcare & Pharmaceuticals	Senior Secured Second Lien Term Loan (LIBOR + 9.00% Cash, 1.00% LIBOR Floor) (13)	12/1/2022	7,500,000	7,500,000	6,832,500	4.5%
				7,500,000	7,500,000	6,832,500	
DataOnline Corp.[7]	High Tech Industries	Senior Secured First Lien Term Loan (LIBOR + 6.25% Cash, 1.00% LIBOR Floor) (13)	11/13/2025	4,962,500	4,962,500	4,786,331	3.2%
		Revolving Credit Facility (LIBOR + 6.25% Cash, 1.00% LIBOR Floor)[13][15]	11/13/2025	535,714	535,714	510,357	0.3%
				5,498,214	5,498,214	5,296,688	
Dream Finders Homes, LLC	Construction & Building	Preferred Equity (8.00% PIK)		4,531,472	4,531,472	3,928,786	2.6%
				4,531,472	4,531,472	3,928,786	
Footprint Acquisition, LLC	Services: Business	Preferred Equity (8.75% PIK)		3,969,998	3,969,998	3,969,998	2.6%
		Equity - 150 Common Units		—	—	1,960,830	1.3%
				3,969,998	3,969,998	5,930,828	
Global Accessories Group, LLC[11]	Consumer goods: Non-durable	Equity - 3.8% Membership Interest		—	151,337	—	0.0%
				—	151,337	—	
Impact Group, LLC	Services: Business	Senior Secured First Lien Term Loan (LIBOR + 7.37% Cash, 1.00% LIBOR Floor) (13)	6/27/2023	3,219,964	3,219,964	2,994,565	2.0%
		Senior Secured First Lien Delayed Draw Term Loan (LIBOR + 7.37% Cash, 1.00% LIBOR Floor)[13]	6/27/2023	9,330,056	9,330,056	8,676,952	5.8%
				12,550,020	12,550,020	11,671,517	—
InterFlex Acquisition Company, LLC	Containers, Packaging & Glass	Senior Secured First Lien Term Loan (LIBOR + 9.00% Cash, 1.00% LIBOR Floor) (12)	8/18/2022	12,098,406	12,098,406	11,987,100	8.0%
				12,098,406	12,098,406	11,987,100	

Company[1]	Industry	Type of Investment	Maturity	Par Amount[2]	Cost[3]	Fair Value[6]	% of Net Assets[4]
Lighting Science Group Corporation	Containers, Packaging & Glass	Warrants - 0.62% of Outstanding Equity[17]	2/19/2024	—	955,680	—	0.0%
				—	955,680	—	
Manna Pro Products, LLC	Consumer goods: Non-durable	Senior Secured First Lien Term Loan (LIBOR + 6.00% Cash, 1.00% LIBOR Floor)[12]	12/8/2023	5,343,674	5,343,674	5,123,515	3.4%
		Senior Secured First Lien Delayed Draw Term Loan (LIBOR + 6.00% Cash, 1.00% LIBOR Floor)[12]	12/8/2023	1,085,219	1,085,219	1,040,508	0.7%
				6,428,893	6,428,893	6,164,023	
Point.360	Services: Business	Senior Secured First Lien Term Loan (LIBOR + 6.00% PIK)[9][14][21]	7/8/2020	2,777,366	2,103,712	186,083	0.1%
				2,777,366	2,103,712	186,083	
RateGain Technologies, Inc.	Hotel, Gaming & Leisure	Unsecured Debt[18]	7/31/2020	704,106	704,106	—	0.0%
		Unsecured Debt[18]	7/31/2021	761,905	761,905	—	0.0%
				1,466,011	1,466,011	—	
Redwood Services Group, LLC[7]	Services: Business	Revolving Credit Facility (LIBOR + 6.00% Cash, 1.00% LIBOR Floor)[12][15]	6/6/2023	700,000	700,000	647,500	0.4%
				700,000	700,000	647,500	
Sendero Drilling Company, LLC	Energy: Oil & Gas	Unsecured Debt (8.00% Cash)[9]	8/31/2021	488,750	465,319	—	0.0%
				488,750	465,319	—	
Seotowncenter, Inc.	Services: Business	Equity - 3,434,169.6 Common Units		—	566,475	686,834	0.5%
				—	566,475	686,834	
SFP Holding, Inc.	Construction & Building	Senior Secured First Lien Term Loan (LIBOR + 6.25% Cash, 1.00% LIBOR Floor)[13]	9/1/2022	4,776,955	4,776,955	4,733,962	3.1%
		Senior Secured First Lien Delayed Draw Term Loan (LIBOR + 6.25% Cash, 1.00% LIBOR Floor)[13]	9/1/2022	1,852,522	1,852,522	1,835,850	1.2%
		Equity - 101,165.93 Common Units in CI (Summit) Investment Holdings LLC		—	1,067,546	657,578	0.4%
				6,629,477	7,697,023	7,227,390	

Company[1]	Industry	Type of Investment	Maturity	Par Amount[2]	Cost[3]	Fair Value[6]	% of Net Assets[4]
SMART Financial Operations, LLC	Retail	Equity - 700,000 Class A Preferred Units		—	700,000	343,000	0.2%
				—	700,000	343,000	
Stancor, Inc.	Services: Business	Equity - 263,814.43 Class A Units		—	263,814	150,374	0.1%
				—	263,814	150,374	
Starfish Holdco, LLC	High Tech Industries	Senior Secured Second Lien Term Loan (LIBOR + 9.00% Cash, 1.00% LIBOR Floor) (12)	8/18/2025	1,000,000	989,935	926,500	0.6%
				1,000,000	989,935	926,500	—
URT Acquisition Holdings Corporation	Services: Business	Unsecured Debt (10.00% PIK)	6/23/2021	2,567,929	2,567,929	2,567,929	1.7%
				2,567,929	2,567,929	2,567,929	
Velocity Pooling Vehicle, LLC	Automotive	Senior Secured First Lien Term Loan (LIBOR + 11.00% PIK, 1.00% LIBOR Floor)[13]	4/28/2023	1,014,440	951,628	1,014,440	0.7%
		Equity - 5,441 Class A Units		—	302,464	12,841	0.0%
		Warrants - 0.65% of Outstanding Equity	3/30/2028	—	361,667	15,354	0.0%
				1,014,440	1,615,759	1,042,635	
Walker Edison Furniture Company LLC	Consumer goods: Durable	Senior Secured First Lien Term Loan (LIBOR + 6.25% Cash, 1.00% LIBOR Floor) (13)	9/26/2024	3,519,878	3,519,878	3,519,878	2.3%
		Equity - 1,500 Common Units		—	1,500,000	6,000,000	4.0%
				3,519,878	5,019,878	9,519,878	
Watermill-QMC Midco, Inc.	Automotive	Equity - 1.3% Partnership Interest[8]		—	518,283	—	0.0%
				—	518,283	—	
Subtotal Non-Controlled/Non-Affiliated Investments				**$ 101,082,417**	**$ 117,360,954**	**$ 114,321,948**	

Company[1]	Industry	Type of Investment	Maturity	Par Amount[2]	Cost[3]	Fair Value[6]	% of Net Assets[4]
Affiliated Investments:[20]							
1888 Industrial Services, LLC[7]	Energy: Oil & Gas	Senior Secured First Lien Term Loan A (LIBOR + 5.00% PIK, 1.00% LIBOR Floor)[9][13]	9/30/2021	9,946,741	9,473,067	—	0.0%
		Senior Secured First Lien Term Loan B (LIBOR + 8.00% PIK, 1.00% LIBOR Floor)[9][13]	9/30/2021	25,937,520	19,468,870	—	0.0%
		Senior Secured First Lien Term Loan C (LIBOR + 5.00%, 1.00% LIBOR Floor)[9][13]	9/30/2021	1,231,932	1,191,257	1,166,763	0.8%
		Revolving Credit Facility (LIBOR + 5.00% PIK, 1.00% LIBOR Floor)[13][15]	9/30/2021	3,554,069	3,554,069	3,554,069	2.4%
		Equity - 17,493.63 Class A Units		—	—	—	0.0%
				40,670,262	33,687,263	4,720,832	
Access Media Holdings, LLC	Media: Broadcasting & Subscription	Senior Secured First Lien Term Loan (10.00% PIK)[9][21]	7/22/2020	11,105,630	8,446,385	1,110,563	0.7%
		Preferred Equity Series A		1,600,000	1,600,000	—	0.0%
		Preferred Equity Series AA		800,000	800,000	—	0.0%
		Preferred Equity Series AAA		971,200	971,200	—	0.0%
		Equity - 16 Common Units		—	—	—	0.0%
				14,476,830	11,817,585	1,110,563	
Black Angus Steakhouses, LLC	Hotel, Gaming & Leisure	Senior Secured First Lien Delayed Draw Term Loan (LIBOR + 9.00% Cash, 1.00% LIBOR Floor)[12]	12/31/2020	758,929	758,929	758,929	0.5%
		Senior Secured First Lien Term Loan (LIBOR + 9.00% PIK, 1.00% LIBOR Floor)[9][12]	12/31/2020	8,412,596	7,767,532	5,047,557	3.4%
		Equity - 17.9% Membership Interest		—	—	—	0.0%
				9,171,525	8,526,461	5,806,486	
Caddo Investors Holdings 1 LLC[10]	Forest Products & Paper	Equity - 6.15% Membership Interest[19]		—	2,528,826	2,990,776	2.0%
				—	2,528,826	2,990,776	—

Company[1]	Industry	Type of Investment	Maturity	Par Amount[2]	Cost[3]	Fair Value[6]	% of Net Assets[4]
Dynamic Energy Services International LLC	Energy: Oil & Gas	Senior Secured First Lien Term Loan (LIBOR + 13.50% PIK) [9][14]	12/31/2021	12,930,235	7,824,974	905,116	0.6%
		Equity - 12,350,000 Class A Units		—	—	—	0.0%
				12,930,235	7,824,974	905,116	
JFL-NGS Partners, LLC	Construction & Building	Preferred Equity - A-2 Preferred (3.00% PIK)		1,795,034	1,795,034	1,795,034	1.2%
		Preferred Equity - A-1 Preferred (3.00% PIK)		232,292	232,292	232,292	0.2%
		Equity - 57,300 Class B Units		—	57,300	38,780,067	25.7%
				2,027,326	2,084,626	40,807,393	—
JFL-WCS Partners, LLC	Environmental Industries	Preferred Equity - Class A Preferred (6.00% PIK)		1,310,649	1,310,649	1,310,649	0.9%
		Equity - 129,588 Class B Units		—	129,588	4,535,580	3.0%
				1,310,649	1,440,237	5,846,229	—
Kemmerer Operations, LLC[7]	Metals & Mining	Senior Secured First Lien Term Loan (15.00% PIK)	6/21/2023	2,051,705	2,051,705	2,051,705	1.4%
		Senior Secured First Lien Delayed Draw Term Loan (15.00% PIK)	6/21/2023	515,699	515,699	515,699	0.4%
		Equity - 6.7797 Common Units		—	962,717	962,717	0.6%
				2,567,404	3,530,121	3,530,121	
Path Medical, LLC	Healthcare & Pharmaceuticals	Senior Secured First Lien Term Loan A (LIBOR + 9.50% Cash, 1.00% LIBOR Floor)[12]	10/11/2021	5,905,080	5,905,080	5,905,080	3.9%
		Senior Secured First Lien Term Loan B (LIBOR + 13.00% PIK, 1.00% LIBOR Floor)[9][12]	10/11/2021	7,783,840	6,599,918	6,794,514	4.5%
		Warrants - 7.68% of Outstanding Equity	1/9/2027	—	499,751	—	0.0%
				13,688,920	13,004,749	12,699,594	
US Multifamily, LLC[10]	Banking, Finance, Insurance & Real Estate	Senior Secured First Lien Term Loan (10.00% Cash)	6/17/2021	5,123,913	5,123,913	5,123,913	3.4%
		Equity - 33,300 Preferred Units		—	3,330,000	1,332,000	0.9%
				5,123,913	8,453,913	6,455,913	
Subtotal Affiliated Investments				**$ 101,967,064**	**$ 92,898,755**	**$ 84,873,023**	

Company[1]	Industry	Type of Investment	Maturity	Par Amount[2]	Cost[3]	Fair Value[6]	% of Net Assets[4]
Controlled Investments:[5]							
MCC Senior Loan Strategy JV I LLC[10]	Multisector Holdings	Equity - 87.5% ownership of MCC Senior Loan Strategy JV I LLC		—	79,887,500	41,018,500	27.2%
				—	79,887,500	41,018,500	
NVTN LLC[7]	Hotel, Gaming & Leisure	Senior Secured First Lien Delayed Draw Term Loan (LIBOR + 4.00% Cash, 1.00% LIBOR Floor)[9][12]	12/31/2024	6,565,875	6,565,875	4,530,078	3.0%
		Senior Secured First Lien Super Priority DDTL (LIBOR + 4.00% Cash, 1.00% LIBOR Floor)[9][12]	12/31/2024	2,000,000	1,995,374	2,000,000	1.3%
		Senior Secured First Lien Term Loan B (LIBOR + 9.25% PIK, 1.00% LIBOR Floor)[9][12]	12/31/2024	14,963,195	12,305,096	—	0.0%
		Senior Secured First Lien Term Loan C (LIBOR + 12.00% PIK, 1.00% LIBOR Floor)[9][12]	12/31/2024	10,014,223	7,570,054	—	0.0%
		Equity - 787.4 Class A Units		—	9,550,922	—	0.0%
				33,543,293	37,987,321	6,530,078	
Subtotal Control Investments				**$ 33,543,293**	**$ 117,874,821**	**$ 47,548,578**	
Total Investments, September 30, 2020				**$ 236,592,774**	**$ 328,134,530**	**$ 246,743,549**	163.8%

(1) All of our investments are domiciled in the United States. Certain investments also have international operations.

(2) Par amount includes accumulated payment-in-kind ("PIK") interest, as applicable, and is net of repayments.

(3) Gross unrealized appreciation, gross unrealized depreciation, and net unrealized depreciation for U.S. federal income tax purposes totaled $53,757,923, $134,877,746, and $81,119,823, respectively. The tax cost basis of investments is $327,863,372 as of September 30, 2020.

(4) Percentage is based on net assets of $150,619,517 as of September 30, 2020.

(5) Control Investments are defined by the Investment Company Act of 1940, as amended (the “1940 Act”), as investments in companies in which the Company owns more than 25% of the voting securities or maintains greater than 50% of the board representation.

(6) Unless otherwise indicated, all securities are valued using significant unobservable inputs, which are categorized as Level 3 assets under the definition of ASC 820 fair value hierarchy (see Note 4).

(7) The investment has an unfunded commitment as of September 30, 2020 (see Note 8) and includes an analysis of the value of any unfunded commitments.

(8) Represents 1.3% partnership interest in Watermill-QMC Partners, LP and Watermill-EMI Partners, LP.

(9) The investment was on non-accrual status as of September 30, 2020.

(10) The investment is not a qualifying asset as defined under Section 55(a) of 1940 Act, in a whole, or in part. As of September 30, 2020, 25.4% of the Company’s portfolio investments were non-qualifying assets.

(11) A portion of this investment was sold via a participation agreement. The amount stated is the portion retained by the Company (see Note 3).

(12) The interest rate on these loans is subject to the greater of a London Interbank Offering Rate (“LIBOR”) floor, or 1 month LIBOR plus a base rate. The 1 month LIBOR as of September 30, 2020 was 0.15%.

(13) The interest rate on these loans is subject to the greater of a LIBOR floor, or 3 month LIBOR plus a base rate. The 3 month LIBOR as of September 30, 2020 was 0.23%.

(14) The interest rate on these loans is subject to 3 month LIBOR plus a base rate. The 3 month LIBOR as of September 30, 2020 was 0.24%.

(15) This investment earns 0.50% commitment fee on all unused commitment as of September 30, 2020 and is recorded as a component of interest income on the Consolidated Statements of Operations.

(16) This investment represents a Level 1 security in the ASC 820 table as of September 30, 2020 (see Note 4).

(17) This investment represents a Level 2 security in the ASC 820 table as of September 30, 2020 (see Note 4).

(18) Security is non-income producing.

(19) As a practical expedient, the Company uses net asset value (“NAV”) to determine the fair value of this investment.

(20) Affiliated Investments are defined by the 1940 Act as investments in companies in which the Company owns between 5% and 25% outstanding voting securities or is under common control with such portfolio company.

(21) The investment was past due as of September 30, 2020.

See accompanying notes to consolidated financial statements.

Note 1. Organization

PhenixFIN Corporation ("PhenixFIN", the "Company," "we" and "us") is a non-diversified closed-end management investment company incorporated in Delaware that has elected to be regulated as a business development company ("BDC") under the Investment Company Act of 1940, as amended (the "1940 Act"). We completed our initial public offering ("IPO") and commenced operations on January 20, 2011. The Company has elected, and intends to qualify annually, 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"). On November 18, 2020, the board of directors of the Company approved the adoption of an internalized management structure, effective January 1, 2021. Until close of business on December 31, 2020 we were externally managed and advised by MCC Advisors LLC ("MCC Advisors"), pursuant to an investment management agreement. MCC Advisors is a wholly owned subsidiary of Medley LLC, which is controlled by Medley Management Inc. (NYSE: MDLY), a publicly traded asset management firm ("MDLY"), which in turn is controlled by Medley Group LLC, an entity wholly owned by the senior professionals of Medley LLC. We use the term "Medley" to refer collectively to the activities and operations of Medley Capital LLC, Medley LLC, MDLY, Medley Group LLC, MCC Advisors, associated investment funds and their respective affiliates herein. Since January 1, 2021 the Company has been managed pursuant to an internalized management structure.

On March 26, 2013, our wholly owned subsidiary, Medley SBIC, LP ("SBIC LP"), a Delaware limited partnership that we own directly and through our wholly owned subsidiary, Medley SBIC GP, LLC, received a license from the Small Business Administration ("SBA") to operate as a Small Business Investment Company ("SBIC") under Section 301(c) of the Small Business Investment Company Act of 1958, as amended. Effective July 1, 2019, SBIC LP surrendered its SBIC license and changed its name to Medley Small Business Fund, LP. In addition, Medley SBIC GP, LLC changed its name to Medley Small Business Fund GP, LLC. Medley Small Business Fund, LP and Medley Small Business Fund GP, LLC have since changed their names to PhenixFIN Small Business Fund, LP and PhenixFIN Small Business Fund GP, LLC, respectively.

The Company has formed and expects to continue to form certain taxable subsidiaries (the "Taxable Subsidiaries"), which are taxed as corporations for federal income tax purposes. These Taxable Subsidiaries allow us to, among other things, hold equity securities of portfolio companies organized as pass-through entities while continuing to satisfy the requirements of a RIC under the Code.

The Company's investment objective is to generate current income and capital appreciation. The management team seeks to achieve this objective primarily through making loans, private equity or other investments in privately-held companies. The Company may also make debt, equity or other investments in publicly-traded companies. (These investments may also include investments in other BDCs, closed-end funds or REITs.) We may also pursue other strategic opportunities and invest in other assets or operate other businesses to achieve our investment objective, such as operating and managing an asset-based lending business. The portfolio generally consists of senior secured first lien term loans, senior secured second lien term loans, senior secured bonds, preferred equity and common equity. Occasionally, we will receive warrants or other equity participation features which we believe will have the potential to increase total investment returns. Our loan and other debt investments are primarily rated below investment grade or are unrated. Investments in below investment grade securities are considered predominantly speculative with respect to the issuer's capacity to pay interest and repay principal when due.

Reverse Stock Split; Authorized Share Reduction

At the Company's 2020 Annual Meeting of Stockholders held on June 30, 2020 (the "2020 Annual Meeting"), stockholders approved a proposal to grant discretionary authority to the Company's board of directors to amend the Company's Certificate of Incorporation (the "Certificate of Incorporation") to effect a reverse stock split of its common stock, of 1-20 (the "Reverse Stock Split") and with the Reverse Stock Split to be effective at such time and date, if at all, as determined by the board of directors, but not later than 60 days after stockholder approval thereof and, if and when the reverse stock split is effected, reduce the number of authorized shares of common stock by the approved reverse stock split ratio (the "Authorized Share Reduction").

Following the 2020 Annual Meeting, on July 7, 2020, the board of directors determined that it was in the best interests of the Company and its stockholders to implement the Reverse Stock Split and the Authorized Share Reduction. Accordingly, on July 13, 2020, the Company filed a Certificate of Amendment (the "Certificate of Amendment") to the Certificate of Incorporation with the Secretary of State of the State of Delaware to effect the Reverse Stock Split and the Authorized Share Reduction.

Note 1. Organization (continued)

Pursuant to the Certificate of Amendment, effective as of 5:00 p.m., Eastern Time, on July 24, 2020 (the "Effective Time"), each twenty (20) shares of common stock issued and outstanding, immediately prior to the Effective Time, automatically and without any action on the part of the respective holders thereof, were combined and converted into one (1) share of common stock. In connection with the Reverse Stock Split, the Certificate of Amendment provided for a reduction in the number of authorized shares of common stock from 100,000,000 to 5,000,000 shares of common stock. No fractional shares were issued as a result of the Reverse Stock Split. Instead, any stockholder who would have been entitled to receive a fractional share as a result of the Reverse Stock Split received cash payments in lieu of such fractional shares (without interest and subject to backup withholding and applicable withholding taxes).

On December 21, 2020, the Company announced that it completed the application process for and was authorized to transfer the listing of its shares of common stock to the NASDAQ Global Market. The listing and trading of the common stock on the NYSE ceased at the close of trading on December 31, 2020. Since January 4, 2021, the common stock trades on the NASDAQ Global Market under the trading symbol "PFX."

Sale of MCC JV

On October 8, 2020, the Company, Great American Life Insurance Company ("GALIC"), MCC Senior Loan Strategy JV I LLC (the "MCC JV"), and an affiliate of Golub Capital LLC ("Golub") entered into a Membership Interest Purchase Agreement pursuant to which a fund affiliated with and managed by Golub concurrently purchased all of the Company's interest in the MCC JV and all of GALIC's interest in the MCC JV for a pre-adjusted gross purchase price of $156.4 million and an adjusted gross purchase price (which constitutes the aggregate consideration for the membership interests) of $145.3 million (giving effect to adjustments primarily for principal and interest payments from portfolio companies of MCC JV from July 1, 2020 through October 7, 2020), resulting in net proceeds (before transaction expenses) of $41.0 million and $6.6 million for the Company and GALIC, respectively, on the terms and subject to the conditions set forth in the Membership Interest Purchase Agreement, including the representations, warranties, covenants and indemnities contained therein. In connection with the closing of the transaction on October 8, 2020, MCC JV repaid in full all outstanding borrowings under, and terminated, its senior secured revolving credit facility, dated as of August 4, 2015, as amended, administered by Deutsche Bank AG, New York Branch.

COVID-19 Developments

The COVID-19 pandemic continues to have adverse consequences on the U.S. and global economies, as well as on the Company (including certain portfolio companies) in particular. The ultimate economic fallout from the pandemic, and the long-term impact on economies, markets, industries and individual portfolio companies, remains uncertain. The Company's performance (including that of certain of its portfolio companies) was negatively impacted during the pandemic. The longer-term impact of COVID-19 on the operations and the performance of the Company (including certain portfolio companies) is difficult to predict, but may continue to be adverse. The longer-term potential impact on such operations and performance could depend to a large extent on future developments and actions taken by authorities and other entities to mitigate COVID-19 and its economic impact. The impacts, as well as the uncertainty over impacts to come, of COVID-19 have adversely affected the performance of the Company (including certain portfolio companies) and may continue to do so in the future. Further, the potential exists for variants of COVID-19, including the Delta variant, to impede the global economic recovery and exacerbate geographic differences in the spread of, and response to, COVID-19.

Note 2. Significant Accounting Policies

Basis of Presentation

The Company is an investment company following the accounting and reporting guidance in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 946, Financial Services – Investment Companies. The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles ("GAAP") and include the consolidated accounts of the Company and its wholly owned subsidiaries PhenixFIN Small Business Fund, LP (f/k/a Medley Small Business Fund, LP) ("PhenixFIN Small Business Fund") and PhenixFIN SLF Funding I LLC (f/k/a Medley SLF Funding I LLC) ("PhenixFIN SLF"), and its wholly owned Taxable Subsidiaries. All references made to the "Company," "we," and "us" herein include PhenixFIN Corporation and its consolidated subsidiaries, except as stated otherwise. Additionally, the accompanying consolidated financial statements of the Company and related financial information have been prepared pursuant to the requirements for reporting on Form 10-Q and Article 10 of Regulation S-X of the Securities Act of 1933. In the opinion of management, the consolidated financial statements reflect all adjustments and reclassifications, which are of a normal recurring nature, that are necessary for the fair presentation of financial results as of and for the periods presented. Therefore, this Form 10-Q should be read in conjunction with the Company's annual report on Form 10-K for the year ended September 30, 2020. The current period's results of operations will not necessarily be indicative of results that ultimately may be achieved for the fiscal year ending September 30, 2021.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers cash equivalents to be highly liquid investments with original maturities of three months or less. Cash and cash equivalents include deposits in a money market account. The Company deposits its cash in financial institutions and, at times, such balances may be in excess of the Federal Deposit Insurance Corporation insurance limits.

Debt Issuance Costs

Debt issuance costs incurred in connection with any credit facilities and unsecured notes (see Note 5) are deferred and amortized over the life of the respective credit facility or instrument.

Indemnification

In the normal course of business, the Company enters into contractual agreements that provide general indemnifications against losses, costs, claims and liabilities arising from the performance of individual obligations under such agreements. The Company has had no material claims or payments pursuant to such agreements. The Company's individual maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Company that have not yet occurred. However, based on management's experience, the Company expects the risk of loss to be remote.

Revenue Recognition

Interest income, adjusted for amortization of premiums and accretion of discounts, is recorded on an accrual basis. Dividend income, which represents dividends from equity investments and distributions from Taxable Subsidiaries, is recorded on the ex-dividend date and when the distribution is received, respectively.

The Company holds debt investments in its portfolio that contain a payment-in-kind ("PIK") interest provision. PIK interest, which represents contractually deferred interest added to the investment balance that is generally due at maturity, is recorded on the accrual basis to the extent such amounts are expected to be collected. PIK interest is not accrued if the Company does not expect the issuer to be able to pay all principal and interest when due. For the three and nine months ended June 30, 2021, the Company earned approximately $0.5 and $0.6 million in PIK interest, respectively. For the three and nine months ended June 30, 2020, the Company earned approximately $0.6 million and $3.1 million in PIK interest, respectively.

Note 2. Significant Accounting Policies (continued)

Revenue Recognition (continued)

Origination/closing, amendment and transaction break-up fees associated with investments in portfolio companies are recognized as income when we become entitled to such fees. Prepayment penalties received by the Company for debt instruments paid back to the Company prior to the maturity date are recorded as income upon repayment of debt. Administrative agent fees received by the Company are capitalized as deferred revenue and recorded as fee income when the services are rendered. For the three and nine months ended June 30, 2021, fee income was approximately $0.1 million and $0.7 million, respectively (see Note 9). For the three and nine months ended June 30, 2020, fee income was approximately $0.2 million and $0.6 million, respectively (see Note 9).

Investment transactions are accounted for on a trade date basis. Realized gains or losses on investments are measured by the difference between the net proceeds from the disposition and the amortized cost basis of investment, without regard to unrealized gains or losses previously recognized. There were no realized gains or losses related to non-cash restructuring transactions during the three and nine months ended June 30, 2021 and 2020. The Company reports changes in fair value of investments as a component of the net unrealized appreciation/(depreciation) on investments in the Consolidated Statements of Operations.

Management reviews all loans that become 90 days or more past due on principal or interest or when there is reasonable doubt that principal or interest will be collected for possible placement on management's designation of non-accrual status. Interest receivable is analyzed regularly and may be reserved against when deemed uncollectible. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon management's judgment regarding collectability. Non-accrual loans are restored to accrual status when past due principal and interest is paid and, in management's judgment, are likely to remain current, although we may make exceptions to this general rule if the loan has sufficient collateral value and is in the process of collection. At June 30, 2021, certain investments in ten portfolio companies held by the Company were on non-accrual status with a combined fair value of approximately $13.6 million, or 7.5% of the fair value of our portfolio. At September 30, 2020, certain investments in eight portfolio companies held by the Company were on non-accrual status with a combined fair value of approximately $21.7 million, or 8.8% of the fair value of our portfolio.

Investment Classification

The Company classifies its investments in accordance with the requirements of the 1940 Act. Under the 1940 Act, we would be deemed to "control" a portfolio company if we owned more than 25% of its outstanding voting securities and/or had the power to exercise control over the management or policies of such portfolio company. We refer to such investments in portfolio companies that we "control" as "Control Investments." Under the 1940 Act, we would be deemed to be an "Affiliated Person" of a portfolio company if we own between 5% and 25% of the portfolio company's outstanding voting securities or we are under common control with such portfolio company. We refer to such investments in Affiliated Persons as "Affiliated Investments."

Valuation of Investments

The Company applies fair value accounting to all of its financial instruments in accordance with the 1940 Act and ASC Topic 820 - Fair Value Measurements and Disclosures ("ASC 820"). ASC 820 defines fair value, establishes a framework used to measure fair value and requires disclosures for fair value measurements. In accordance with ASC 820, the Company has categorized its financial instruments carried at fair value, based on the priority of the valuation technique, into a three-level fair value hierarchy as discussed in Note 4. Fair value is a market-based measure considered from the perspective of the market participant who holds the financial instrument rather than an entity specific measure. Therefore, when market assumptions are not readily available, the Company's own assumptions are set to reflect those that management believes market participants would use in pricing the financial instrument at the measurement date.

Investments for which market quotations are readily available are valued at such market quotations, which are generally obtained from an independent pricing service or multiple broker-dealers or market makers. We weight the use of third-party broker quotations, if any, in determining fair value based on our 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. However, debt investments with remaining maturities within 60 days that are not credit impaired are valued at cost plus accreted discount, or minus amortized premium, which approximates fair value. Investments for which market quotations are not readily available are valued at fair value as determined by the Company's board of directors based upon input from management and third-party valuation firms. Because these investments are illiquid and because there may not be any directly comparable companies whose financial instruments have observable market values, these loans are valued using a fundamental valuation methodology, consistent with traditional asset pricing standards, that is objective and consistently applied across all loans and through time.

Investments in investment funds are valued at fair value. Fair values are generally determined utilizing the NAV supplied by, or on behalf of, management of each investment fund, which is net of management and incentive fees or allocations charged by the investment fund and is in accordance with the "practical expedient", as defined by FASB Accounting Standards Update ("ASU") 2009-12, *Investments in Certain Entities that Calculate Net Asset Value per Share*. NAVs received by, or on behalf of, management of each investment fund are based on the fair value of the investment funds' underlying investments in accordance with policies established by management of each investment fund, as described in each of their financial statements and offering memorandum. If the Company is in the process of the sale of an investment fund, fair value will be determined by actual or estimated sale proceeds.

Note 2. Significant Accounting Policies (continued)

Valuation of Investments (continued)

The methodologies utilized by the Company in estimating the fair value of its investments categorized as Level 3 generally fall into the following two categories:

- The "Market Approach" uses prices and other relevant information generated by market transactions involving identical or comparable (that is, similar) assets, liabilities, or a group of assets and liabilities, such as a business.

- The "Income Approach" converts future amounts (for example, cash flows or income and expenses) to a single current (that is, discounted) amount. When the Income Approach is used, the fair value measurement reflects current market expectations about those future amounts.

The Company has engaged third-party valuation firms (the "Valuation Firms") to assist it and its board of directors in the valuation of its portfolio investments. The valuation reports generated by the Valuation Firms consider the evaluation of financing and sale transactions with third parties, expected cash flows and market-based information, including comparable transactions, performance multiples, and movement in yields of debt instruments, among other factors. The Company uses a market yield analysis under the Income Approach or an enterprise model of valuation under the Market Approach, or a combination thereof. In applying the market yield analysis, the value of the Company's loans is determined based upon inputs such as the coupon rate, current market yield, interest rate spreads of similar securities, the stated value of the loan, and the length to maturity. In applying the enterprise model, the Company uses a waterfall analysis, which takes into account the specific capital structure of the borrower and the related seniority of the instruments within the borrower's capital structure into consideration. To estimate the enterprise value of the portfolio company, we weigh some or all of the traditional market valuation methods and factors based on the individual circumstances of the portfolio company in order to estimate the enterprise value.

The methodologies and information that the Company utilizes when applying the Market Approach for performing investments include, among other things:

- valuations of comparable public companies ("Guideline Comparable Approach");

- recent sales of private and public comparable companies ("Guideline Comparable Approach");

- recent acquisition prices of the company, debt securities or equity securities ("Recent Arms-Length Transaction");

- external valuations of the portfolio company, offers from third parties to buy the company ("Estimated Sales Proceeds Approach");

- subsequent sales made by the company of its investments ("Expected Sales Proceeds Approach"); and

- estimating the value to potential buyers.

The methodologies and information that the Company utilizes when applying the Income Approach for performing investments include:

- discounting the forecasted cash flows of the portfolio company or securities (Discounted Cash Flow ("DCF") Approach); and
- Black-Scholes model or simulation models or a combination thereof (Income Approach - Option Model) with respect to the valuation of warrants.

Note 2. Significant Accounting Policies (continued)

Valuation of Investments (continued)

For non-performing investments, we may estimate the liquidation or collateral value of the portfolio company’s assets and liabilities using an expected recovery model (Market Approach - Expected Recovery Analysis or Estimated Liquidation Proceeds).

We undertake a multi-step valuation process each quarter when valuing investments for which market quotations are not readily available, as described below:

- our quarterly valuation process begins with each portfolio investment being initially valued by one or more Valuation Firms;
- preliminary valuation conclusions will then be documented and discussed with senior management;
- the audit committee of the board of directors reviews the preliminary valuations with management and the Valuation Firms; and
- the board of directors discusses the valuations and determines the fair value of each investment in the Company’s portfolio in good faith based on the input of management, the respective Valuation Firms and the audit committee.

Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may differ from the values that would have been used had a readily available market value existed for such investments, and the differences could be material. In addition, changes in the market environment (including the impact of COVID-19 on financial markets), portfolio company performance, and other events may occur over the lives of the investments that may cause the gains or losses ultimately realized on these investments to be materially different than the valuations currently assigned.

Fair Value of Financial Instruments

The carrying amounts of certain of our financial instruments, including cash and cash equivalents, accounts payable and accrued expenses, approximate fair value due to their short-term nature. The carrying amounts and fair values of our long-term obligations are discussed in Note 5.

Recently Adopted Accounting Pronouncements

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. In January 2021, the FASB issued ASU 2021-01, “Reference rate reform (Topic 848),” which expanded the scope of Topic 848. ASU 2020-04 and ASU 2021-01 are effective through December 31, 2022 when the Company plans to apply the amendments in this update to account for contract modifications due to changes in reference rates. The Company does not believe the adoption of ASU 2020-04 and ASU 2021-01 will have a material impact on its consolidated financial statements and disclosures.

Note 2. Significant Accounting Policies (continued)

Recently Adopted Accounting Pronouncements (continued)

In May 2020, the SEC adopted rule amendments that impacted the requirement of investment companies, including BDCs, to disclose the financial statements of certain of their portfolio companies or certain acquired funds (the “Final Rules”). The Final Rules adopted a new definition of “significant subsidiary” set forth in Rule 1-02(w)(2) of Regulation S-X under the Securities Act. Rules 3-09 and 4-08(g) of Regulation S-X require investment companies to include separate financial statements or summary financial information, respectively, in such investment company’s periodic reports for any portfolio company that meets the definition of “significant subsidiary.” The Final Rules adopt a new definition of “significant subsidiary” applicable only to investment companies that (i) modifies the investment test and the income test, and (ii) eliminates the asset test currently in the definition of “significant subsidiary” in Rule 1-02(w) of Regulation S-X. The new Rule 1-02(w)(2) of Regulation S-X is intended to more accurately capture those portfolio companies that are more likely to materially impact the financial condition of an investment company. The Final Rules became effective January 1, 2021. The Company evaluated the impact of the Final Rules and determined its impact not to be material and began voluntary compliance with the Final Rules since the quarter ended June 30, 2020.

Federal Income Taxes

The Company has elected, and intends to qualify annually, to be treated as a RIC under Subchapter M of the Code. In order to continue to qualify as a RIC and be eligible for tax treatment under Subchapter M of the Code, among other things, the Company is required to meet certain source of income and asset diversification requirements and timely distribute to its stockholders at least 90% of the sum of investment company taxable income (“ICTI”), as defined by the Code, including PIK interest, and net tax exempt interest income (which is the excess of our gross tax exempt interest income over certain disallowed deductions) for each taxable year. Depending on the level of ICTI earned in a tax year, the Company may choose to carry forward ICTI in excess of current year dividend distributions into the next tax year. Any such carryover ICTI must be distributed before the end of that next tax year through a dividend declared prior to filing the final tax return related to the year which generated such ICTI.

The Company is subject to a nondeductible U.S. federal excise tax of 4% on undistributed income if it does not distribute at least 98% of its ordinary income in any calendar year and 98.2% of its capital gain net income for each one-year period ending on October 31 of such calendar year and any income realized, but not distributed, in preceding years and on which it did not pay federal income tax. To the extent that the Company determines that its estimated current year annual taxable income will be in excess of estimated current year dividend distributions for excise tax purposes, the Company accrues excise tax, if any, on estimated excess taxable income as taxable income is earned. There was no provision for federal excise tax at June 30, 2021 and June 30, 2020.

The Company’s Taxable Subsidiaries accrue income taxes payable based on the applicable corporate rates on the unrealized gains generated by the investments held by the Taxable Subsidiaries. As of June 30, 2021 and September 30, 2020, the Company did not record a deferred tax liability on the Consolidated Statements of Assets and Liabilities. The change in provision for deferred taxes is included as a component of net realized and unrealized gain/(loss) on investments in the Consolidated Statements of Operations. For the three and nine months ended June 30, 2021 the Company did not record a change in provision for deferred taxes on the unrealized (appreciation)/depreciation on investments. By comparison, for the three and nine months ended June 30, 2020, the Company recorded a change in provision for deferred taxes on the unrealized (appreciation)/depreciation on investments of $36.0 thousand and $(49.7) thousand, respectively.

As of June 30, 2021 and September 30, 2020, the Company had a deferred tax asset of $19.9 million and $22.8 million, respectively, consisting primarily of net operating losses and net unrealized losses on the investments held within its Taxable Subsidiaries. As of June 30, 2021 and September 30, 2020, the Company has booked a valuation allowance of $19.9 million and $22.8 million, respectively, against its deferred tax asset.

ICTI generally differs from net investment income for financial reporting purposes due to temporary and permanent differences in the recognition of income and expenses. The Company may be required to recognize ICTI in certain circumstances in which it does not receive cash. For example, if the Company holds debt obligations that are treated under applicable tax rules as having original issue discount, the Company must include in ICTI each year a portion of the original issue discount that accrues over the life of the obligation, regardless of whether cash representing such income is received by the Company in the same taxable year. The Company may also have to include in ICTI other amounts that it has not yet received in cash, such as 1) PIK interest income and 2) interest income from investments that have been classified as non-accrual for financial reporting purposes. Interest income on non-accrual investments is not recognized for financial reporting purposes, but generally is recognized in ICTI. Because any original issue discount or other amounts accrued will be included in the Company’s ICTI for the year of accrual, the Company may be required to make a distribution to its stockholders in order to satisfy the minimum distribution requirements, even though the Company will not have received and may not ever receive any corresponding cash amount. ICTI also excludes net unrealized appreciation or depreciation, as investment gains or losses are not included in taxable income until they are realized.

The Company accounts for income taxes in conformity with ASC Topic 740 - Income Taxes (“ASC 740”). ASC 740 provides guidelines for how uncertain tax positions should be recognized, measured, presented and disclosed in financial statements. ASC 740 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company’s tax returns to determine whether the tax positions are “more-likely-than-not” of being sustained by the applicable tax authority. Tax positions deemed to meet a “more-likely-than-not” threshold would be recorded as a tax benefit or expense in the current period. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the Consolidated Statements of Operations. There were no material uncertain income tax positions at June 30, 2021. Although we file federal and state tax returns, our major tax jurisdiction is federal. The Company’s federal and state tax returns for the prior three fiscal years remain open, subject to examination by the Internal Revenue Service and applicable state tax authorities.

Note 2. Significant Accounting Policies (continued)

Retroactive Adjustments for Reverse Stock Split and the Authorized Share Reduction

The per share amount of the common stock and the authorized shares of common stock in the unaudited financial statements and notes thereto have been retroactively adjusted for all periods presented to give effect to the Reverse Stock Split effected on July 24, 2020. See Note 1 for more information regarding the Reverse Stock Split and the Authorized Share Reduction.

Segments

The Company invests in various industries. The Company separately evaluates the performance of each of its investment relationships. However, because each of these investment relationships has similar business and economic characteristics, they have been aggregated into a single investment segment. All applicable segment disclosures are included in or can be derived from the Company's financial statements. See Note 3 for further information.

Company Investment Risk, Concentration of Credit Risk, and Liquidity Risk

The Company has broad discretion in making investments. Investments generally consist of debt instruments that may be affected by business, financial market or legal uncertainties. Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Company's activities and the value of its investments. In addition, the value of the Company's portfolio may fluctuate as the general level of interest rates fluctuate.

The value of the Company's investments in loans may be detrimentally affected to the extent, among other things, that a borrower defaults on its obligations, there is insufficient collateral and/or there are extensive legal and other costs incurred in collecting on a defaulted loan, observable secondary or primary market yields for similar instruments issued by comparable companies increase materially or risk premiums required in the market between smaller companies, such as our borrowers, and those for which market yields are observable increase materially.

The Company's assets may, at any time, include securities and other financial instruments or obligations that are illiquid or thinly traded, making purchase or sale of such securities and financial instruments at desired prices or in desired quantities difficult. Furthermore, the sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to value any such investments accurately.

Company performance (including that of certain of its portfolio companies) has been and may continue to be negatively impacted by the COVID-19 pandemic's effects. The COVID-19 pandemic has adversely impacted economies and capital markets around the world in ways that may continue and may change in unforeseen ways for an indeterminate period. The pandemic has also adversely affected various businesses, including some in which we are invested. The COVID-19 pandemic may exacerbate pre-existing business performance, political, social and economic risks affecting certain companies and countries generally. The impacts, as well as the uncertainty over impacts to come, of COVID-19 have adversely affected the performance of the Company (including certain portfolio companies) and may continue to do so in the future. Further, the potential exists for variants of COVID-19, including the Delta variant**,** to impede the global economic recovery and exacerbate geographic differences in the spread of, and response to, COVID-19.

Note 3. Investments

The composition of our investments as of June 30, 2021 as a percentage of our total portfolio, at amortized cost and fair value were as follows (dollars in thousands):

	Amortized Cost	Percentage	Fair Value	Percentage
Senior Secured First Lien Term Loans	$ 165,696	73.4%	$ 90,280	49.6%
Senior Secured Second Lien Term Loans	2,600	1.2	2,483	1.4
Senior Secured Notes	3,757	1.7	3,726	2.1
Unsecured Debt	3,846	1.7	2,110	1.2
Equity/Warrants	49,631	22.0	83,020	45.7
Total Investments	$ 225,530	100.0%	$ 181,619	100.0%

The composition of our investments as of September 30, 2020 as a percentage of our total portfolio, at amortized cost and fair value were as follows (dollars in thousands):

	Amortized Cost	Percentage	Fair Value	Percentage
Senior Secured First Lien Term Loans	$ 178,843	54.5%	$ 106,463	43.2%
Senior Secured Second Lien Term Loans	15,476	4.7	13,927	5.6
Unsecured Debt	4,601	1.4	2,669	1.1
MCC Senior Loan Strategy JV I LLC	79,888	24.4	41,019	16.6
Equity/Warrants	49,327	15.0	82,666	33.5
Total	$ 328,135	100.0%	$ 246,744	100.0%

Note 3. Investments (continued)

In connection with certain of the Company's investments, the Company receives warrants that are obtained for the objective of increasing the total investment returns and are not held for hedging purposes. At June 30, 2021 and September 30, 2020, the total fair value of warrants was $1.1 million and $15.3 thousand, respectively, and were included in investments at fair value on the Consolidated Statements of Assets and Liabilities. During the three months ended June 30, 2021, the Company did not acquire warrants in existing portfolio companies, and during the nine months ended June 30, 2021, the Company acquired warrants in 1 existing portfolio company. During the three and nine months ended June 30, 2020, the Company had no warrant activity.

For the three and nine months ended June 30, 2021, there was $1.1 million and $1.1 million, respectively, of unrealized appreciation related to warrants, which was recorded on the Consolidated Statements of Operations as net unrealized appreciation/(depreciation) on investments. For the three and nine months ended June 30, 2020, there was $0 and $25.0 thousand, respectively, of unrealized depreciation related to warrants, which was recorded on the Consolidated Statements of Operations as net unrealized appreciation/(depreciation) on investments. The warrants are received in connection with individual investments and are not subject to master netting arrangements.

The following table shows the portfolio composition by industry grouping at fair value at June 30, 2021 (dollars in thousands):

	Fair Value	Percentage
Construction & Building	$ 38,001	20.7%
Services: Business	31,707	17.5
Banking, Finance, Insurance & Real Estate	21,194	11.7
High Tech Industries	17,059	9.4
Automotive	13,005	7.2
Hotel, Gaming & Leisure	11,884	6.5
Containers, Packaging & Glass	11,536	6.4
Environmental Industries	10,070	5.5
Consumer goods: Durable	7,538	4.2
Energy: Oil & Gas	3,751	2.1
Forest Products & Paper	3,767	2.1
Manufacturing	3,726	2.1
Healthcare & Pharmaceuticals	2,911	1.6
Aerospace & Defense	2,611	1.4
Metals & Mining	2,859	1.6
Total	$ 181,619	100.0%

The following table shows the portfolio composition by industry grouping at fair value at September 30, 2020 (dollars in thousands):

	Fair Value	Percentage
Construction & Building	$ 51,964	21.1%
Multisector Holdings	41,019	16.6
High Tech Industries	26,165	10.6
Healthcare & Pharmaceuticals	23,481	9.5
Services: Business	21,841	8.9
Hotel, Gaming & Leisure	12,337	5.0
Wholesale	12,278	5.0
Containers, Packaging & Glass	11,987	4.8
Consumer goods: Durable	9,520	3.8
Banking, Finance, Insurance & Real Estate	6,557	2.7
Consumer goods: Non-durable	6,164	2.5
Environmental Industries	5,846	2.4
Energy: Oil & Gas	5,626	2.3
Metals & Mining	3,530	1.4
Forest Products & Paper	2,991	1.2
Aerospace & Defense	2,942	1.2
Media: Broadcasting & Subscription	1,110	0.5
Automotive	1,043	0.4
Retail	343	0.1
Total	$ 246,744	100.0%

Note 3. Investments (continued)

The Company invests in portfolio companies principally located in North America. The geographic composition is determined by the location of the corporate headquarters of the portfolio company, which may not be indicative of the primary source of the portfolio company's business.

The following table shows the portfolio composition by geographic location at fair value at June 30, 2021 (dollars in thousands):

	Fair Value	Percentage
West	$ 54,617	30.1%
Northeast	54,374	29.9
Southeast	35,418	19.5
Southwest	20,085	11.1
Midwest	16,920	9.3
Mid-Atlantic	205	0.1
Total	$ 181,619	100.0%

The following table shows the portfolio composition by geographic location at fair value at September 30, 2020 (dollars in thousands):

	Fair Value	Percentage
Northeast	$ 98,555	39.9%
West	55,400	22.5
Southeast	42,321	17.1
Midwest	27,574	11.2
Mid-Atlantic	13,334	5.4
Southwest	9,560	3.9
Total	$ 246,744	100.0%

Note 3. Investments (continued)

Transactions With Affiliated/Controlled Companies

The Company had investments in portfolio companies designated as Affiliated Investments and Controlled Investments under the 1940 Act. Transactions with Affiliated Investments and Controlled Investments during the nine months ended June 30, 2021 and 2020 were as follows:

Name of Investment[3] [4]	Type of Investment	Fair Value at September 30, 2020	Purchases/ (Sales) of or Advances/ (Distributions)	Transfers In/(Out) of Affiliates	Unrealized Gain/(Loss)	Realized Gain/(Loss)	Fair Value at June 30, 2021	Income Earned
Affiliated Investments								
1888 Industrial Services, LLC	Senior Secured First Lien Term Loan C	$ 1,166,763	$ -	$ -	$ (969,654)	$ -	$ 197,109	$ 75,148
	Revolving Credit Facility	3,554,069	-	-	-	-	3,554,069	164,420
Access Media Holdings, LLC	Senior Secured First Lien Term Loan	1,110,563	(1,239,336)	-	7,335,822	(7,207,049)	-	-
	Preferred Equity Series A	-	-	-	1,600,000	(1,600,000)	-	-
	Preferred Equity Series AA	-	-	-	800,000	(800,000)	-	-
	Preferred Equity Series AAA	-	-	-	971,200	(971,200)	-	-
Black Angus Steakhouses,LLC	Senior Secured First Lien Delayed Draw Term Loan	758,929	-	-	-	-	758,929	57,552
	Senior Secured First Lien Term Loan	5,047,557	-	-	(2,910,758)	-	2,136,799	-
	Senior Secured First Lien Super Priority DDTL	-	1,500,000	-	-	-	1,500,000	86,929
Caddo Investors Holdings 1 LLC	Equity	2,990,776	-	-	776,046	-	3,766,822	-
Dynamic Energy Services International LLC	Senior Secured First Lien Term Loan	905,116	-	-	(905,116)	-	-	-
JFL-NGS Partners, LLC	Preferred Equity A-2	1,795,034	(2,110,987)	-	-	315,953	-	(16,377)
	Preferred Equity A-1	232,292	-	-	-	(232,292)	-	(2,119)
	Equity	38,780,067	-	-	(5,396,855)	-	33,383,212	-
JFL-WCS Partners, LLC	Preferred Equity Class A	1,310,649	(1,330,460)	-	-	19,811	-	(53,623)
	Equity	4,535,580	-	-	5,534,874	-	10,070,454	-

Note 3. Investments (continued)

Transactions With Affiliated/Controlled Companies (continued)

Name of Investment(3)(4)	Type of Investment	Fair Value at September 30, 2020	Purchases/ (Sales) of or Advances/ (Distributions)	Transfers In/(Out) of Affiliates	Unrealized Gain/(Loss)	Realized Gain/(Loss)	Fair Value at June 30, 2021	Income Earned
Kemmerer Operations, LLC	Senior Secured First Lien Term Loan	2,051,705	242,342	-	-	-	2,294,047	242,443
	Senior Secured First Lien Delayed Draw Term Loan	515,699	(227,085)	-	-	-	288,614	44,007
	Equity	962,717	-	-	(686,639)	-	276,078	-
Path Medical, LLC	Senior Secured First Lien Term Loan A	5,905,080	-	-	(2,993,876)	-	2,911,204	105,061
	Senior Secured First Lien Term Loan B	6,794,514	-	-	(6,794,514)	-	-	3,027
URT Acquisition Holdings Corporation	Unsecured Debt	2,567,929	(500,000)	-	-	41,660	2,109,589	120,092
	Warrants	-	-	-	1,070,000	-	1,070,000	-
US Multifamily, LLC	Senior Secured First Lien Term Loan	5,123,913	(2,546,495)	-	-	-	2,577,418	257,660
	Equity	1,332,000	-	-	496,639	-	1,828,639	-
Total Affiliated Investments		$ 87,440,952	$ (6,212,021)	$ -	$ (2,072,831)	$ (10,433,117)	$ 68,722,983	$ 1,084,220
Controlled Investments								
MCC Senior Loan Strategy JV I LLC(1)(2)	Equity	41,018,500	(39,739,929)	-	38,868,999	(40,147,570)	-	-
NVTN LLC	Senior Secured First Lien Term Loan	4,530,078	-	-	1,497,395	-	6,027,473	-
	Super Priority Senior Secured First Lien Term Loan	2,000,000	(500,000)	-	(40,850)	1,850	1,461,000	-
Total Controlled Investments		$ 47,548,578	$ (40,239,929)	$ -	$ 40,325,544	$ (40,145,720)	$ 7,488,473	$ -

Name of Investment[3]	Type of Investment	Fair Value at September 30, 2019	Purchases/ (Sales) of or Advances/ (Distributions)	Transfers In/(Out) of Affiliates	Unrealized Gain/(Loss)	Realized Gain/(Loss)	Fair Value at June 30, 2020	Income Earned
Affiliated Investments								
1888 Industrial Services, LLC	Senior Secured First Lien Term Loan A	$ 9,304,145	$ 168,923	$ -	$ (9,473,068)	$ -	$ -	$ 167,086
	Senior Secured First Lien Term Loan B	5,886,892	-	-	(5,886,892)	-	-	-
	Senior Secured First Lien Term Loan C	1,170,014	21,243	-	(24,494)	-	1,166,763	21,011
	Senior Secured First Lien Term Loan D	224,456	11,878	-	-	-	236,334	11,874
	Senior Secured First Lien Term Loan E	-	851,840	-	-	-	851,840	41,700
	Revolving Credit Facility	4,387,025	(887,985)	-	-	-	3,499,040	189,855
	Equity	-	-	-	-	-	-	-
Access Media Holdings, LLC	Senior Secured First Lien Term Loan	2,509,089	-	-	(885,101)	-	1,623,988	-
	Preferred Equity Series A	-	-	-	-	-	-	-
	Preferred Equity Series AA	-	-	-	-	-	-	-
	Preferred Equity Series AAA	(100,800)	-	-	-	-	(100,800)	-
	Equity	-	-	-	-	-	-	-
Caddo Investors Holdings 1 LLC	Equity	2,830,051	2,452	-	212,812	-	3,045,315	-
Dynamic Energy Services International LLC	Senior Secured First Lien Term Loan	1,264,841	-	-	(390,933)	-	873,908	-
	Revolving Credit Facility	545,103	(545,103)	-	-	-	-	6,692
	Equity	-	-	-	-	-	-	-
JFL-NGS Partners, LLC	Preferred Equity A-2	20,150,684	(18,355,650)	-	-	-	1,795,034	338,741
	Preferred Equity A-1	2,607,661	(2,375,369)	-	-	-	232,292	43,836
	Equity	19,096,371	-	-	19,683,696	-	38,780,067	-
JFL-WCS Partners, LLC	Preferred Equity Class A	1,236,269	74,380	-	-	-	1,310,649	57,590
	Equity	2,755,041	-	-	614,247	-	3,369,288	-
Kemmerer Operations, LLC	Senior Secured First Lien Term Loan	1,766,511	209,449	-	-	-	1,975,960	209,536
	Senior Secured First Lien Delayed Draw Term Loan	706,604	(209,944)	-	-	-	496,660	61,155
	Equity	962,717	-	-	-	-	962,717	-
Path Medical, LLC	Senior Secured First Lien Term Loan	8,845,167	826,133	-	(114,496)	-	9,556,804	913,579
	Senior Secured First Lien Term Loan A	3,047,473	257,147	-	(11,963)	-	3,292,657	287,276
	Senior Secured First Lien Term	344,291	(344,463)	-	172	-	-	17,776

	Loan C							
	Equity	-	-	-	-	-	-	-
US Multifamily, LLC	Senior Secured First Lien Term Loan	6,670,000	(1,546,087)	-	-	-	5,123,913	464,630
	Equity	3,330,000	-	-	(1,165,500)	-	2,164,500	-
Total Affiliated Investments		$ 99,539,605	$ (21,841,156)	$ -	$ 2,558,480	$ -	$ 80,256,929	$ 2,832,337

Name of Investment[3]	Type of Investment	Fair Value at September 30, 2019	Purchases/ (Sales) of or Advances/ (Distributions)	Transfers In/(Out) of Affiliates	Unrealized Gain/(Loss)	Realized Gain/(Loss)	Fair Value at June 30, 2020	Income Earned
Controlled Investments								
MCC Senior Loan Strategy JV I LLC(1)(2)	Equity	$ 69,948,970	$ 1,312,500	$ -	$ 24,126,289	$ -	$ 47,135,181	$ 4,725,000
NVTN LLC	Senior Secured First Lien Term Loan	4,255,990	2,309,884	-	2,035,796	-	4,530,078	62,840
	Super Priority Senior Secured First Lien Term Loan	-	1,995,374	-	4,626	-	2,000,000	1,983
	Senior Secured First Lien Term Loan B	7,152,352	-	-	7,152,352	-	-	-
	Senior Secured First Lien Term Loan C	-	-	-	-	-	-	-
	Equity	-	-	-	-	-	-	-
TPG Plastics LLC	Senior Secured Second Lien Term Loan	352,984	352,984	-	-	-	-	12,806
	Unsecured Debt	278,810	278,810	-	-	-	-	6,876
	Unsecured Debt	1,644,751	1,630,312	-	1,672,398	1,686,837	-	-
URT Acquisition Holdings Corporation	Senior Secured Second Lien Term Loan	18,905,403	1,594,416	-	-	20,499,819	-	500,767
	Preferred Equity	4,914,667	2,533,622	-	1,638,223	4,019,268	-	-
	Equity	-	66,378	-	12,936,879	12,870,501	-	-
Total Controlled Investments		$ 107,453,927	$ 12,074,280	$ -	$ 49,566,563	$ 39,076,425	$ 53,665,259	$ 5,310,272

(1) The Company and GALIC were the members of MCC JV, a joint venture formed as a Delaware limited liability company that was not consolidated by either member for financial reporting purposes. The members of MCC JV made capital contributions as investments by MCC JV were completed, and all portfolio and other material decisions regarding MCC JV were submitted to MCC JV's board of managers, which was comprised of an equal number of members appointed by each of the Company and GALIC. Approval of MCC JV's board of managers required the unanimous approval of a quorum of the board of managers, with a quorum consisting of equal representation of members appointed by each of the Company and GALIC. Because management of MCC JV was shared equally between the Company and GALIC, the Company did not have operational control over MCC JV for purposes of the 1940 Act or otherwise. On October 8, 2020, the Company, GALIC, MCC JV, and an affiliate of Golub entered into a Membership Interest Purchase Agreement pursuant to which a fund affiliated with and managed by Golub concurrently purchased all of the Company's interest in MCC JV and all of GALIC's interest in MCC JV.

(2) Amount of income earned represented distributions from MCC JV to the Company and is a component of dividend income, net of provisional taxes in the Consolidated Statements of Operations.

(3) The par amount and additional detail are shown in the Consolidated Schedule of Investments.

(4) Securities with a zero value at the beginning and end of the period, and those that had no transaction activity were excluded from the roll forward.

Purchases/(sales) of or advances to/(distributions) from Affiliated Investments and Controlled Investments represent the proceeds from sales and settlements of investments, purchases, originations and participations, investment increases due to PIK interest as well as net amortization of premium/(discount) on investments and are included in the purchases and sales presented on the Consolidated Statements of Cash Flows for the nine months ended June 30, 2021 and 2020. Transfers in/(out) of Affiliated Investments and Controlled Investments represent the fair value for the month an investment became or was removed as an Affiliated Investment or a Controlled Investment, as applicable. Income received from Affiliated Investments and Controlled Investments is included in total investment income on the Consolidated Statements of Operations for the three and nine months ended June 30, 2021 and 2020.

Note 3. Investments (continued)

Loan Participation Sales

The Company may sell portions of its investments via participation agreements to a managed account, managed by an affiliate or non-affiliate of the Company. At June 30, 2021, there were no participation agreements outstanding. At September 30, 2020, there were two participation agreements outstanding with an aggregate fair value of $6.8 million. The transfer of the participated portion of the investments met the criteria set forth in ASC 860, *Transfers and Servicing* for treatment as a sale. In each case, the Company's loan participation agreements satisfy the following conditions:

- transferred investments have been isolated from the Company, and put presumptively beyond the reach of the Company and its creditors, even in bankruptcy or other receivership,
- each participant has the right to pledge or exchange the transferred investments it received, and no condition both constrains the participant from taking advantage of its right to pledge or exchange and provides more than a trivial benefit to the Company; and
- the Company, its consolidated affiliates or its agents do not maintain effective control over the transferred investments through either: (i) an agreement that entitles and/or obligates the Company to repurchase or redeem the assets before maturity, or (ii) the ability to unilaterally cause the holder to return specific assets, other than through a cleanup call.

Such investments where the Company has retained proportionate interests are included in the consolidated schedule of investments. All of these investments are classified within Level 3 of the fair value hierarchy, as defined in Note 4.

During the three and nine months ended June 30, 2021, the Company did not collect interest and principal payments on behalf of any participant, since there were no participation agreements outstanding. During the three and nine months ended June 30, 2020, the Company collected interest and principal payments on behalf of the participants in aggregate amounts of $0.7 million and $2.0 million, respectively. Under the terms of the participation agreements, the Company collected and remitted periodic payments to the participants equal to the participant's proportionate share of any principal and interest payments received by the Company from the underlying investee companies.

MCC Senior Loan Strategy JV I LLC

On March 27, 2015, the Company and GALIC entered into a limited liability company operating agreement to co-manage MCC JV. All portfolio and other material decisions regarding MCC JV were submitted to MCC JV's board of managers, which was comprised of four members, two of whom were selected by the Company and the other two of whom were selected by GALIC. The Company concluded that it did not operationally control MCC JV. As the Company did not operationally control MCC JV, it did not consolidate the operations of MCC JV within the consolidated financial statements.

On August 4, 2015, MCC JV entered into a senior secured revolving credit facility (the "JV Facility") led by Credit Suisse AG, Cayman Islands Branch ("CS") with commitments of $100 million subject to leverage and borrowing base restrictions. On March 30, 2017, the Company amended the JV Facility previously administered by CS and facilitated the assignment of all rights and obligations of CS under the JV Facility to Deutsche Bank AG, New York Branch ("DB") and increased the total loan commitments to $200 million. On March 29, 2019, the JV Facility reinvestment period was extended from March 30, 2019 to June 28, 2019. On June 28, 2019, the JV Facility reinvestment period was further extended from June 28, 2019 to October 28, 2019. On October 28, 2019, the JV Facility reinvestment period was further extended from October 28, 2019 to March 31, 2020 and the interest rate was modified from bearing an interest rate of LIBOR (with a 0.00% floor) + 2.50% per annum to LIBOR (with a 0.00% floor) + 2.75% per annum. Effective as of March 31, 2020, the maturity date of the JV Facility was extended to March 31, 2023. As of September 30, 2020, there was approximately $111.3 million outstanding under the JV Facility.

On March 31, 2020, the JV Facility ended its reinvestment period and entered its amortization period, during which time the interest rate was increased to LIBOR (with a 0.00% floor) + 3.00% per annum.

On April 20, 2020, the JV Facility was amended to (i) during each 12-month period during the amortization period permit the sale of investments below a price of 97% as long as the sale was approved by DB and the balance of all such investments sold is not greater than 30% of the adjusted balance of all loans as of the first date of each 12-month period and (ii) establish a target effective advance rate at various measurement dates during the amortization period. All principal collections were to be swept to amortize the amount outstanding under the JV Facility and interest collections were to be swept, as applicable, in order to meet the target effective advance rate for the applicable period.

On October 8, 2020, the Company, GALIC, MCC JV, and an affiliate of Golub entered into a Membership Interest Purchase Agreement pursuant to which a fund affiliated with and managed by Golub concurrently purchased all of the Company's interest in MCC JV and all of GALIC's interest in MCC JV for a pre-adjusted gross purchase price of $156.4 million and an adjusted gross purchase price (which constitutes the aggregate consideration for the membership interests) of $145.3 million (giving effect to adjustments primarily for principal and interest payments from portfolio companies of MCC JV from July 1, 2020 through October 7, 2020), resulting in net proceeds (before transaction expenses) of $41.0 million and $6.6 million for the Company and GALIC, respectively, on the terms and subject to the conditions set forth in the Membership Interest Purchase Agreement, including the representations, warranties, covenants and indemnities contained therein. In connection with the closing of the transaction on October 8, 2020, MCC JV repaid in full all outstanding borrowings under, and terminated, its senior secured revolving credit facility, dated as of August 4, 2015, as amended, administered by Deutsche Bank AG, New York Branch.

Note 3. Investments (continued)

MCC Senior Loan Strategy JV I LLC (continued)

Due to the sale transaction on October 8, 2020, the Company no longer held an investment in MCC JV at June 30, 2021. At September 30, 2020, MCC JV had total investments at fair value of $163.1 million. As of September 30, 2020, MCC JV's portfolio was comprised of senior secured first lien term loans of 45 borrowers. As of September 30, 2020, certain investments in one portfolio company held by MCC JV were on non-accrual status.

Below is a summary of MCC JV's portfolio, excluding equity investments, as of September 30, 2020, followed by a listing of the individual investments in MCC JV's portfolio as of September 30, 2020:

	September 30, 2020
Senior secured loans[1]	$ 182,514,110
Weighted average current interest rate on senior secured loans[2]	6.02%
Number of borrowers in MCC JV	45
Largest loan to a single borrower[1]	$ 10,653,501
Total of five largest loans to borrowers[1]	$ 39,191,213

(1) At par value.
(2) Computed as the (a) annual stated interest rate on accruing senior secured loans, divided by (b) total senior secured loans at par.

MCC JV Loan Portfolio as of September 30, 2020

Company	Industry	Type of Investment	Maturity	Par Amount	Cost	Fair Value[2]	% of Net Assets[3]
4Over International, LLC	Media: Advertising, Printing & Publishing	Senior Secured First Lien Term Loan (LIBOR + 6.00%, 1.00% LIBOR Floor) (1)	6/7/2022	$ 10,653,501	$ 10,653,501	$ 9,995,115	16.8%
				10,653,501	10,653,501	9,995,115	
Cardenas Markets LLC	Retail	Senior Secured First Lien Term Loan (LIBOR + 5.75%, 1.00% LIBOR Floor) (1)	11/29/2023	5,293,750	5,269,829	5,287,398	8.9%
				5,293,750	5,269,829	5,287,398	
CHA Consulting, Inc.	Construction & Building	Senior Secured First Lien Term Loan (LIBOR + 4.50%, 1.00% LIBOR Floor) (1)	4/10/2025	1,340,389	1,336,046	1,274,308	2.1%
		Senior Secured First Lien Term Loan (LIBOR + 4.50%, 1.00% LIBOR Floor) (1)	4/10/2025	592,500	592,500	563,290	0.9%
				1,932,889	1,928,546	1,837,598	
Covenant Surgical Partners, Inc.	Healthcare & Pharmaceuticals	Senior Secured First Lien Term Loan (LIBOR + 4.00%)(1)	7/1/2026	4,950,187	4,909,373	4,435,496	7.4%
				4,950,187	4,909,373	4,435,496	
CT Technologies Intermediate Holdings, Inc.	Healthcare & Pharmaceuticals	Senior Secured First Lien Term Loan (LIBOR + 4.25%, 1.00% LIBOR Floor) (1)	12/1/2021	5,086,116	5,005,862	4,875,042	8.2%
				5,086,116	5,005,862	4,875,042	

Note 3. Investments (continued)

MCC Senior Loan Strategy JV I LLC (continued)

Company	Industry	Type of Investment	Maturity	Par Amount	Cost	Fair Value[2]	% of Net Assets[3]
Envision Healthcare Corporation	Healthcare & Pharmaceuticals	Senior Secured First Lien Term Loan (LIBOR + 3.75%, 1.00% LIBOR Floor)[1]	10/10/2025	1,940,438	1,888,530	1,397,503	2.3%
				1,940,438	1,888,530	1,397,503	
GC EOS Buyer, Inc.	Automotive	Senior Secured First Lien Term Loan (LIBOR + 4.50%, 1.00% LIBOR Floor)[1]	8/1/2025	1,420,440	1,404,814	1,304,532	2.2%
				1,420,440	1,404,814	1,304,532	
GK Holdings, Inc.	Services: Business	Senior Secured First Lien Term Loan (LIBOR + 6.00%, 1.00% LIBOR Floor)[1]	1/20/2021	2,877,863	2,876,803	2,142,856	3.6%
				2,877,863	2,876,803	2,142,856	
Glass Mountain Pipeline Holdings, LLC	Energy: Oil & Gas	Senior Secured First Lien Term Loan (LIBOR + 4.50%, 1.00% LIBOR Floor)[1]	12/23/2024	4,850,625	4,839,587	2,601,390	4.4%
				4,850,625	4,839,587	2,601,390	
Golden West Packaging Group LLC	Forest Products & Paper	Senior Secured First Lien Term Loan (LIBOR + 5.25%, 1.00% LIBOR Floor)[1]	6/20/2023	4,069,771	4,069,771	3,968,027	6.7%
				4,069,771	4,069,771	3,968,027	
High Ridge Brands Co.	Consumer Goods: Non-Durable	Senior Secured First Lien Term Loan (LIBOR + 7.00%, 1.00% LIBOR Floor)[1][4]	6/30/2022	1,732,439	1,724,570	593,187	1.0%
				1,732,439	1,724,570	593,187	
Highline Aftermarket Acquisitions, LLC	Automotive	Senior Secured First Lien Term Loan (LIBOR + 3.50%, 1.00% LIBOR Floor)[1]	4/26/2025	4,025,000	4,016,286	3,597,545	6.0%
				4,025,000	4,016,286	3,597,545	
Infogroup, Inc.	High Tech Industries	Senior Secured First Lien Term Loan (LIBOR + 6.50%, 1.00% LIBOR Floor)[1]	4/3/2023	4,825,000	4,804,770	4,224,770	7.1%
				4,825,000	4,804,770	4,224,770	
Intermediate LLC	High Tech Industries	Senior Secured First Lien Term Loan (LIBOR + 4.00%, 1.00% LIBOR Floor)[1]	7/1/2026	2,722,500	2,708,089	2,513,684	4.2%
				2,722,500	2,708,089	2,513,684	

Note 3. Investments (continued)

MCC Senior Loan Strategy JV I LLC (continued)

Company	Industry	Type of Investment	Maturity	Par Amount	Cost	Fair Value[2]	% of Net Assets[3]
Isagenix International, LLC	Wholesale	Senior Secured First Lien Term Loan (LIBOR + 5.75%, 1.00% LIBOR Floor)[1]	6/16/2025	2,626,629	2,616,715	1,337,742	2.2%
				2,626,629	2,616,715	1,337,742	
IXS Holdings, Inc.	Automotive	Senior Secured First Lien Term Loan (LIBOR + 5.00%, 1.00% LIBOR Floor)[1]	3/5/2027	994,874	985,714	981,543	1.6%
				994,874	985,714	981,543	
Keystone Acquisition Corp.	Healthcare & Pharmaceuticals	Senior Secured First Lien Term Loan (LIBOR + 5.25%, 1.00% LIBOR Floor)[1]	5/1/2024	6,099,815	6,040,757	5,505,083	9.2%
				6,099,815	6,040,757	5,505,083	
KNB Holdings Corporation	Consumer Goods: Durable	Senior Secured First Lien Term Loan (LIBOR + 5.50%, 1.00% LIBOR Floor)[1]	4/26/2024	4,743,170	4,694,643	1,992,131	3.3%
				4,743,170	4,694,643	1,992,131	
Liason Acquisition, LLC	High Tech Industries	Senior Secured First Lien Term Loan (LIBOR + 4.50%, 1.00% LIBOR Floor)[1]	12/20/2026	3,466,288	3,458,579	3,372,351	5.7%
				3,466,288	3,458,579	3,372,351	
LifeMiles Ltd.	Services: Consumer	Senior Secured First Lien Term Loan (LIBOR + 5.50%, 1.00% LIBOR Floor)[1]	8/18/2022	4,229,263	4,220,573	3,880,349	6.5%
				4,229,263	4,220,573	3,880,349	

Note 3. Investments (continued)

MCC Senior Loan Strategy JV I LLC (continued)

Company	Industry	Type of Investment	Maturity	Par Amount	Cost	Fair Value[2]	% of Net Assets[3]
Manna Pro Products, LLC	Consumer Goods: Non-Durable	Senior Secured First Lien Term Loan (LIBOR + 6.00%, 1.00% LIBOR Floor)[1]	12/8/2023	2,998,542	2,998,542	2,875,002	4.8%
		Senior Secured First Lien Delayed Draw Term Loan (LIBOR + 6.00%, 1.00% LIBOR Floor)[1]	12/8/2023	608,958	608,958	583,869	1.0%
				3,607,500	3,607,500	3,458,871	
Mileage Plus Holdings, LLC	Transportation: Consumer	Senior Secured First Lien Term Loan (LIBOR + 5.25%, 1.00% LIBOR Floor)[1]	6/21/2027	4,401,819	4,407,746	4,475,769	7.5%
				4,401,819	4,407,746	4,475,769	
NGS US Finco, LLC	Capital Equipment	Senior Secured First Lien Term Loan (LIBOR + 4.25%, 1.00% LIBOR Floor)[1]	10/1/2025	2,943,223	2,932,700	2,755,445	4.6%
				2,943,223	2,932,700	2,755,445	
Northern Star Industries, Inc.	Capital Equipment	Senior Secured First Lien Term Loan (LIBOR + 4.50%, 1.00% LIBOR Floor)[1]	3/28/2025	4,143,750	4,130,394	3,630,754	6.1%
				4,143,750	4,130,394	3,630,754	
Offen, Inc.	Transportation: Cargo	Senior Secured First Lien Term Loan (LIBOR + 5.00%) [1]	6/22/2026	3,626,659	3,596,886	3,494,880	5.9%
				3,626,659	3,596,886	3,494,880	
Patriot Rail Company LLC	Transportation: Cargo	Senior Secured First Lien Term Loan (LIBOR + 5.25%, 1.00% LIBOR Floor)[1]	10/19/2026	1,741,250	1,711,104	1,730,454	2.9%
				1,741,250	1,711,104	1,730,454	
PetroChoice Holdings, Inc.	Chemicals, Plastics and Rubber	Senior Secured First Lien Term Loan (LIBOR + 5.00%, 1.00% LIBOR Floor)[1]	8/19/2022	6,279,803	6,270,073	5,418,842	9.1%
				6,279,803	6,270,073	5,418,842	
Port Townsend Holdings Company, Inc.	Forest Products & Paper	Senior Secured First Lien Term Loan (LIBOR + 4.75%, 1.00% LIBOR Floor)[1]	4/3/2024	2,945,600	2,928,240	2,632,777	4.4%
				2,945,600	2,928,240	2,632,777	
PT Network, LLC	Healthcare & Pharmaceuticals	Senior Secured First Lien Term Loan (LIBOR + 5.50%, 1.00% LIBOR Floor, 2% PIK) [1][5]	11/30/2023	4,955,627	4,638,237	4,460,064	7.5%
		Class C Common Stock		1	—	—	
				4,955,628	4,638,237	4,460,064	

Note 3. Investments (continued)

MCC Senior Loan Strategy JV I LLC (continued)

Company	Industry	Type of Investment	Maturity	Par Amount	Cost	Fair Value(2)	% of Net Assets(3)
PVHC Holding Corp	Containers, Packaging and Glass	Senior Secured First Lien Term Loan (LIBOR + 4.75%, 1.00% LIBOR Floor)(1)	8/5/2024	1,952,427	1,946,107	1,850,511	3.1%
				1,952,427	1,946,107	1,850,511	
Quartz Holding Company	High Tech Industries	Senior Secured First Lien Term Loan (LIBOR + 4.00%, 1.00% LIBOR Floor)(1)	4/2/2026	3,936,357	3,924,382	3,847,789	6.5%
				3,936,357	3,924,382	3,847,789	
RB Media, Inc.	Media: Diversified & Production	Senior Secured First Lien Term Loan (LIBOR + 4.50%, 1.00% LIBOR Floor)(1)	8/29/2025	5,651,270	5,620,482	5,605,495	9.4%
				5,651,270	5,620,482	5,605,495	
Salient CRGT Inc.	High Tech Industries	Senior Secured First Lien Term Loan (LIBOR + 6.00%, 1.00% LIBOR Floor)(1)	2/28/2022	2,533,036	2,518,601	2,343,058	3.9%
				2,533,036	2,518,601	2,343,058	
SFP Holding, Inc.	Construction & Building	Senior Secured First Lien Term Loan (LIBOR + 6.25%, 1.00% LIBOR Floor)(1)	9/1/2022	4,776,954	4,739,017	4,733,961	7.9%
		Senior Secured First Lien Term Loan (LIBOR + 6.25%, 1.00% LIBOR Floor)(1)	9/1/2022	1,852,521	1,852,521	1,835,849	3.1%
				6,629,475	6,591,538	6,569,810	
Shift4 Payments, LLC	Banking, Finance, Insurance & Real Estate	Senior Secured First Lien Term Loan (LIBOR + 4.50%, 1.00% LIBOR Floor)(1)	11/29/2024	7,304,819	7,283,042	7,255,877	12.2%
				7,304,819	7,283,042	7,255,877	
Simplified Logistics, LLC	Services: Business	Senior Secured First Lien Term Loan (LIBOR + 6.50%, 1.00% LIBOR Floor)(1)	2/27/2022	3,447,500	3,447,500	3,358,899	5.6%
				3,447,500	3,447,500	3,358,899	
Syniverse Holdings, Inc.	High Tech Industries	Senior Secured First Lien Term Loan (LIBOR + 5.00%, 1.00% LIBOR Floor)(1)	3/9/2023	2,905,253	2,891,007	2,229,200	3.7%
				2,905,253	2,891,007	2,229,200	
The Octave Music Group, Inc.	Media: Diversified & Production	Senior Secured First Lien Term Loan (LIBOR + 4.75%, 1.00% LIBOR Floor)(1)	5/29/2025	5,896,552	5,844,063	5,071,034	8.5%
				5,896,552	5,844,063	5,071,034	

Note 3. Investments (continued)

MCC Senior Loan Strategy JV I LLC (continued)

Company	Industry	Type of Investment	Maturity	Par Amount	Cost	Fair Value(2)	% of Net Assets(3)
ThoughtWorks, Inc.	High Tech Industries	Senior Secured First Lien Term Loan (LIBOR + 3.75%, 1.00% LIBOR Floor) (1)	10/11/2024	2,627,704	2,620,849	2,585,136	4.3%
				2,627,704	2,620,849	2,585,136	
Vero Parent, Inc.	High Tech Industries	Senior Secured First Lien Term Loan (LIBOR + 4.50%, 1.00% LIBOR Floor) (1)	8/16/2024	3,875,924	3,856,982	3,813,522	6.4%
				3,875,924	3,856,982	3,813,522	
Wawona Delaware Holdings, LLC	Beverage & Food	Senior Secured First Lien Term Loan (LIBOR + 4.75%, 1.00% LIBOR Floor) (1)	9/11/2026	945,350	937,295	912,358	1.5%
				945,350	937,295	912,358	
Wheels Up Partners LLC	Aerospace & Defense	Senior Secured First Lien Term Loan (LIBOR + 8.55%, 1.00% LIBOR Floor) (1)	10/15/2021	1,509,917	1,497,761	1,509,917	2.5%
				1,509,917	1,497,761	1,509,917	
Wok Holdings Inc.	Retail	Senior Secured First Lien Term Loan (LIBOR + 6.50%, 1.00% LIBOR Floor) (1)	3/1/2026	6,550,249	6,505,809	4,864,216	8.2%
				6,550,249	6,505,809	4,864,216	
Wrench Group LLC	Services: Consumer	Senior Secured First Lien Term Loan (LIBOR + 4.25%, 1.00% LIBOR Floor) (1)	4/30/2026	2,942,820	2,920,082	2,834,231	4.8%
				2,942,820	2,920,082	2,834,231	
Xebec Global Holdings, LLC	High Tech Industries	Senior Secured First Lien Term Loan (LIBOR + 5.25%, 1.00% LIBOR Floor) (1)	2/12/2024	8,053,168	8,053,168	8,053,168	13.5%
				8,053,168	8,053,168	8,053,168	
Z Medica, LLC	Healthcare & Pharmaceuticals	Senior Secured First Lien Term Loan (LIBOR + 5.50%, 1.00% LIBOR Floor) (1)	9/29/2022	2,566,500	2,566,500	2,528,002	4.3%
				2,566,500	2,566,500	2,528,002	
Total Investments, September 30, 2020				**$ 182,514,111**	**$ 181,365,360**	**$ 163,133,421**	273.5%

Note 3. Investments (continued)

MCC Senior Loan Strategy JV I LLC (continued)

(1) Represents the annual current interest rate as of September 30, 2020. All interest rates are payable in cash, unless otherwise noted.

(2) Represents the fair value in accordance with ASC 820 as reported by MCC JV. The determination of such fair value is not included in the Company's board of directors' valuation process described elsewhere herein.

(3) Percentage is based on MCC JV's net assets of $59,617,800 as of September 30, 2020.

(4) This investment was on non-accrual status as of September 30, 2020.

(5) Par amount includes accumulated PIK interest and is net of repayments.

Below is certain summarized financial Information for MCC JV as of September 30, 2020, and for the three and nine months ended June 30, 2020:

	September 30, 2020
Selected Consolidated Statement of Assets and Liabilities Information:	
Investments in loans at fair value (amortized cost of $181,365,360)	$ 163,133,421
Cash	6,055,178
Other assets	1,148,102
Total assets	$ 170,336,701
Line of credit (net of debt issuance costs of $1,574,115)	$ 109,745,367
Other liabilities	424,095
Interest payable	549,439
Total liabilities	110,718,901
Members' capital	59,617,800
Total liabilities and members' capital	$ 170,336,701

	For the three months ended June 30, 2020	For the nine months ended June 30, 2020
	(unaudited)	(unaudited)
Selected Consolidated Statement of Operations Information:		
Total revenues	$ 3,580,358	$ 12,763,742
Total expenses	(2,291,528)	(7,612,876)
Net unrealized appreciation/(depreciation)	17,149,719	(14,703,646)
Net realized gain/(loss)	(12,586,171)	(12,620,121)
Net income/(loss)	$ 5,852,378	$ (22,172,901)

Unconsolidated Significant Subsidiaries

The Company evaluated and determined that it had no significant subsidiaries as of June 30, 2021.

Note 4. Fair Value Measurements

The Company follows ASC 820 for measuring the fair value of portfolio investments. Fair value is the price that would be received in the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where available, fair value is based on observable market prices or parameters, or derived from such prices or parameters. Where observable prices or inputs are not available, valuation models are applied. These valuation models involve some level of management estimation and judgment, the degree of which is dependent on the price transparency for the instruments or market and the instruments' complexity. The Company's fair value analysis includes an analysis of the value of any unfunded loan commitments. Financial investments recorded at fair value in the consolidated financial statements are categorized for disclosure purposes based upon the level of judgment associated with the inputs used to measure their value. The valuation hierarchical levels are based upon the transparency of the inputs to the valuation of the investment as of the measurement date. Investments which are valued using NAV as a practical expedient are excluded from this hierarchy, and certain prior period amounts have been reclassified to conform to the current period presentation. The three levels are defined below:

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 - Valuations based on inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable at the measurement date. This category includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in non-active markets including actionable bids from third parties for privately held assets or liabilities, and observable inputs other than quoted prices such as yield curves and forward currency rates that are entered directly into valuation models to determine the value of derivatives or other assets or liabilities.

- Level 3 - Valuations based on inputs that are unobservable and where there is little, if any, market activity at the measurement date. The inputs for the determination of fair value may require significant management judgment or estimation and are based upon management's assessment of the assumptions that market participants would use in pricing the assets or liabilities. These investments include debt and equity investments in private companies or assets valued using the Market or Income Approach and may involve pricing models whose inputs require significant judgment or estimation because of the absence of any meaningful current market data for identical or similar investments. The inputs in these valuations may include, but are not limited to, capitalization and discount rates, beta and EBITDA multiples. The information may also include pricing information or broker quotes which include a disclaimer that the broker would not be held to such a price in an actual transaction. The non-binding nature of consensus pricing and/or quotes accompanied by disclaimer would result in classification as Level 3 information, assuming no additional corroborating evidence.

In addition to using the above inputs in investment valuations, the Company continues to employ a valuation policy approved by the board of directors that is consistent with ASC 820 (see Note 2). Consistent with our valuation policy, we evaluate the source of inputs, including any markets in which our investments are trading, in determining fair value.

The following table presents the fair value measurements of our investments, by major class according to the fair value hierarchy, as of June 30, 2021 (dollars in thousands):

	Fair Value Hierarchy as of June 30, 2021			
Investments:	**1 Level 1**	**2 Level 2**	**3 Level 3**	**Total**
Senior Secured First Lien Term Loans	$ —	$ 6,120	$ 84,160	$ 90,280
Senior Secured Second Lien Term Loans	—	—	2,483	2,483
Senior Secured Notes	—	3,726	—	3,726
Unsecured Debt	—	—	2,110	2,110
Equity/Warrants	16,788	—	62,465	79,253
Total	$ 16,788	$ 9,846	$ 151,218	$ 177,852
Investments measured at net asset value(1)				3,767
Total Investments, at fair value				$ 181,619

(1) Certain investments that are measured at fair value using NAV have not been categorized in the fair value hierarchy. The fair value amounts presented in the table are intended to permit reconciliation of the fair value hierarchy to the amount presented in the Consolidated Statements of Assets and Liabilities.

Note 4. Fair Value Measurements (continued)

The following table presents the fair value measurements of our investments, by major class according to the fair value hierarchy, as of September 30, 2020 (dollars in thousands):

	Level 1	Level 2	Level 3	Total
Senior Secured First Lien Term Loans	$ —	$ —	$ 106,463	$ 106,463
Senior Secured Second Lien Term Loans	—	—	13,927	13,927
Unsecured Debt	—	—	2,669	2,669
MCC Senior Loan Strategy JV I LLC(1)	—	—	41,019	41,019
Equity/Warrants	12,278	—	67,397	79,675
Total	$ 12,278	$ —	$ 231,475	$ 243,753
Investments measured at net asset value(2)				2,991
Total Investments, at fair value				$ 246,744

(1) MCC Senior Loan Strategy JV I LLC was sold on October 8, 2020 and as such fair value was measured as a Level 3 investment as of September 30, 2020. Previously, fair value had been measured using NAV.

(2) Certain investments that are measured at fair value using NAV have not been categorized in the fair value hierarchy. The fair value amounts presented in the table are intended to permit reconciliation of the fair value hierarchy to the amount presented in the Consolidated Statements of Assets and Liabilities.

The following table provides a reconciliation of the beginning and ending balances for investments that use Level 3 inputs for the nine months ended June 30, 2021 (dollars in thousands):

	Senior Secured First Lien Term Loans	Senior Secured Second Lien Term Loans	Unsecured Debt	MCC Senior Loan Strategy JV I LLC	Equities/ Warrants	Total
Balance as of September 30, 2020	$ 106,463	$ 13,927	$ 2,669	$ 41,019	$ 67,397	$ 231,475
Purchases and other adjustments to cost	4,258	—	—	—	—	4,258
Sales	1,887	(11,892)	(782)	(39,739)	(3,085)	(53,611)
Net realized gains/(losses) from investments	(25,263)	4	27	(40,148)	(3,268)	(68,648)
Net unrealized gains/(losses)	(3,185)	444	196	38,868	1,421	37,744
Balance as of June 30, 2021	$ 84,160	$ 2,483	$ 2,110	$ —	$ 62,465	$ 151,218

The following table provides a reconciliation of the beginning and ending balances for investments that use Level 3 inputs for the nine months ended June 30, 2020 (dollars in thousands):

	Senior Secured First Lien Term Loans	Senior Secured Second Lien Term Loans	Unsecured Debt	Equities/ Warrants	Total
Balance as of September 30, 2019	$ 192,770	$ 36,508	$ 2,653	$ 78,329	$ 310,260
Purchases and other adjustments to cost	1,519	654	5	1,083	3,261
Originations	14,629	944	2,500	182	18,255
Sales	(186)	(1,160)	—	(5,714)	(7,060)
Settlements	(70,541)	(537)	(549)	(25,430)	(97,057)
Net realized gains/(losses) from investments	—	(20,729)	—	(18,577)	(39,306)
Net unrealized gains/(losses)	(30,853)	(2,441)	(1,371)	34,293	(372)
Balance as of June 30, 2020	$ 107,338	$ 13,239	$ 3,238	$ 64,166	$ 187,981

Net change in unrealized gain (loss) for the nine months ended June 30, 2021 and 2020 included in earnings related to investments still held as of June 30, 2021 and 2020, was approximately $(10.9) million and $34.4 million, respectively.

Note 4. Fair Value Measurements (continued)

Purchases and other adjustments to cost include purchases of new investments at cost, effects of refinancing/restructuring, accretion/amortization of income from discount/premium on debt securities, and PIK.

Sales represent net proceeds received from investments sold.

Settlements represent principal paydowns received.

A review of the fair value hierarchy classifications is conducted on a quarterly basis. Changes in the observability of valuation inputs may result in a reclassification for certain financial assets or liabilities. Reclassifications impacting Level 3 of the fair value hierarchy are reported as transfers in/out of the Level 3 category as of the beginning of the quarter in which the reclassifications occur. During the nine months ended June 30, 2021 and 2020, none of our investments transferred in or out of Level 3.

The following table presents the quantitative information about Level 3 fair value measurements of our investments, as of June 30, 2021 (dollars in thousands):

	Fair Value	Valuation Technique	Unobservable Input[1]	Range (Weighted Average)
Senior Secured First Lien Term Loans	$ 3,753	Market Approach	LTM Revenue Multiple	0.25x - 0.55x (0.50x)
Senior Secured First Lien Term Loans	2,577	Enterprise Value Analysis / Market Approach	Expected Proceeds / Capitalization Rate	$4.50 - $5.50 ($5.00)
Senior Secured First Lien Term Loans	6,518	Income Approach (DCF)	Market Yield	8.50% - 9.50% (9.00%)
Senior Secured First Lien Term Loans	29,824	Market Approach	Market Yield	5.50% - 20.00% (12.98%)
Senior Secured First Lien Term Loans	6,978	Market Approach	EBITDA Multiple	2.00x - 5.00x (3.76x)
Senior Secured First Lien Term Loans	11,639	Market Approach (DCF)	Market Yield	6.75% - 7.25% (7.00%)
Senior Secured First Lien Term Loans	19,960	Market Approach (Guideline Comparable)	Market Yield	5.00% - 10.00% (7.99%)
Senior Secured First Lien Term Loans	2,911	Market Approach	NFY Revenue Multiple	0.30x - 0.40x (0.35x)
Senior Secured Second Lien Term Loans	2,483	Market Approach	LTM EBITDA multiple	0.10x - 0.11x (0.10x)
Unsecured Debt	2,110	Market Approach	Market Yield	9.50% - 10.50% (10.00%)
Equity/Warrants	1,830	Enterprise Value Analysis / Market Approach	Expected Proceeds / Capitalization Rate	$4.50 - $5.50 ($5.00)
Equity/Warrants	1,070	Market Approach	EV/EBITDA Multiple	4.00x - 4.50x (4.25x)
Equity/Warrants	43,454	Market Approach	LTM EBITDA multiple	8.50x - 9.50x (9.00x)
Equity/Warrants	2,349	Market Approach	LTM Revenue Multiple	0.15x - 0.55x (0.20x)
Equity/Warrants	7,665	Market Approach	EBITDA Multiple / Revenue Multiple	6.88x - 15.00x (13.39x)
Equity/Warrants	864	Market Approach (Guideline Comparable)	EBITDA Multiple / Revenue Multiple	2.00x - 6.50x (6.50x)
Equity/Warrants	4,616	Market Approach	Market Yield	10.50% - 12.00% (11.25%)
Equity/Warrants	205	Market Approach (Guideline Comparable)	EBITDA Multiple	2.25x - 4.50x (4.50x)
Equity/Warrants	276	Market Approach	EBITDA Multiple	1.75x - 2.75x (2.25x)
Equity/Warrants	62	Market Approach	EV/CFY Multiple	5.92x - 6.99x (6.46x)
Equity/Warrants	74	Market Approach	Fully Diluted	$0.01 - $0.01 ($0.01)
Total	**$ 151,218**			

(1) Represents inputs used when the Company has determined that market participants would use such multiples when measuring the fair value of these investments.

Note 4. Fair Value Measurements (continued)

The following table presents the quantitative information about Level 3 fair value measurements of our investments, as of September 30, 2020 (dollars in thousands):

	Fair Value	Valuation Technique	Unobservable Input	Range (Weighted Average)
Senior Secured First Lien Term Loans	$ 50,135	Income Approach (DCF)	Market yield	7.52% - 15.27% (10.34%)
Senior Secured First Lien Term Loans	55,856	Market Approach (Guideline Comparable)/Income Approach (DCF)/ Enterprise Value Analysis	Revenue Multiple(1)	0.25x – 0.50x (0.49x)
			EBITDA Multiple(1)	2.50x - 8.50x (5.73x)
			Capitalization rate	5.50x - 5.50x (5.50x)
			Discount rate	17.90% - 17.90% (17.90%)
			Expected Proceeds	$8.25 - $52.00 ($45.65)
Senior Secured First Lien Term Loans	472	Recent Arms-Length Transaction	Recent Arms Length Transaction	N/A
Senior Secured Second Lien Term Loan	9,978	Income Approach (DCF)	Market yield	12.01% - 14.82% (14.01%)
Senior Secured Second Lien Term Loans	3,949	Market Approach (Guideline Comparable)/Income Approach (DCF)	EBITDA Multiple(1)	8.00x - 8.00x (8.00x)
			Discount Rate	21.00% - 21.00% (21.00%)
Unsecured Debt	-	Market Approach (Guideline Comparable)	EBITDA Multiple(1)	2.50x - 4.50x (3.50x)
Unsecured Debt	2,669	Recent Arms-Length Transaction	Recent Arms Length Transaction	N/A
MCC Senior Loan Strategy JV I LLC	41,019	Recent Arms-Length Transaction	Recent Arms Length Transaction	N/A
Equity	63,468	Market Approach (Guideline Comparable)/ Income Approach (DCF)/Enterprise Value Analysis	Revenue Multiple(1)	0.50x - 0.88x (0.69x)
			EBITDA Multiple(1)	2.50x - 9.50x (8.25x)
			Capitalization rate	5.50% - 5.50% (5.50%)
			Discount rate	14.50% - 14.50% (14.50%)
			Expected Proceeds	$8.25 - $52.00 ($38.00)
Equity	3,929	Income Approach (DCF)	Market Yield	15.40% - 15.40% (15.40%)
Total	**$ 231,475**			

(1) Represents inputs used when the Company has determined that market participants would use such multiples when measuring the fair value of these investments.

The significant unobservable inputs used in the fair value measurement of the Company’s debt and derivative investments are market yields. Increases in market yields would result in lower fair value measurements.

The significant unobservable inputs used in the fair value measurement of the Company’s equity/warrants investments are comparable company multiples of revenue or EBITDA for the latest twelve months (“LTM”), next twelve months (“NTM”) or a reasonable period a market participant would consider. Increases in EBITDA multiples in isolation would result in higher fair value measurement.

In September 2017, the Company entered into an agreement with Global Accessories Group, LLC (“Global Accessories”), in which the Company exchanged its full position in Lydell Jewelry Design Studio, LLC for a 3.8% membership interest in Global Accessories, which is included in the Consolidated Schedule of Investments. As part of the agreement, the Company is entitled to contingent consideration in the form of cash payments (“Earnout”), as well as up to an additional 5% membership interest (“AMI”), provided Global Accessories achieves certain financial benchmarks through calendar year ended 2022. The Earnout and AMI were initially recorded with an aggregate fair value of $2.4 million on the transaction date using the Income Approach and were included on the Consolidated Statements of Assets and Liabilities in other assets. The contingent consideration is remeasured to fair value at each reporting date until the contingency is resolved. Any changes in fair value will be recognized in earnings. As of June 30, 2021 and September 30, 2020, the Company deemed the contingent consideration to be uncollectible.

Note 5. Borrowings

As a BDC, we are generally only allowed to employ leverage to the extent that our asset coverage, as defined in the 1940 Act, equals at least 200% after giving effect to such leverage. The amount of leverage that we employ at any time depends on our assessment of the market and other factors at the time of any proposed borrowing.

However, in March 2018, the Small Business Credit Availability Act modified the 1940 Act by allowing a BDC to increase the maximum amount of leverage it may incur from 200% to 150%, if certain requirements under the 1940 Act are met. Under the 1940 Act, we are allowed to increase our leverage capacity if stockholders representing at least a majority of the votes cast, when a quorum is present, approve a proposal to do so. If we receive stockholder approval, we would be allowed to increase our leverage capacity on the first day after such approval. Alternatively, the 1940 Act allows the majority of our independent directors to approve an increase in our leverage capacity, and such approval would become effective after the one-year anniversary of such approval. In either case, we would be required to make certain disclosures on our website and in SEC filings regarding, among other things, the receipt of approval to increase our leverage, our leverage capacity and usage, and risks related to leverage.

As of June 30, 2021, the Company's asset coverage was 302.5% after giving effect to leverage and therefore the Company's asset coverage was greater than 200%, the minimum asset coverage requirement applicable presently to the Company under the 1940 Act.

As of September 30, 2020, the Company's asset coverage was 199.2% after giving effect to leverage and therefore the Company's asset coverage was below 200%, the minimum asset coverage requirement under the 1940 Act. As a result, the Company was prohibited from making distributions to stockholders, including the payment of any dividend, and could not employ further leverage until the Company's asset coverage was at least 200% after giving effect to such leverage.

The Company's outstanding debt as of June 30, 2021 and September 30, 2020 was as follows (dollars in thousands):

	June 30, 2021				September 30, 2020			
	Aggregate Principal Available	**Principal Amount Outstanding**	**Carrying Value**	**Fair Value**	**Aggregate Principal Available**	**Principal Amount Outstanding**	**Carrying Value**	**Fair Value**
2021 Notes	$ —	$ —	$ —	$ —	$ 74,013	$ 74,013	$ 73,803	$ 73,095
2023 Notes	$ 77,847	$ 77,847	$ 77,364	$ 78,937	$ 77,847	$ 77,847	$ 77,158	$ 72,460
Total debt	$ 77,847	$ 77,847	$ 77,364	$ 78,937	$ 151,860	$ 151,860	$ 150,961	$ 145,555

Unsecured Notes

2021 Notes

On December 17, 2015, the Company issued $70.8 million in aggregate principal amount of 6.50% unsecured notes that mature on January 30, 2021 (the "2021 Notes"). On January 14, 2016, the Company closed an additional $3.25 million in aggregate principal amount of the 2021 Notes, pursuant to the partial exercise of the underwriters' option to purchase additional notes. The 2021 Notes bore interest at a rate of 6.50% per year, payable quarterly on January 30, April 30, July 30 and October 30 of each year, beginning January 30, 2016.

On October 21, 2020, the Company caused notices to be issued to the holders of the 2021 Notes regarding the Company's exercise of its option to redeem, in whole, the issued and outstanding 2021 Notes, pursuant to Section 1104 of the Indenture dated as of February 7, 2012, between the Company and U.S. Bank National Association, as trustee, and Section 101(h) of the Third Supplemental Indenture dated as of December 17, 2015. The Company redeemed $74,012,825 in aggregate principal amount of the issued and outstanding 2021 Notes on November 20, 2020 (the "***Redemption Date***"). The 2021 Notes were redeemed at 100% of their principal amount ($25 per 2021 Note), plus the accrued and unpaid interest thereon from October 31, 2020, through, but excluding, the Redemption Date. The Company funded the redemption of the 2021 Notes with cash on hand.

2023 Notes

On March 18, 2013, the Company issued $60.0 million in aggregate principal amount of 6.125% unsecured notes that mature on March 30, 2023 (the "2023 Notes"). On March 26, 2013, the Company closed an additional $3.5 million in aggregate principal amount of the 2023 Notes, pursuant to the partial exercise of the underwriters' option to purchase additional notes. As of March 30, 2016, the 2023 Notes may be redeemed in whole or in part at any time or from time to time at the Company's option. The 2023 Notes bear interest at a rate of 6.125% per year, payable quarterly on March 30, June 30, September 30 and December 30 of each year, beginning June 30, 2013.

Note 5. Borrowings (continued)

Unsecured Notes (continued)

On December 12, 2016, the Company entered into an "At-The-Market" ("ATM") debt distribution agreement with FBR Capital Markets & Co., through which the Company could offer for sale, from time to time, up to $40.0 million in aggregate principal amount of the 2023 Notes. The Company sold 1,573,872 of the 2023 Notes at an average price of $25.03 per note, and raised $38.6 million in net proceeds, through the ATM debt distribution agreement.

On March 10, 2018, the Company redeemed $13.0 million in aggregate principal amount of the 2023 Notes. On December 31, 2018, the Company redeemed $12.0 million in aggregate principal amount of the 2023 Notes. The redemption was accounted for as a debt extinguishment in accordance with ASC 470-50, Modifications and Extinguishments, which resulted in a realized loss of $0.2 million and was recorded on the Consolidated Statements of Operations as a loss on extinguishment of debt.

On December 21, 2020, the Company announced that it completed the application process for and was authorized to transfer the listing of the 2023 Notes to the NASDAQ Global Market. The listing and trading of the 2023 Notes on the NYSE ceased at the close of trading on December 31, 2020. Effective January 4, 2021, the 2023 Notes began trading on the NASDAQ Global Market under the trading symbol "PFXNL."

Secured Notes

Israeli Notes

On January 26, 2018, the Company priced a debt offering in Israel of $121.3 million of Israeli Notes (as defined below). The Israeli Notes were listed on the TASE and denominated in New Israeli Shekels, but linked to the US Dollar at a fixed exchange rate which mitigates any currency exposure to the Company.

Note 5. Borrowings (continued)

Secured Notes (continued)

On June 5, 2018, the Company announced that on June 1, 2018, its board of directors authorized the Company to repurchase and retire up to $20 million of the Company's outstanding Israeli Notes on the TASE.

During the quarter ended December 31, 2018, the Company exchanged $1.0 million United States Dollars to New Israeli Shekels at a rate of 3.73 USD/NIS in order to repurchase the Israeli Notes on the TASE. As the Israeli Notes were trading below par at the time of the repurchase, and the USD/NIS (foreign currency) spot rate was higher than the fixed exchange rate agreed upon in the deed of trust, the Company was able to repurchase and retire 3,812,000 units, which resulted in $1,119,201 aggregate principal amount of the Israeli Notes being retired. The redemption was accounted for as a debt extinguishment in accordance with ASC 470-50, Modifications and Extinguishments, which resulted in a realized gain of $0.1 million and was recorded on the Consolidated Statements of Operations as a gain on extinguishment of debt.

On December 31, 2019, in addition to the scheduled 12.5% quarterly amortization payment, the Company used proceeds from its principal repayments in assets held by PhenixFIN SLF and PhenixFIN Small Business Fund to pre-pay an additional $19.1 million of the Israeli Notes. The pre-payment was accounted for as a debt extinguishment in accordance with ASC 470-50, Modifications and Extinguishments, which resulted in a realized loss of $0.9 million and was recorded on the Consolidated Statements of Operations as a net loss on extinguishment of debt.

On March 31, 2020, in addition to the scheduled 12.5% quarterly amortization payment, the Company used proceeds from its principal repayments in assets held by PhenixFIN SLF and PhenixFIN Small Business Fund to pre-pay an additional $19.8 million of the Israeli Notes. The pre-payment was accounted for as a debt extinguishment in accordance with ASC 470-50, Modifications and Extinguishments, which resulted in a realized loss of $0.9 million and was recorded on the Consolidated Statements of Operations as a loss on extinguishment of debt.

On April 14, 2020, the Company repaid the remaining $21.1 million of Israeli Notes outstanding, and as such is no longer subject to any covenants relating thereto. The Israeli Notes were redeemed at 100% of their principal amount, plus the accrued interest thereon, through April 14, 2020.

Fair Value of Debt Obligations

The fair values of our debt obligations are determined in accordance with ASC 820, which defines fair value in terms of the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The fair value of the Notes, which are publicly traded, is based upon closing market quotes as of the measurement date. As of June 30, 2021 and September 30, 2020, the Notes would be deemed to be Level 1 in the fair value hierarchy, as defined in Note 4.

In accordance with ASU 2015-03, the debt issuance costs related to the Notes are reported on the Consolidated Statements of Assets and Liabilities as a direct deduction from the face amount of the Notes. As of June 30, 2021 and September 30, 2020, debt issuance costs related to the Notes were as follows (dollars in thousands):

	June 30, 2021		September 30, 2020		
	2023 Notes	**Total**	**2021 Notes**	**2023 Notes**	**Total**
Total debt issuance costs	$ 3,102	$ 3,102	$ 3,226	$ 3,102	$ 6,328
Amortized debt issuance costs	2,620	2,620	3,016	2,406	$ 5,422
Unamortized debt issuance costs	$ 482	$ 482	$ 210	$ 696	$ 906

For the three and nine months ended June 30, 2021 and 2020, the components of interest expense, amortized debt issuance costs, weighted average stated interest rate and weighted average outstanding debt balance for the Notes were as follows (dollars in thousands):

	For the Three Months Ended June 30		For the Nine Months Ended June 30	
	2021	**2020**	**2021**	**2020**
2021 Notes Interest	$ —	$ 1,203	$ 668	$ 3,608
2023 Notes Interest	1,192	1,192	3,576	3,576
2023 Notes Premium	—	(1)	—	(2)
Israeli Notes Interest	—	58	—	2,486
Amortization of debt issuance costs	69	284	294	2,644
Total	$ 1,261	$ 2,736	$ 4,538	$ 12,312
Weighted average stated interest rate	2.2%	6.4%	7.2%	6.4%
Weighted average outstanding balance	$ 77,847	$ 154,881	$ 84,649	$ 201,523

Note 6. Agreements

Investment Management Agreement

We had entered into an investment management agreement with MCC Advisors (the "Investment Management Agreement"), which expired on December 31, 2020. Mr. Brook Taube, our Chairman and Chief Executive Officer through December 31, 2020 and one of our directors through January 21, 2021 and Mr. Seth Taube, one of our directors through January 21, 2021 are both affiliated with MCC Advisors and Medley.

Under the terms of the Investment Management Agreement, MCC Advisors:

- determined the composition of our portfolio, the nature and timing of the changes to our portfolio and the manner of implementing such changes;
- identified, evaluated and negotiated the structure of the investments we made (including performing due diligence on our prospective portfolio companies); and
- executed, closed, monitored and administered the investments we made, including the exercise of any voting or consent rights.

MCC Advisors' services under the Investment Management Agreement were not exclusive, and it was free to furnish similar services to other entities so long as its services to us were not impaired.

Pursuant to the Investment Management Agreement, we paid MCC Advisors a fee for investment advisory and management services consisting of a base management fee and a two-part incentive fee.

On December 3, 2015, MCC Advisors recommended and, in consultation with the Board, agreed to reduce fees under the Investment Management Agreement. Beginning January 1, 2016, the base management fee was reduced to 1.50% on gross assets above $1 billion. In addition, MCC Advisors reduced its incentive fee from 20% on pre-incentive fee net investment income over an 8% hurdle, to 17.5% on pre-incentive fee net investment income over a 6% hurdle. Moreover, the revised incentive fee includes a netting mechanism and is subject to a rolling three-year look back from January 1, 2016 forward. Under no circumstances would the new fee structure result in higher fees to MCC Advisors than fees under the prior investment management agreement.

The following discussion of our base management fee and two-part incentive fee reflect the terms of the fee waiver agreement executed by MCC Advisors on February 8, 2016 (the "Fee Waiver Agreement"). The terms of the Fee Waiver Agreement were effective as of January 1, 2016 and were a permanent reduction in the base management fee and incentive fee on net investment income payable to MCC Advisors for the investment advisory and management services it provided under the Investment Management Agreement. The Fee Waiver Agreement did not change the second component of the incentive fee, which was the incentive fee on capital gains.

On January 15, 2020, the Company's board of directors, including all of the independent directors, approved the renewal of the Investment Management Agreement through the later of April 1, 2020 or so long as the Amended and Restated Agreement and Plan of Merger, dated as of July 29, 2019 (the "Amended MCC Merger Agreement"), by and between the Company and Sierra (the "Amended MCC Merger Agreement") was in effect, but no longer than a year; provided that, if the Amended MCC Merger Agreement was terminated by Sierra, then the termination of the Investment Management Agreement would be effective on the 30th day following receipt of Sierra's notice of termination to the Company. On May 1, 2020, the Company received a notice of termination of the Amended MCC Merger Agreement from Sierra. Under the Amended MCC Merger Agreement, either party was permitted, subject to certain conditions, to terminate the Amended MCC Merger Agreement if the merger was not consummated by March 31, 2020. Sierra elected to do so on May 1, 2020. As result of the termination by Sierra of the Amended MCC Merger Agreement on May 1, 2020, the Investment Management Agreement would have been terminated effective as of May 31, 2020. On May 21, 2020, the Board, including all of the independent directors, extended the term of the Investment Management Agreement through the end of the then-current quarter, June 30, 2020. On June 15, 2020, the Board, including all of the independent directors, extended the term of the Investment Management Agreement through the end of the then-current quarter, September 30, 2020. On September 29, 2020, the Board, including all of the independent directors, extended the term of the Investment Management Agreement through December 31, 2020.

On November 18, 2020, the Board approved the adoption of an internalized management structure effective January 1, 2021. The new management structure replaces the current Investment Management and Administration Agreements with MCC Advisors LLC, which expired on December 31, 2020. To lead the internalized management team, the Board approved the appointment of David Lorber, who had served as an independent director of the Company since April 2019, as interim Chief Executive Officer, and Ellida McMillan as Chief Financial Officer of the Company, each effective January 1, 2021. In connection with his appointment, Mr. Lorber stepped down from the Compensation Committee of the Board, the Nominating and Corporate Governance Committee of the Board, and the Special Committee of the Board.

Base Management Fee

Through December 31, 2020, for providing investment advisory and management services to us, MCC Advisors received a base management fee. The base management fee was calculated at an annual rate of 1.75% (0.4375% per quarter) of up to $1.0 billion of the Company's gross assets and 1.50% (0.375% per quarter) of any amounts over $1.0 billion of the Company's gross assets and was payable quarterly in arrears. The base management fee was calculated based on the average value of the Company's gross assets at the end of the two most recently completed calendar quarters.

Note 6. Agreements (continued)

Base Management Fee (continued)

For the three and nine months ended June 30, 2021, the Company incurred base management fees to MCC Advisors of $0 and $1.1 million, respectively. For the three and nine months ended June 30, 2020, the Company incurred base management fees to MCC Advisors of $1.3 million and $5.0 million, respectively.

Incentive Fee

Through December 31, 2020, the incentive fee had two components, as follows:

Incentive Fee Based on Income

The first component of the incentive fee was payable quarterly in arrears and was based on our pre-incentive fee net investment income earned during the calendar quarter for which the incentive fee was being calculated. MCC Advisors was entitled to receive the incentive fee on net investment income from us if our Ordinary Income (as defined below) exceeded a quarterly "hurdle rate" of 1.5%. The hurdle amount was calculated after making appropriate adjustments to the Company's net assets, as determined as of the beginning of each applicable calendar quarter, in order to account for any capital raising or other capital actions as a result of any issuances by the Company of its common stock (including issuances pursuant to our dividend reinvestment plan), any repurchase by the Company of its own common stock, and any dividends paid by the Company, each as may have occurred during the relevant quarter.

Beginning with the calendar quarter that commenced on January 1, 2016, the incentive fee on net investment income was determined and paid quarterly in arrears at the end of each calendar quarter by reference to our aggregate net investment income, as adjusted as described below, from the calendar quarter then ending and the eleven preceding calendar quarters (or if shorter, the number of quarters that have occurred since January 1, 2016). We refer to such period as the "Trailing Twelve Quarters."

The hurdle amount for the incentive fee on net investment income was determined on a quarterly basis and was equal to 1.5% multiplied by the Company's net asset value at the beginning of each applicable calendar quarter comprising the relevant Trailing Twelve Quarters. The hurdle amount was calculated after making appropriate adjustments to the Company's net assets, as determined as of the beginning of each applicable calendar quarter, in order to account for any capital raising or other capital actions as a result of any issuances by the Company of its common stock (including issuances pursuant to our dividend reinvestment plan), any repurchase by the Company of its own common stock, and any dividends paid by the Company, each as may have occurred during the relevant quarter. The incentive fee for any partial period was to be appropriately pro-rated. Any incentive fee on net investment income was to be paid to MCC Advisors on a quarterly basis and was to be based on the amount by which (A) aggregate net investment income ("Ordinary Income") in respect of the relevant Trailing Twelve Quarters exceeded (B) the hurdle amount for such Trailing Twelve Quarters. The amount of the excess of (A) over (B) described in this paragraph for such Trailing Twelve Quarters is referred to as the "Excess Income Amount." For the avoidance of doubt, Ordinary Income was net of all fees and expenses, including the reduced base management fee but excluding any incentive fee on Pre-Incentive Fee net investment income or on the Company's capital gains.

Determination of Quarterly Incentive Fee Based on Income

The incentive fee on net investment income for each quarter was determined as follows:

- No incentive fee on net investment income was payable to MCC Advisors for any calendar quarter for which there was no Excess Income Amount;
- 100% of the Ordinary Income, if any, that exceeded the hurdle amount, but was less than or equal to an amount, which we refer to as the "Catch-up Amount," determined as the sum of 1.8182% multiplied by the Company's net assets at the beginning of each applicable calendar quarter, as adjusted as noted above, comprising the relevant Trailing Twelve Quarters was included in the calculation of the incentive fee on net investment income; and
- 17.5% of the Ordinary Income that exceeds the Catch-up Amount was included in the calculation of the incentive fee on net investment income.

The amount of the incentive fee on net investment income that was to be paid to MCC Advisors for a particular quarter would equal the excess of the incentive fee so calculated minus the aggregate incentive fees on net investment income that were paid in respect of the first eleven calendar quarters (or the portion thereof) included in the relevant Trailing Twelve Quarters but not in excess of the Incentive Fee Cap (as described below).

The incentive fee on net investment income that was paid to MCC Advisors for a particular quarter was subject to a cap (the "Incentive Fee Cap"). The Incentive Fee Cap for any quarter was an amount equal to (a) 17.5% of the Cumulative Net Return (as defined below) during the relevant Trailing Twelve Quarters *minus* (b) the aggregate incentive fees on net investment income that were paid in respect of the first eleven calendar quarters (or the portion thereof) included in the relevant Trailing Twelve Quarters.

Note 6. Agreements (continued)

Incentive Fee (continued)

"Cumulative Net Return" means (x) the Ordinary Income in respect of the relevant Trailing Twelve Quarters *minus* (y) any Net Capital Loss (as described below), if any, in respect of the relevant Trailing Twelve Quarters. If, in any quarter, the Incentive Fee Cap was zero or a negative value, the Company would pay no incentive fee on net investment income to MCC Advisors for such quarter. If, in any quarter, the Incentive Fee Cap for such quarter was a positive value but was less than the incentive fee on net investment income that was payable to MCC Advisors for such quarter (before giving effect to the Incentive Fee Cap) calculated as described above, the Company would pay an incentive fee on net investment income to MCC Advisors equal to the Incentive Fee Cap for such quarter. If, in any quarter, the Incentive Fee Cap for such quarter was equal to or greater than the incentive fee on net investment income that was payable to MCC Advisors for such quarter (before giving effect to the Incentive Fee Cap) calculated as described above, the Company would pay an incentive fee on net investment income to MCC Advisors, calculated as described above, for such quarter without regard to the Incentive Fee Cap.

"Net Capital Loss" in respect of a particular period means the difference, if positive, between (i) aggregate capital losses, whether realized or unrealized, and dilution to the Company's net assets due to capital raising or capital actions, in such period and (ii) aggregate capital gains, whether realized or unrealized and accretion to the Company's net assets due to capital raising or capital action, in such period.

Dilution to the Company's net assets due to capital raising was calculated, in the case of issuances of common stock, as the amount by which the net asset value per share was adjusted over the transaction price per share, multiplied by the number of shares issued. Accretion to the Company's net assets due to capital raising was calculated, in the case of issuances of common stock (including issuances pursuant to our dividend reinvestment plan), as the excess of the transaction price per share over the amount by which the net asset value per share was adjusted, multiplied by the number of shares issued. Accretion to the Company's net assets due to other capital action was calculated, in the case of repurchases by the Company of its own common stock, as the excess of the amount by which the net asset value per share was adjusted over the transaction price per share multiplied by the number of shares repurchased by the Company.

Incentive Fee Based on Capital Gains

The second component of the incentive fee was determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Management Agreement as of the termination date) and equaled 20.0% of our cumulative aggregate realized capital gains less cumulative realized capital losses, unrealized capital depreciation (unrealized depreciation on a gross investment-by-investment basis at the end of each calendar year) and all capital gains upon which prior performance-based capital gains incentive fee payments were previously made to the investment adviser.

Under GAAP, the Company calculated the second component of the incentive fee as if the Company had realized all assets at their fair values as of the reporting date. Accordingly, when applicable, the Company accrued a provisional capital gains incentive fee taking into account any unrealized gains or losses. As the provisional capital gains incentive fee was subject to the performance of investments until there was a realization event, the amount of the provisional capital gains incentive fee accrued at a reporting date may have varied from the capital gains incentive that was ultimately realized and the differences could have been material.

The incentive fees shown in the Consolidated Statements of Operations were calculated using the fee structure set forth in the Investment Management Agreement, and then adjusted to reflect the terms of the Fee Waiver Agreement. Pursuant to the Investment Management Agreement, pre-incentive fee net investment income was compared to a hurdle rate of 2.0% of the net asset value at the beginning of the period and was calculated as follows:

1) No incentive fee was recorded during the quarter in which our pre-incentive fee net investment income did not exceed the hurdle rate;

2) 100% of pre-incentive fee net investment income that exceeded the hurdle rate but was less than 2.5% in the quarter; and

3) 20.0% of the amount of pre-incentive fee net investment income, if any, that exceeded 2.5% of the hurdle rate.

For purposes of implementing the fee waiver under the Fee Waiver Agreement, we calculated the incentive fee based upon the formula that existed under the Investment Management Agreement, and then applied the terms of waiver set forth in the Fee Waiver Agreement, if applicable.

Note 6. Agreements (continued)

Incentive Fee (continued)

For the three and nine months ended June 30, 2021 and 2020, the Company did not incur any incentive fees on net investment income because pre-incentive fee net investment income did not exceed the hurdle amount under the formula set forth in the Investment Management Agreement. The Investment Management Agreement terminated as of December 31, 2020, and the Company no longer incurs incentive fees under the Investment Management Agreement as a result.

As of June 30, 2021 and September 30, 2020, $0 and $1.4 million, respectively, were included in “management and incentive fees payable” in the accompanying Consolidated Statements of Assets and Liabilities.

Administration Agreement

On January 19, 2011, the Company entered into an administration agreement with MCC Advisors. Pursuant to the administration agreement, MCC Advisors furnished us with office facilities and equipment, clerical, bookkeeping, recordkeeping and other administrative services related to the operations of the Company. We reimbursed MCC Advisors for our allocable portion of overhead and other expenses incurred by it performing its obligations under the administration agreement, including rent and our allocable portion of the cost of our Chief Financial Officer and Chief Compliance Officer and their respective staffs. From time to time, our administrator was able to pay amounts owed by us to third-party service providers and we would subsequently reimburse our administrator for such amounts paid on our behalf. In connection with the adoption by the board of directors of an internalized management structure, on November 19, 2020, the Company entered into a Fund Accounting Servicing Agreement and an Administration Servicing Agreement on customary terms with U.S. Bancorp Fund Services, LLC d/b/a U.S. Bank Global Fund Services (“U.S. Bancorp”). The administration agreement with MCC Advisors terminated by its terms on December 31, 2020. For the three and nine months ended June 30, 2021, we recorded $0.1 million and $0.5 million, respectively, in administrator expenses. For the three and nine months ended June 30, 2020, we incurred $0.6 million and $1.7 million in administrator expenses, respectively.

As of June 30, 2021 and September 30, 2020, $0.1 million and $0.2 million, respectively, were included in “administrator expenses payable” in the accompanying Consolidated Statements of Assets and Liabilities.

Expense Support Agreement

On June 12, 2020, the Company entered into an expense support agreement (the “Expense Support Agreement”) with MCC Advisors and Medley LLC, pursuant to which MCC Advisors and Medley LLC agreed (jointly and severally) to cap the management fee and all of the Company’s other operating expenses (except interest expenses, certain extraordinary strategic transaction expenses and other expenses approved by the Special Committee (as defined in Note 10)) at $667,000 per month (the “Cap”). Under the Expense Support Agreement, the Cap became effective on June 1, 2020 and expires on September 30, 2020. On September 29, 2020, the board of directors, including all of the independent directors, extended the term of the Expense Support Agreement through the end of quarter ending December 31, 2020. The Expense Support Agreement expired by its terms at the close of business on December 31, 2020, in connection with the adoption of the internalized management structure by the board of directors.

Note 7. Related Party Transactions

Due to Affiliate

Due to affiliate consists of certain general and administrative expenses paid by an affiliate on behalf of the Company.

Other Related Party Transactions

Opportunities for co-investments may arise when an affiliated investment adviser becomes aware of investment opportunities that may be appropriate for the Company, other clients, or affiliated funds. On November 25, 2013, the Company obtained an exemptive order from the SEC that permits us to participate in negotiated co-investment transactions with certain affiliates, each of whose investment adviser is Medley, LLC or an investment adviser controlled by Medley, LLC in a manner consistent with our investment objective, strategies and restrictions, as well as regulatory requirements and other pertinent factors (the “Prior Exemptive Order”). On March 29, 2017, the Company, MCC Advisors and certain other affiliated funds and investment advisers received an exemptive order (the “Exemptive Order”) that supersedes the Prior Exemptive Order and allows affiliated registered investment companies to participate in co-investment transactions with us that would otherwise have been prohibited under Section 17(d) and 57(a)(4) of the 1940 Act and Rule 17d-1 thereunder. On October 4, 2017, the Company, MCC Advisors and certain of our affiliates received an exemptive order that supersedes the Exemptive Order (the “Current Exemptive Order”) and allows, in addition to the entities already covered by the Exemptive Order, Medley LLC and its subsidiary, Medley Capital LLC, to the extent they hold financial assets in a principal capacity, and any direct or indirect, wholly or majority owned subsidiary of Medley LLC that is formed in the future, to participate in co-investment transactions with us that would otherwise be prohibited by either or both of Sections 17(d) and 57(a)(4) of the 1940 Act. Co-investment under the Current Exemptive Order is subject to certain conditions therein, including the condition that, in the case of each co-investment transaction, the board of directors determines that it would be in the Company’s best interest to participate in the transaction. However, neither we nor the affiliated funds are obligated to invest or co-invest when investment opportunities are referred to us or them. The Company does not expect to avail itself of the current exemptive order, given the internalization and termination of the Investment Management Agreement.

Note 8. Commitments

Insurance Reimbursements Related to Professional Fees

The Company has received insurance proceeds during fiscal year 2021 under its insurance policy primarily relating to the legal expenses associated with the dismissed stockholder class action, captioned as FrontFour Capital Group LLC, et al. v Brook Taube et al. During the three and nine months ended June 30, 2021, the Company received $1.0 million and $2.1 million, respectively, of insurance proceeds. During the three and nine months ended June 30, 2020, the Company received $1.0 million and $5.8 million of insurance proceeds, respectively. The reimbursements have been recorded as an offset or reduction in professional fees and expenses on the Consolidated Statements of Operations.

Unfunded commitments

As of June 30, 2021 and September 30, 2020, we had commitments under loan and financing agreements to fund up to $5.1 million to seven portfolio companies and $3.9 million to five portfolio companies, respectively. These commitments are primarily composed of senior secured term loans and revolvers, and the determination of their fair value is included in the Consolidated Schedule of Investments. The commitments are generally subject to the borrowers meeting certain criteria such as compliance with covenants and certain operational metrics. The terms of the borrowings and financings subject to commitment are comparable to the terms of other loan and equity securities in our portfolio. A summary of the composition of the unfunded commitments as of June 30, 2021 and September 30, 2020 is shown in the table below (dollars in thousands):

	June 30, 2021	September 30, 2020
Redwood Services Group, LLC - Revolver	$ 1,575	$ 1,050
1888 Industrial Services, LLC - Revolver	1,078	1,078
Alpine SG - Revolver	1,000	—
Kemmerer Operations, LLC - Delayed Draw Term Loan	908	908
NVTN LLC - DDTL	220	220
Black Angus Steakhouses, LLC - Super Priority DDTL	167	—
DataOnline Corp. - Revolver	107	179
NVTN LLC - Super Priority DDTL	—	500
Total unfunded commitments	$ 5,055	$ 3,935

Note 9. Fee Income

Fee income consists of origination/closing fees, amendment fees, prepayment penalty and other miscellaneous fees which are non-recurring in nature, as well as administrative agent fees, which are recurring in nature. The following table summarizes the Company's fee income for the three and nine months ended June 30, 2021 and 2020 (dollars in thousands):

	For the Three Months Ended June 30		For the Nine Months Ended June 30	
	2021	2020	2021	2020
Administrative agent fee	$ 54	$ 44	$ 381	$ 163
Prepayment fee	—	—	—	139
Amendment fee	5	124	94	138
Other fees	12	34	175	91
Origination fee	—	—	—	87
Fee income	$ 71	$ 202	$ 650	$ 618

Note 10. Directors Fees

During calendar year 2021, the Company's independent directors each receive an annual fee of $100,000. In addition, the lead independent director receives an annual retainer of $30,000; the chair of the Audit Committee receives an annual retainer of $25,000, and each of its other members receives an annual retainer of $12,500; and the chairs of the Nominating and Corporate Governance Committee and of the Compensation Committee each receive an annual retainer of $15,000 and each of the other members of these committees receive annual retainers of $8,000. The Company's independent directors also receive a fee of $3,000 for each board meeting and $2,500 for each committee meeting that they attend. Prior to calendar year 2021, the Company's independent directors each received an annual fee of $90,000. They also received $3,000, plus reimbursement of reasonable out-of-pocket expenses incurred in connection with attending each board meeting, and $2,500, plus reimbursement of reasonable out-of-pocket expenses incurred in connection with attending each Audit Committee, Nominating and Corporate Governance Committee, Transition Committee and Compensation Committee meeting. The chair of the Audit Committee received an annual fee of $25,000 and the chair of the Nominating and Corporate Governance Committee and the Compensation Committee received an annual fee of $10,000 for their additional services in these capacities. In addition, other members of the Audit Committee received an annual fee of $12,500, and other members of the Nominating and Corporate Governance Committee and the Compensation Committee received an annual fee of $6,000.

On January 26, 2018, the board of directors established the special committee of the Board, comprised solely of directors who are not "interested persons" of the Company as such term is defined in Section 2(a)(19) of the 1940 Act (the "Special Committee"), for the purpose of assessing the merits of various proposed strategic transactions. As compensation for serving on the Special Committee, each independent director received a one-time retainer of $25,000 plus reimbursement of out-of-pocket expenses, consistent with the Company's policies for reimbursement of members of the board of directors. In addition, the chairman of the Special Committee received a monthly fee of $15,000 and other members received a monthly fee of $10,000. The Special Committee is no longer active. The Special Committee as well as the Transition Committee are each no longer in operation.

No board service compensation is paid to directors who are "interested persons" of the Company (as such term is defined in the 1940 Act). For the three and nine months ended June 30, 2021, we accrued $0.2 million and $0.9 million for directors' fees expense, respectively. For the three and nine months ended June 30, 2020, we accrued $0.3 million and $1.0 million for directors' fees expense, respectively.

Note 11. Earnings Per Share

In accordance with the provisions of ASC Topic 260 - Earnings per Share, basic earnings per share is computed by dividing earnings available to common stockholders by the weighted average number of shares outstanding during the period. Other potentially dilutive common shares, and the related impact to earnings, are considered when calculating earnings per share on a diluted basis. The Company does not have any potentially dilutive common shares as of June 30, 2021.

The following information sets forth the computation of the weighted average basic and diluted net increase/(decrease) in net assets per share from operations for the three and nine months ended June 30, 2021 and 2020 (dollars in thousands, except share and per share amounts):

	For the Three Months Ended June 30		For the Nine Months Ended June 30	
	2021	2020	2021	2020
Basic and diluted:				
Net increase (decrease) in net assets resulting from operations	$ 6,969	$ 7,604	$ 8,318	$ (67,086)
Weighted average shares of common stock outstanding - basic and diluted	2,683,093	2,723,711	2,707,794	2,723,711
Earnings (loss) per share of common stock - basic and diluted	$ 2.60	$ 2.79	$ 3.07	$ (24.63)

PHENIXFIN CORPORATION
Notes to Consolidated Financial Statements (continued)
June 30, 2021
(unaudited)

Note 12. Financial Highlights

The following is a schedule of financial highlights for the nine months ended June 30, 2021 and 2020:

	For the Nine Months Ended June 30	
	2021	**2020**
Per share data		
Net Asset Value per share at Beginning of Period	$ 55.30	$ 79.46
Results of Operations:		
Net Investment Income/(Loss)(1)	6.44	(0.68)
Net Realized Gain/(Loss) on Investments	(17.17)	(14.60)
Net Unrealized Gain/(Loss) on Investments	13.85	(8.42)
Change in provision for deferred taxes on unrealized appreciation/(depreciation) on investments	—	(0.02)
Net loss on extinguishment of debt	(0.05)	(0.91)
Net Increase (Decrease) in Net Assets Resulting from Operations	3.07	(24.63)
Capital Share Transactions		
Repurchase of common stock under stock repurchase program	0.12	—
Net Increase (Decrease) Resulting from Capital Share Transactions	0.12	—
Net Asset Value per share at End of Period	$ 58.49	$ 54.83
Net Assets at End of Period	$ 156,678,576	$ 149,346,046
Shares Outstanding at End of Period	2,678,921	2,723,711
Per share market value at end of period	$ 40.80	$ 15.40
Total return based on market value(2)	128.83%	(70.27%)
Total return based on net asset value(3)	4.02%	(30.99%)
Portfolio turnover rate(4)	21.93%	7.20%

The following is a schedule of ratios and supplemental data for the nine months ended June 30, 2021 and 2020:

	2021	2020
Ratios:		
Ratio of net investment income/(loss) to average net assets after waivers, discounts and reimbursements(4)(5)	15.41%	(1.43%)
Ratio of total expenses to average net assets after waivers, discounts and reimbursements(4)(5)	9.31%	13.98%
Ratio of incentive fees to average net assets after waivers(5)	0.00%	0.00%
Supplemental Data:		
Ratio of net operating expenses and credit facility related expenses to average net assets(4)(5)(9)	9.31%	14.17%
Percentage of non-recurring fee income(6)	2.33%	2.66%
Average debt outstanding(7)	84,649,449	201,704,498
Average debt outstanding per common share	31.26	74.06
Asset coverage ratio per unit(8)	3,025	1,983
Total Debt Outstanding(10)		
2021 Notes	—	73,644,036
2023 Notes	77,364,454	77,088,530
Average market value per unit:		
2021 Notes	N/A	22.19
2023 Notes	24.80	19.84

Note 12. Financial Highlights (continued)

(1) Net investment income/(loss) excluding management and incentive fee waivers, discounts and reimbursements based on total weighted average common stock outstanding equals $6.51 and $(2.73) per share for the three months ended June 30, 2021 and 2020 respectively.

(2) Total return is historical and assumes changes in share price, reinvestments of all dividends and distributions at prices obtained under the Company's dividend reinvestment plan, and no sales charge for the period. Calculation is not annualized.

(3) Total return is historical and assumes changes in NAV, reinvestments of all dividends and distributions at prices obtained under the Company's dividend reinvestment plan, and no sales charge for the period. Calculation is not annualized.

(4) Ratios are annualized during interim periods.

(5) For the nine months ended June 30, 2021, prior to the effect of Expense Support Agreement, the ratio of net investment income/(loss), total expenses, incentive fees, and operating expenses and credit facility related expenses to average net assets is 15.41%, 9.31%, 0.00%, and 9.31%, respectively For the nine months ended June 30, 2020, excluding management and incentive fee waivers, discounts and reimbursements, the ratio of net investment income/(loss), total expenses, incentive fees, and operating expenses and credit facility related expenses to average net assets is (5.72)%, 18.27%, 0.00%, and 18.27%, respectively.

(6) Represents the impact of the non-recurring fees as a percentage of total investment income.

(7) Based on daily weighted average carrying value of debt outstanding during the period.

(8) Asset coverage per unit is the ratio of the carrying value of our total consolidated assets, less all liabilities and indebtedness not represented by senior securities, to the aggregate amount of senior securities representing indebtedness. Asset coverage per unit is expressed in terms of dollar amounts per $1,000 of indebtedness. As of June 30, 2021, the Company's asset coverage was 302.5% after giving effect to leverage and therefore the Company's asset coverage was above 200%, the minimum asset coverage requirement under the 1940 Act.

(9) Excludes incentive fees.

(10) Total amount of each class of senior securities outstanding at the end of the period excluding debt issuance costs.

Note 13. Dividends

Dividends and distributions to common stockholders are recorded on the ex-dividend date. The amount to be paid out as a dividend is determined by our board of directors.

We have adopted an "opt out" dividend reinvestment plan for our common stockholders. As a result, if we declare a cash dividend or other distribution, each stockholder that has not "opted out" of our dividend reinvestment plan will have its dividends automatically reinvested in additional shares of our common stock rather than receiving cash dividends. Stockholders who receive distributions in the form of shares of common stock will be subject to the same federal, state and local tax consequences as if they received cash distributions.

The Company did not make any distributions during the nine months ended June 30, 2021 and 2020.

Note 14. Share Transactions

On January 11, 2021, the Company announced that its board of directors approved a share repurchase program.

The following table sets forth the number of shares of common stock repurchased by the Company at an average price of $33.42 per share under its share repurchase program from February 10, 2021 through June 30, 2021:

Month Ended	Shares Repurchased	Repurchase Price Per Share	Aggregate Consideration for Repurchased Shares
January 2021	—	—	$ —
February 2021	13,082	$30.25 - $30.96	396,961
March 2021	12,241	$30.25 - $34.42	393,504
April 2021	14,390	$33.11 - $34.89	490,885
May 2021	5,075	$34.56 - $35.98	177,688
June 2021	—	—	—
Total	44,788		$ 1,459,038

The Company's net asset value per share was increased by approximately $0.12 as a result of the share repurchases.

The Company funded additional share repurchases of 20,000 shares with a total cost of approximately $0.8 million on May 28, 2021 which had not settled as of June 30, 2021.

Note 15. Subsequent Events

Management has evaluated subsequent events through the date of issuance of the consolidated financial statements included herein. Other than the items disclosed herein, there have been no subsequent events that occurred during such period that would require disclosure in this Form 10-Q or would be required to be recognized in the Consolidated Financial Statements as of and for the nine months ended June 30, 2021.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with our financial statements and related notes and other financial information appearing elsewhere in this quarterly report on Form 10-Q.

Except as otherwise specified, references to "we," "us," "our," or the "Company," refer to PhenixFIN Corporation.

Forward-Looking Statements

Some of the statements in this quarterly report on Form 10-Q constitute forward-looking statements, which relate to future events or our performance or financial condition. The forward-looking statements contained in this quarterly report on Form 10-Q involve risks and uncertainties, including statements as to:

- the introduction, withdrawal, success and timing of business initiatives and strategies;
- changes in political, economic or industry conditions, the interest rate environment or conditions affecting the financial and capital markets, which could result in changes in the value of our assets;
- the impact of increased competition;
- the impact of future acquisitions and divestitures;
- our business prospects and the prospects of our portfolio companies;
- the impact of legislative and regulatory actions and reforms and regulatory, supervisory or enforcement actions of government agencies relating to us;
- our contractual arrangements and relationships with third parties;
- any future financings by us;
- fluctuations in foreign currency exchange rates;
- the impact of changes to tax legislation and, generally, our tax position;
- our ability to locate suitable investments for us and to monitor and administer our investments;
- our ability to attract and retain highly talented professionals;
- market conditions and our ability to access alternative debt markets and additional debt and equity capital;
- the unfavorable resolution of legal proceedings;
- uncertainties associated with the impact from the COVID-19 pandemic: including its impact on the global and U.S. capital markets and the global and U.S. economy; the length and duration of the COVID-19 outbreak in the United States as well as worldwide and the magnitude of the economic impact of that outbreak; the effect of the COVID-19 pandemic on our business prospects and the operational and financial performance of our portfolio companies, including our and their ability to achieve their respective objectives; and the effect of the disruptions caused by the COVID-19 pandemic on our ability to continue to effectively manage our business; and
- risks and uncertainties relating to the possibility that the Company may explore strategic alternatives, including, but are not limited to: the timing, benefits and outcome of any exploration of strategic alternatives by the Company; potential disruptions in the Company's business and stock price as a result of our exploration of any strategic alternatives; the ability to realize anticipated efficiencies, or strategic or financial benefits; potential transaction costs and risks; and the risk that any exploration of strategic alternatives may have an adverse effect on our existing business arrangements or relationships, including our ability to retain or hire key personnel. There is no assurance that any exploration of strategic alternatives will result in a transaction or other strategic change or outcome.

Such forward-looking statements may include statements preceded by, followed by or that otherwise include the words "trend," "opportunity," "pipeline," "believe," "comfortable," "expect," "anticipate," "current," "intention," "estimate," "position," "assume," "potential," "outlook," "continue," "remain," "maintain," "sustain," "seek," "achieve," and similar expressions, or future or conditional verbs such as "will," "would," "should," "could," "may," or similar expressions. The forward looking statements contained in this quarterly report on Form 10-Q involve risks and uncertainties. Our actual results could differ materially from those implied or expressed in the forward-looking statements for any reason, including the factors set forth as "Risk Factors" in this quarterly report on Form 10-Q.

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

COVID-19 Developments

COVID-19 has severely impacted global economic activity and caused significant volatility and negative pressure in financial markets. The global impact of COVID-19 continues to evolve and many countries, including the United States, have reacted at various stages of the pandemic by instituting quarantines, restricting travel, and temporarily closing or limiting capacity at many corporate offices, retail stores, restaurants, fitness clubs and manufacturing facilities and factories in affected jurisdictions. Such actions have created disruption in global supply chains and adversely impacted a number of industries. The outbreak has had and could continue to have an adverse impact on economic and market conditions and trigger a period of global economic slowdown.

We are closely monitoring the impact of the outbreak of COVID-19 on all aspects of our business, including how it will impact our portfolio companies, employees, due diligence and underwriting processes, and financial markets. Given the continuing development and fluidity of this situation, we cannot estimate the long-term impact of COVID-19 on our business, future results of operations, financial position or cash flows at this time. Further, the operational and financial performance of the portfolio companies in which we make investments may be significantly impacted by COVID-19, which may in turn impact the valuation of our investments. We believe our portfolio companies have taken immediate actions to effectively and efficiently respond to the challenges posed by COVID-19 and related orders imposed by state and local governments, including developing liquidity plans supported by internal cash reserves, shareholder support, and, as appropriate, accessing their ability to participate in the government Paycheck Protection Program. The Company's performance was negatively impacted during the pandemic. The longer-term impact of COVID-19 on the operations and the performance of the Company (including certain portfolio companies) is difficult to predict, but may also be adverse. The longer-term potential impact on such operations and performance could depend to a large extent on future developments and actions taken by authorities and other entities to mitigate COVID-19 and its economic impact. The impacts, as well as the uncertainty over impacts to come, of COVID-19 have adversely affected the performance of the Company (including certain portfolio companies) and may continue to do so in the future. Furthermore, the impacts of a potential worsening of global economic conditions and the continued disruptions to and volatility in the financial markets remain unknown. COVID-19 presents material uncertainty and risks with respect to the underlying value of the Company's portfolio companies, the Company's business, financial condition, results of operations and cash flows, such as the potential negative impact to financing arrangements, increased costs of operations, changes in law and/or regulation, and uncertainty regarding government and regulatory policy.

We have evaluated subsequent events from June 30, 2021 through the filing date of this quarterly report on Form 10-Q. However, as the discussion in this Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations relates to the Company's financial statements for the quarterly period ended June 30, 2021, the analysis contained herein may not fully account for impacts relating to the COVID-19 pandemic. In that regard, for example, as of June 30, 2021, the Company valued its portfolio investments in conformity with U.S. GAAP based on the facts and circumstances known by the Company at that time, or reasonably expected to be known at that time. Due to the overall volatility that the COVID-19 pandemic may have caused during the months following our most recent valuation (as of June 30, 2021), any valuations conducted now or in the future in conformity with U.S. GAAP could result in a lower fair value of our portfolio. The longer-term impact of COVID-19 on the operations and the performance of the Company (including certain portfolio companies) is difficult to predict, but may also be adverse. The longer-term potential impact on such operations and performance could depend to a large extent on future developments and actions taken by authorities and other entities to contain COVID-19 and its economic impact. The impacts, as well as the uncertainty over impacts to come, of COVID-19 have adversely affected the performance of the Company and may continue to do so in the future. Further, the potential exists for variants of COVID-19, including the Delta variant**,** to impede the global economic recovery and exacerbate geographic differences in the spread of, and response to, COVID-19.

Overview

We are a non-diversified closed-end management investment company that has elected to be regulated as a BDC under the 1940 Act. In addition, we have elected, and intend to qualify annually, to be treated for U.S. federal income tax purposes as a RIC under Subchapter M of the Code. Through December 31, 2020, we were an externally managed company. On November 18, 2020, the board of directors of the Company approved the adoption of an internalized management structure, effective January 1, 2021. Since January 1, 2021, we have operated under such internalized management structure.

We commenced operations and completed our initial public offering on January 20, 2011. Under our internalized management structure, our activities are managed by our senior professionals and are supervised by our board of directors, of which a majority of the members are independent of us.

The Company's investment objective is to generate current income and capital appreciation. The management team seeks to achieve this objective primarily through making loans, private equity or other investments in privately-held companies. The Company may also make debt, equity or other investments in publicly-traded companies. (These investments may also include investments in other BDCs, closed-end funds or REITS.) We may also pursue other strategic opportunities and invest in other assets or operate other businesses to achieve our investment objective. The portfolio generally consists of senior secured first lien term loans, senior secured second lien term loans, senior secured bonds, preferred equity and common equity. Occasionally, we will receive warrants or other equity participation features which we believe will have the potential to increase total investment returns. Our loan and other debt investments are primarily rated below investment grade or are unrated. Investments in below investment grade securities are considered predominantly speculative with respect to the issuer's capacity to pay interest and repay principal when due.

As a BDC, we are required to comply with certain regulatory requirements. For instance, we generally have to invest at least 70% of our total assets in "qualifying assets," including securities of private or thinly traded public U.S. companies, cash, cash equivalents, U.S. government securities and high-quality debt investments that mature in one year or less. In addition, we are only allowed to borrow money such that our asset coverage, as defined in the 1940 Act, equals at least 200% (or 150% if, pursuant to the 1940 Act, certain requirements are met) after such borrowing, with certain limited exceptions. To maintain our RIC tax treatment, we must meet specified source-of-income and asset diversification requirements. In addition, to maintain our RIC tax treatment, we must timely distribute at least 90% of our net ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, for the taxable year.

NYSE Continued Listing Status

On April 10, 2020, the Company received written notification, from the NYSE that it was not in compliance with an NYSE continued listing standard in Section 802.01C of the NYSE Listed Company Manual ("Section 802.01C") because the average closing price of the Company's common stock over a period of 30 consecutive trading days was below $1.00 per share. The Company could regain compliance with Section 802.01C at any time during the six-month cure period if, on the last trading day of any calendar month during the cure period, it had (i) a closing share price of at least $1.00 per share and (ii) an average closing price of at least $1.00 per share over the 30 trading-day period ending on the last trading day of that month. As described in detail below, the Company effected the Reverse Stock Split (as defined below), effective as of July 24, 2020, which brought the Company into compliance with Section 802.01C. On December 21, 2020, the Company announced that it completed the application process for and was authorized to transfer the listing of its shares of common stock to the NASDAQ Global Market. The listing and trading of the common stock on the NYSE ceased at the close of trading on December 31, 2020. Since January 4, 2021, the common stock trades on the NASDAQ Global Market under the trading symbol "PFX."

Reverse Stock Split; Authorized Share Reduction

At the Company's 2020 Annual Meeting of Stockholders held on June 30, 2020 (the "Annual Meeting"), stockholders approved a proposal to grant discretionary authority to the Company's board of directors to amend the Company's Certificate of Incorporation (the "Certificate of Incorporation") to effect a reverse stock split of its common stock, of 1-20 (the "Reverse Stock Split") and with the Reverse Stock Split to be effective at such time and date, if at all, as determined by the board of directors, but not later than 60 days after stockholder approval thereof and, if and when the reverse stock split is effected, reduce the number of authorized shares of common stock by the approved reverse stock split ratio (the "Authorized Share Reduction").

Following the Annual Meeting, on July 7, 2020, the board of directors determined that it was in the best interests of the Company and its stockholders to implement the Reverse Stock Split and the Authorized Share Reduction. Accordingly, on July 13, 2020, the Company filed a Certificate of Amendment (the "Certificate of Amendment") to the Certificate of Incorporation with the Secretary of State of the State of Delaware to effect the Reverse Stock Split and the Authorized Share Reduction.

Pursuant to the Certificate of Amendment, effective as of 5:00 p.m., Eastern Time, on July 24, 2020 (the "Effective Time"), each twenty (20) shares of common stock issued and outstanding, immediately prior to the Effective Time, automatically and without any action on the part of the respective holders thereof, were combined and converted into one (1) share of common stock. In connection with the Reverse Stock Split, the Certificate of Amendment provided for a reduction in the number of authorized shares of common stock from 100,000,000 to 5,000,000 shares of common stock. No fractional shares were issued as a result of the Reverse Stock Split. Instead, any stockholder who would have been entitled to receive a fractional share as a result of the Reverse Stock Split received cash payments in lieu of such fractional shares (without interest and subject to backup withholding and applicable withholding taxes).

Revenues

We generate revenue in the form of interest income on the debt that we hold and capital gains, if any, on warrants or other equity interests that we may acquire in portfolio companies. We invest our assets primarily in privately held companies with enterprise or asset values between $25 million and $250 million and focus on investment sizes of $10 million to $50 million. We believe that pursuing opportunities of this size offers several benefits including reduced competition, a larger investment opportunity set and the ability to minimize the impact of financial intermediaries. We expect our debt investments to bear interest at either a fixed or floating rate. Interest on debt will be payable generally either monthly or quarterly. In some cases our debt investments may provide for a portion of the interest to be PIK. To the extent interest is PIK, it will be payable through the increase of the principal amount of the obligation by the amount of interest due on the then-outstanding aggregate principal amount of such obligation. The principal amount of the debt and any accrued but unpaid interest will generally become due at the maturity date. In addition, we may generate revenue in the form of commitment, origination, structuring or diligence fees, fees for providing managerial assistance or investment management services and possibly consulting fees. Any such fees will be generated in connection with our investments and recognized as earned.

Expenses

In periods prior to December 31, 2020, our primary operating expenses included management and incentive fees pursuant to the investment management agreement we had with MCC Advisors and overhead expenses, including our allocable portion of our administrator's overhead under the administration agreement, which were paid during the quarter ended March 31, 2021. Our management and incentive fees compensated MCC Advisors for its work in identifying, evaluating, negotiating, closing and monitoring our investments. On November 18, 2020, the board of directors adopted an internally managed structure, effective January 1, 2021, under which we bear all costs and expenses of our operations and transactions, including those relating to:

- our organization and continued corporate existence;
- calculating our NAV (including the cost and expenses of any independent valuation firms);
- salaries, compensation and benefits for our employees and any consultants, including investment professionals;
- interest payable on debt, if any, incurred to finance our investments;
- the costs of all offerings of common stock and other securities, if any;
- distributions on our shares;

- administration fees payable under our administration agreement with U.S. Bancorp;
- amounts payable to third parties relating to, or associated with, making investments;
- transfer agent and custodial fees;
- registration fees and listing fees;
- U.S. federal, state and local taxes;
- independent director fees and expenses;
- costs of preparing and filing reports or other documents with the SEC or other regulators;
- the costs of any reports, proxy statements or other notices to our stockholders, including printing costs;
- our fidelity bond;
- directors and officers/errors and omissions liability insurance, and any other insurance premiums;
- indemnification payments;
- direct costs and expenses of administration, including audit and legal costs; and
- all other expenses reasonably incurred by us in connection with administering our business, such as rent for our office space.

Expense Support Agreement

On June 12, 2020, the Company entered into an expense support agreement (the "Expense Support Agreement") with MCC Advisors and Medley LLC, pursuant to which MCC Advisors and Medley LLC agreed (jointly and severally) to cap the management fee and all of the Company's other operating expenses (except interest expenses, certain extraordinary strategic transaction expenses, and other expenses approved by the Special Committee of the Board (as described in Note 10)), at $667,000 per month (the "Cap"). Under the Expense Support Agreement, the Cap became effective on June 1, 2020 and was to expire on September 30, 2020. On September 29, 2020, the board of directors, including all of the independent directors, extended the term of the Expense Support Agreement through the end of quarter ending December 31, 2020. The Expense Support Agreement expired by its terms at the close of business on December 31, 2020, in connection with the adoption of the internalized management structure by the board of directors.

For the three months ended December 31, 2020, the total management fee and the other operating expenses subject to the Cap (as described above) were $2.5 million, which resulted in $0.3 million of expense support incurred during the quarter ended December 31, 2020 and due from MCC Advisors. The $0.3 million of expense support due was netted against Administrator expenses payable in the accompanying Consolidated Statements of Assets and Liabilities and paid during the quarter ended March 31, 2021. See "Note 6" for more information.

Portfolio and Investment Activity

As of June 30, 2021 and September 30, 2020, our portfolio had a fair market value of approximately $181.6 million and $246.7 million, respectively.

During the nine months ended June 30, 2021, we received proceeds from sale and settlements of investments of $87.8 million, including principal and dividend proceeds, realized net losses on investments of $46.5 million, and invested $31.0 million, of which $8.6 million was invested in seven new portfolio companies and one new security in an existing portfolio company during the quarter.

For the nine months ended June 30, 2020, we received proceeds from sale and settlements of investments of $103.4 million, realized net losses on investments of $39.8 million, and invested $16.2 million.

The following table summarizes the amortized cost and the fair value of our average portfolio company, including until its sale on October 8, 2020, the equity investment in the MCC Senior Loan Strategy JV I LLC ("MCC JV"), which had been our largest portfolio company:

	June 30, 2021		September 30, 2020	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Average portfolio company	$ 3,366	$ 3,707	$ 7,813	$ 5,875
Largest portfolio company	19,469	33,383	37,987	40,807

The following table summarizes the amortized cost and the fair value of investments as of June 30, 2021 (dollars in thousands):

	Amortized Cost	Percentage	Fair Value	Percentage
Senior Secured First Lien Term Loans	$ 165,696	73.4%	$ 90,280	49.6%
Senior Secured Second Lien Term Loans	2,600	1.2	2,483	1.4
Senior Secured Notes	3,757	1.7	3,726	2.1
Unsecured Debt	3,846	1.7	2,110	1.2
Equity/Warrants	49,631	22.0	83,020	45.7
Total Investments	$ 225,530	100.0%	$ 181,619	100.0%

The following table summarizes the amortized cost and the fair value of investments as of September 30, 2020 (dollars in thousands):

	Amortized Cost	Percentage	Fair Value	Percentage
Senior Secured First Lien Term Loans	$ 178,843	54.5%	$ 106,463	43.2%
Senior Secured Second Lien Term Loans	15,476	4.7	13,927	5.6
Unsecured Debt	4,601	1.4	2,669	1.1
MCC Senior Loan Strategy JV I LLC	79,888	24.4	41,019	16.6
Equity/Warrants	49,327	15.0	82,666	33.5
Total	$ 328,135	100.0%	$ 246,744	100.0%

As of June 30, 2021, our income-bearing investment portfolio represented 67.7% of our total portfolio of which 71.2% bore interest based on floating rates, such as the London Interbank Offering Rate ("LIBOR"), while 28.8% bore interest at fixed rates. As of June 30, 2021, the weighted average yield based upon cost of our total portfolio was approximately 8.7%. The weighted average yield of our total portfolio does not represent the total return to our stockholders.

MCC Advisors, while serving as our investment adviser, rated the risk profile of each of our investments based on the following categories, which was referred to as MCC Advisors' investment credit rating. The Company's new internal management team will reassess the investments and rating system utilized.

Credit Rating	Definition
1	Investments that are performing above expectations.
2	Investments that are performing within expectations, with risks that are neutral or favorable compared to risks at the time of origination. All new loans are rated '2'.
3	Investments that are performing below expectations and that require closer monitoring, but where no loss of interest, dividend or principal is expected. Companies rated '3' may be out of compliance with financial covenants, however, loan payments are generally not past due.
4	Investments that are performing below expectations and for which risk has increased materially since origination. Some loss of interest or dividend is expected but no loss of principal. In addition to the borrower being generally out of compliance with debt covenants, loan payments may be past due (but generally not more than 180 days past due).
5	Investments that are performing substantially below expectations and whose risks have increased substantially since origination. Most or all of the debt covenants are out of compliance and payments are substantially delinquent. Some loss of principal is expected.

The COVID-19 pandemic impacted our investment ratings, causing downgrades of certain portfolio companies. As the COVID-19 situation continues to evolve, we continue to maintain close communications with our portfolio companies to proactively assess and manage potential risks across our investment portfolio. We have also increased oversight and analysis of credits in vulnerable industries in an attempt to improve loan performance and reduce credit risk.

The following table shows the distribution of our investments on the 1 to 5 investment performance rating scale at fair value as of June 30, 2021 and September 30, 2020 (dollars in thousands):

	June 30, 2021		September 30, 2020	
	Fair Value	Percentage	Fair Value	Percentage
1	$ 7,538	4.1%	$ 54,256	22.0%
2	132,733	73.1%	130,742	53.0%
3	25,622	14.1%	40,645	16.5%
4	8,652	4.8%	11,325	4.6%
5	7,074	3.9%	9,776	3.9%
Total	$ 181,619	100.0%	$ 246,744	100.0%

Results of Operations

Operating results for the three and nine months ended June 30, 2021 and 2020 are as follows (dollars in thousands):

	For the Three Months Ended June 30		For the Nine Months Ended June 30	
	2021	2020	2021	2020
Total investment income	$ 8,684	$ 4,309	$ 27,939	$ 17,102
Less: Net expenses	3,254	5,028	10,493	18,964
Net investment income/(loss)	5,430	(719)	17,446	(1,862)
Net realized gains (losses) on investments	61	(37,922)	(46,485)	(39,766)
Net change in unrealized gains (losses) on investments	1,478	46,906	37,479	(22,927)
Change in provision for deferred taxes on unrealized (appreciation)/depreciation on investments	—	36	—	(50)
Loss on extinguishment of debt	—	(697)	(122)	(2,481)
Net increase (decrease) in net assets resulting from operations	$ 6,969	$ 7,604	$ 8,318	$ (67,086)

Investment Income

For the three months ended June 30, 2021, investment income totaled $8.7 million, of which $8.6 million was attributable to portfolio interest and dividend income, and $0.1 million was attributable to fee income. For the nine months ended June 30, 2021, investment income totaled $27.9 million, of which $27.2 million was attributable to portfolio interest and dividend income, $0.6 million was attributable to fee income, and $0.1 million was attributable to other income. Dividend income was received from six investments.

For the three months ended June 30, 2020, investment income totaled $4.3 million, of which $4.1 million was attributable to portfolio interest and dividend income, and $0.2 million was attributable to fee income. For the nine months ended June 30, 2020, investment income totaled $17.1 million, of which $16.5 million was attributable to portfolio interest and dividend income, and $0.6 million was attributable to fee income.

Operating Expenses

Operating expenses for the three and nine months ended June 30, 2021 and 2020 are as follows (dollars in thousands):

	For the Three Months Ended June 30		For the Nine Months Ended June 30	
	2021	2020	2021	2020
Base management fees	$ —	$ 1,317	$ 1,146	$ 4,967
Interest and financing expenses	1,261	2,736	4,539	12,312
General and administrative	294	540	856	3,140
Salary and Benefit	679	—	1,012	—
Administrator expenses	107	615	546	1,743
Insurance	445	334	1,404	988
Directors fees	179	347	875	960
Professional fees, net	289	(512)	114	(4,797)
Expenses before waivers and reimbursements	3,254	5,377	10,492	19,313
Expense support reimbursement	—	(349)	—	(349)
Expenses, net of waivers and reimbursements	3,254	5,028	10,492	18,964

For the three months ended June 30, 2021, total operating expenses before management and incentive fee waivers and expense support reimbursements decreased by $2.1 million, or 39.5%, compared to the three months ended June 30, 2020. For the nine months ended June 30, 2021, total operating expenses before management and incentive fee waivers and expense support reimbursements decreased by $8.8 million, or 45.7%, compared to the nine months ended June 30, 2020.

For the three months ended June 30, 2021, the Company did not incur any management or incentive fees, nor was it subject to expense support arrangements due to its transition to an internal management structure. As a result, there were no management or incentive fee waivers or expense support reimbursements for such period. For the three months ended June 30, 2021, operating expenses decreased by $0.8 million or 19.9%, compared to the three months ended June 30, 2020, net of management and incentive fee waivers and expense support reimbursements. For the nine months ended June 30, 2021, operating expenses decreased by $5.0 million or 34.9%, compared to the nine months ended June 30, 2020, net of management and incentive fee waivers and expense support reimbursements.

Interest and Financing Expenses

Interest and financing expenses for the three months ended June 30, 2021 decreased by $1.5 million, or 53.9%, compared to the three months ended June 30, 2020. The decrease in interest and financing expenses was primarily due to the Company's $74.0 million repayment of the 2021 Notes on November 20, 2020 and the full repayment of $120.2 million Series A Israeli Notes offered in Israel (the "Israeli Notes") between August 12, 2019 and April 14, 2020.

Interest and financing expenses for the nine months ended June 30, 2021 decreased by $7.8 million, or 63.1%, compared to the nine months ended June 30, 2020. The decrease in interest and financing expenses was primarily due to the Company's $74.0 million repayment of the 2021 Notes on November 20, 2020 and the full repayment of $120.2 million Series A Israeli Notes offered in Israel (the "Israeli Notes") between August 12, 2019 and April 14, 2020.

Base Management Fees and Incentive Fees

Base management fees for the three months ended June 30, 2021 decreased by $1.3 million, or 100%, compared to the three months ended June 30, 2020 as, since January 1, 2021, the Company no longer incurs management fees under its current internalized structure.

Base management fees for the nine months ended June 30, 2021 decreased by $3.8 million, or 76.9%, compared to the nine months ended June 30, 2020 as, since January 1, 2021, the Company no longer incurs management fees under its current internalized structure.

No incentive fees were paid for the three and nine months ended June 30, 2021 or the three and nine months ended June 30, 2020. Since January 1, 2021, the Company no longer incurs incentive fees under its current internalized structure.

Professional Fees and Other General and Administrative Expenses

Professional fees and general and administrative expenses for the three months ended June 30, 2021 increased by $0.6 million compared to the three months ended June 30, 2020 primarily due to a decrease in the insurance proceeds received in 2021 which offset legal expenses.

Professional fees and general and administrative expenses for the nine months ended June 30, 2021 increased by $2.6 million, or 158.6%, compared to the nine months ended June 30, 2020 primarily due to a decrease in the insurance proceeds received in 2021 which offset legal expenses.

Net Realized Gains/Losses from Investments

We measure realized gains or losses by the difference between the net proceeds from the disposition and the amortized cost basis of an investment, without regard to unrealized gains or losses previously recognized.

During the three months ended June 30, 2021, we recognized $0.1 million of realized gains on our portfolio investments. The realized gains were primarily due to the sale of one investment. During the nine months ended June 30, 2021, we recognized $46.5 million of realized losses on our portfolio investments. The realized losses were primarily due to the sale of one investment.

During the three months ended June 30, 2020, we recognized $37.9 million of realized losses on our portfolio investments. The realized losses were primarily due to the sale of two investments and the partial sale of two investments. During the nine months ended June 30, 2020, we recognized $39.8 million of realized losses on our portfolio investments. The realized losses were primarily due to the sale of three investments.

Realized loss on extinguishment of debt

In the event that we modify or extinguish our debt prior to maturity, we account for it in accordance with ASC 470-50, Modifications and Extinguishments, in which we measure the difference between the reacquisition price of the debt and the net carrying amount of the debt, which includes any unamortized debt issuance costs.

During the three months ended June 30, 2021, the Company did not recognize a net loss on extinguishment of debt.

During the nine months ended June 30, 2021, the Company recognized a net loss on extinguishment of debt of $0.1 million, which was due to the Company's $74.0 million repayment of the 2021 Notes on November 20, 2020.

During the three months ended June 30, 2020, the Company recognized a net loss on extinguishment of debt of $0.7 million, which was due to the Company's $21.1 million repayment of the Israeli Notes on April 14, 2020.

During the nine months ended June 30, 2020, the Company recognized a net loss on extinguishment of debt of $2.5 million, which was due to the Company's $34.1 million repayment of the Israeli Notes on March 31, 2020 and $21.1 million repayment of the Israeli Notes on April 14, 2020.

Net Unrealized Appreciation/Depreciation on Investments

Net change in unrealized appreciation or depreciation on investments reflects the net change in the fair value of our investment portfolio.

For the three months ended June 30, 2021, we had $1.5 million of net unrealized appreciation on investments. The net unrealized appreciation was comprised of $7.9 million of net unrealized depreciation on investments and $9.4 million of net unrealized appreciation that resulted from the reversal of previously recorded unrealized depreciation on investments that were realized, partially sold, or written-off during the year.

For the nine months ended June 30, 2021, we had $37.4 million of net unrealized appreciation on investments. The net unrealized appreciation was comprised of $39.4 million of net unrealized depreciation on investments and $76.8 million of net unrealized appreciation that resulted from the reversal of previously recorded unrealized depreciation on investments that were realized, partially sold, or written-off during the year.

For the three months ended June 30, 2020, we had $46.9 million of net unrealized appreciation on investments. The net unrealized appreciation was comprised of $18.2 million of net unrealized appreciation on investments and $28.7 million of net unrealized appreciation that resulted from the reversal of previously recorded unrealized depreciation on investments that were realized, partially sold, or written-off during the year.

For the nine months ended June 30, 2020, we had $22.9 million of net unrealized depreciation on investments. The net unrealized depreciation was comprised of $53.7 million of net unrealized depreciation on investments offset by $30.8 million of net unrealized appreciation that resulted from the reversal of previously recorded unrealized depreciation on investments that were realized, partially sold, or written-off during the year.

Changes in Net Assets from Operations

For the three months ended June 30, 2021, we recorded a net increase in net assets resulting from operations of $7.0 million compared to a net increase in net assets resulting from operations of $7.6 million for the three months ended June 30, 2020. This increase takes into account increased net income and net capital appreciation for the period, each as described above. Based on 2,683,093 and 2,723,711 weighted average common shares outstanding for the three months ended June 30, 2021 and 2020, respectively, our per share net increase in net assets resulting from operations was $2.60 for the three months ended June 30, 2021 and an increase of $2.79 for the three months ended June 30, 2020.

For the nine months ended June 30, 2021, we recorded a net increase in net assets resulting from operations of $8.3 million compared to a net decrease in net assets resulting from operations of $67.1 million for the nine months ended June 30, 2020. This increase takes into account increased net income and net capital appreciation for the period, each as described above. Based on 2,707,794 and 2,723,711 weighted average common shares outstanding for the nine months ended June 30, 2021 and 2020, respectively, our per share net increase in net assets resulting from operations was $3.07 for the nine months ended June 30, 2021 and a decrease of $24.63 for the nine months ended June 30, 2020.

Financial Condition, Liquidity and Capital Resources

As a RIC, we distribute substantially all of our net income to our stockholders and have an ongoing need to raise additional capital for investment purposes. To fund growth, we have a number of alternatives available to increase capital, including raising equity, increasing debt, and funding from operational cash flow.

Our liquidity and capital resources have been generated primarily from the net proceeds of public offerings of common stock, advances from the Revolving Credit Facility and net proceeds from the issuance of notes as well as cash flows from operations. In the future, we may generate cash from future offerings of securities, future borrowings and cash flows from operations, including interest earned from the temporary investment of cash in U.S. government securities and other high-quality debt investments that mature in one year or less. Our primary use of funds is investments in our targeted asset classes, cash distributions to our stockholders, and other general corporate purposes.

As of June 30, 2021, we had $52.9 million in cash and cash equivalents.

In order to maintain our RIC tax treatment under the Code, we intend to distribute to our stockholders substantially all of our taxable income, but we may also elect to periodically spill over certain excess undistributed taxable income from one tax year into the next tax year. 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, pursuant to the 1940 Act, certain requirements are met). This requirement limits the amount that we may borrow.

Unsecured Notes

2021 Notes

On December 17, 2015, the Company issued $70.8 million in aggregate principal amount of 6.50% unsecured notes that mature on January 30, 2021 (the "2021 Notes"). On January 14, 2016, the Company closed an additional $3.25 million in aggregate principal amount of the 2021 Notes, pursuant to the partial exercise of the underwriters' option to purchase additional notes. The 2021 Notes bore interest at a rate of 6.50% per year, payable quarterly on January 30, April 30, July 30 and October 30 of each year, beginning January 30, 2016.

On October 21, 2020, the Company caused notices to be issued to the holders of the 2021 Notes regarding the Company's exercise of its option to redeem, in whole, the issued and outstanding 2021 Notes, pursuant to Section 1104 of the Indenture dated as of February 7, 2012, between the Company and U.S. Bank National Association, as trustee, and Section 101(h) of the Third Supplemental Indenture dated as of December 17, 2015. The Company redeemed $74,012,825 in aggregate principal amount of the issued and outstanding 2021 Notes on November 20, 2020 (the "***Redemption Date***"). The 2021 Notes were redeemed at 100% of their principal amount ($25 per 2021 Note), plus the accrued and unpaid interest thereon from October 31, 2020, through, but excluding, the Redemption Date. The Company funded the redemption of the 2021 Notes with cash on hand.

2023 Notes

On March 18, 2013, the Company issued $60.0 million in aggregate principal amount of 2023 Notes. As of March 30, 2016, the 2023 Notes may be redeemed in whole or in part at any time or from time to time at the Company's option. On March 26, 2013, the Company closed an additional $3.5 million in aggregate principal amount of 2023 Notes, pursuant to the partial exercise of the underwriters' option to purchase additional notes. The 2023 Notes bear interest at a rate of 6.125% per year, payable quarterly on March 30, June 30, September 30 and December 30 of each year, beginning June 30, 2013.

On December 12, 2016, the Company entered into an "At-The-Market" ("ATM") debt distribution agreement with FBR Capital Markets & Co., through which the Company could offer for sale, from time to time, up to $40.0 million in aggregate principal amount of the 2023 Notes. The Company sold 1,573,872 of the 2023 Notes at an average price of $25.03 per note, and raised $38.6 million in net proceeds, through the ATM debt distribution agreement.

On March 10, 2018, the Company redeemed $13.0 million in aggregate principal amount of the 2023 Notes. The redemption was accounted for as a debt extinguishment in accordance with ASC 470-50, Modifications and Extinguishments, which resulted in a realized loss of $0.4 million and was recorded on the Consolidated Statements of Operations as a loss on extinguishment of debt.

On December 31, 2018, the Company redeemed $12.0 million in aggregate principal amount of the 2023 Notes. The redemption was accounted for as a debt extinguishment in accordance with ASC 470-50, Modifications and Extinguishments, which resulted in a realized loss of $0.2 million and was recorded on the Consolidated Statements of Operations as a loss on extinguishment of debt.

On December 21, 2020, the Company announced that it completed the application process for and was authorized to transfer the listing of the 2023 Notes to the NASDAQ Global Market. The listing and trading of the 2023 Notes on the NYSE ceased at the close of trading on December 31, 2020. Effective January 4, 2021, the 2023 Notes trade on the NASDAQ Global Market under the trading symbol "PFXNL."

Secured Notes

Israeli Notes

On January 26, 2018, the Company priced a debt offering in Israel of $121.3 million of Israeli Notes. The Israeli Notes were listed on the TASE and denominated in New Israeli Shekels, but linked to the US Dollar at a fixed exchange rate which mitigates any currency exposure to the Company.

On June 5, 2018, the Company announced that on June 1, 2018, its board of directors authorized the Company to repurchase and retire up to $20 million of the Company's outstanding Israeli Notes on the TASE.

During the quarter ended December 31, 2018, the Company exchanged $1.0 million United States Dollars to New Israeli Shekels at a rate of 3.73 USD/NIS in order to repurchase the Israeli Notes on the TASE. As the Israeli Notes were trading below par at the time of the repurchase, and the USD/NIS (foreign currency) spot rate was higher than the fixed exchange rate agreed upon in the deed of trust, the Company was able to repurchase and retire 3,812,000 units, which resulted in $1,119,201 aggregate principal amount of the Israeli Notes being retired. The redemption was accounted for as a debt extinguishment in accordance with ASC 470-50, Modifications and Extinguishments, which resulted in a realized gain of $0.1 million and was recorded on the Consolidated Statements of Operations as a gain on extinguishment of debt.

On December 31, 2019 in addition to the scheduled 12.5% quarterly amortization payment, the Company used proceeds from its principal collections in PhenixFIN SLF and PhenixFIN Small Business Fund to pre-pay an additional $19.1 million of the Israeli Notes. The pre-payment was accounted for as a debt extinguishment in accordance with ASC 470-50, Modifications and Extinguishments, which resulted in a realized loss of $0.9 million and was recorded on the Consolidated Statements of Operations as a net loss on extinguishment of debt.

On March 31, 2020, in addition to the scheduled 12.5% quarterly amortization payment, the Company used proceeds from its principal repayments in assets held by PhenixFIN SLF and PhenixFIN Small Business Fund to pre-pay an additional $19.8 million of the Israeli Notes. The pre-payment was accounted for as a debt extinguishment in accordance with ASC 470-50, Modifications and Extinguishments, which resulted in a realized loss of $0.9 million and was recorded on the Consolidated Statements of Operations as a net loss on extinguishment of debt.

On April 14, 2020, the Company repaid the remaining $21.1 million of Israeli Notes outstanding, and as such is no longer subject to any covenants relating thereto. The Israeli Notes were redeemed at 100% of their principal amount, plus the accrued interest thereon, through April 14, 2020.

Contractual Obligations and Off-Balance Sheet Arrangements

As of June 30, 2021 and September 30, 2020, we had commitments under loan and financing agreements to fund up to $5.1 million to seven portfolio companies and $3.9 million to five portfolio companies, respectively. These commitments are primarily composed of senior secured term loans and revolvers, and the determination of their fair value is included in the Consolidated Schedule of Investments. The commitments are generally subject to the borrowers meeting certain criteria such as compliance with covenants and certain operational metrics. The terms of the borrowings and financings subject to commitment are comparable to the terms of other loan and equity securities in our portfolio. A summary of the composition of the unfunded commitments as of June 30, 2021 and September 30, 2020 is shown in the table below (dollars in thousands):

	June 30, 2021	September 30, 2020
Redwood Services Group, LLC - Revolver	$ 1,575	$ 1,050
1888 Industrial Services, LLC - Revolver	1,078	1,078
Alpine SG - Revolver	1,000	-
Kemmerer Operations, LLC - Delayed Draw Term Loan	908	908
NVTN LLC - DDTL	220	220
Black Angus Steakhouses, LLC - Super Priority DDTL	167	-
DataOnline Corp. - Revolver	107	179
NVTN LLC - Super Priority DDTL	-	500
Total unfunded commitments	$ 5,055	$ 3,935

We entered into an investment management agreement with MCC Advisors (the “Investment Management Agreement”) in accordance with the 1940 Act. The Investment Management Agreement became effective upon the pricing of our initial public offering. Under the Investment Management Agreement, MCC Advisors agreed to provide us with investment advisory and management services. For these services, we agreed to pay a base management fee equal to a percentage of our gross assets and an incentive fee based on our performance.

We also entered into an administration agreement with MCC Advisors as our administrator. The administration agreement became effective upon the pricing of our initial public offering. Under the administration agreement, MCC Advisors agreed to furnish us with office facilities and equipment, provide us clerical, bookkeeping and record keeping services at such facilities and provide us with other administrative services necessary to conduct our day-to-day operations. MCC Advisors also provided on our behalf significant managerial assistance to those portfolio companies to which we are required to provide such assistance.

The Investment Management Agreement and administration agreement expired at the close of business on December 31, 2020, in connection with the Company’s adoption of an internalized management structure.

The following table shows our payment obligations for repayment of debt and other contractual obligations at June 30, 2021 (dollars in thousands):

	Payments Due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
2023 Notes	$ (77,846,800)	$ -	$ (77,846,800)	$ -	$ -
Total contractual obligations	$ (77,846,800)	$ -	$ (77,846,800)	$ -	$ -

On March 27, 2015, the Company and Great American Life Insurance Company (“GALIC”) entered into a limited liability company operating agreement to co-manage MCC Senior Loan Strategy JV I LLC (“MCC JV”). The Company and GALIC had committed to provide $100 million of equity to MCC JV, with the Company providing $87.5 million and GALIC providing $12.5 million.

MCC JV commenced operations on July 15, 2015. On August 4, 2015, MCC JV entered into a senior secured revolving credit facility (the “JV Facility”) led by Credit Suisse, AG with commitments of $100 million. On March 30, 2017, the Company amended the JV Facility previously administered by CS and facilitated the assignment of all rights and obligations of CS under the JV Facility to Deutsche Bank AG, New York Branch, (“DB”) and increased the total loan commitments to $200 million. The JV Facility bears interest at a rate of LIBOR (with no minimum + 2.75% per annum. On March 29, 2019, the JV Facility reinvestment period was extended to June 28, 2019 from March 30, 2019. On June 28, 2019, the JV Facility reinvestment period was extended to October 28, 2019. On October 28, 2019, the JV Facility reinvestment period was further extended from October 28, 2019 to March 31, 2020, the maturity date was extended to March 31, 2023 and the interest rate was modified from bearing an interest rate of LIBOR (with no minimum) + 2.50% per annum to LIBOR (with no minimum) + 2.75% per annum.

The Company has determined that MCC JV is an investment company under ASC 946, however in accordance with such guidance, the Company will generally not consolidate its investment in a company other than a wholly owned investment company subsidiary or a controlled operating company whose business consists of providing services to the Company. Accordingly, the Company does not consolidate its interest in MCC JV.

On October 8, 2020, the Company, GALIC, MCC JV, and an affiliate of Golub entered into a Membership Interest Purchase Agreement pursuant to which a fund affiliated with and managed by Golub concurrently purchased all of the Company’s interest in the MCC JV and all of GALIC’s interest in the MCC JV for a pre-adjusted gross purchase price of $156.4 million and an adjusted gross purchase price (which constitutes the aggregate consideration for the membership interests) of $145.3 million (giving effect to adjustments primarily for principal and interest payments from portfolio companies of MCC JV from July 1, 2020 through October 7, 2020), resulting in net proceeds (before transaction expenses) of $41.0 million and $6.6 million for MCC and GALIC, respectively, on the terms and subject to the conditions set forth in the Membership Interest Purchase Agreement, including the representations, warranties, covenants and indemnities contained therein. In connection with the closing of the transaction on October 8, 2020, MCC JV repaid in full all outstanding borrowings under, and terminated, its senior secured revolving credit facility, dated as of August 4, 2015, as amended, administered by Deutsche Bank AG, New York Branch.

Distributions

We have elected, and intend to qualify annually, to be treated for U.S. federal income tax purposes as a RIC under Subchapter M of the Code. As a RIC, in any taxable year with respect to which we timely distribute at least 90 percent of the sum of our (i) investment company taxable income (which is generally our net ordinary income plus the excess of realized net short-term capital gains over realized net long-term capital losses) determined without regard to the deduction for dividends paid and (ii) net tax exempt interest income (which is the excess of our gross tax exempt interest income over certain disallowed deductions), we (but not our stockholders) generally will not be subject to U.S. federal income tax on investment company taxable income and net capital gains that we distribute to our stockholders. We intend to distribute annually all or substantially all of such income, but we may also elect to periodically spill over certain excess undistributed taxable income from one tax year to the next tax year. To the extent that we retain our net capital gains or any investment company taxable income, we will be subject to U.S. federal income tax. We may choose to retain our net capital gains or any investment company taxable income, and pay the associated federal corporate income tax, including the federal excise tax described below.

Amounts not distributed on a timely basis in accordance with a calendar year distribution requirement are subject to a nondeductible 4% U.S. federal excise tax payable by us. To avoid this tax, we must distribute (or be deemed to have distributed) during each calendar year an amount equal to the sum of:

1) at least 98.0% of our ordinary income (not taking into account any capital gains or losses) for the calendar year;

2) at least 98.2% of the amount by which our capital gains exceed our capital losses (adjusted for certain ordinary losses) for a one-year period ending on October 31st of the calendar year; and

3) income realized, but not distributed, in preceding years and on which we did not pay federal income tax.

While we intend to distribute any income and capital gains in the manner necessary to minimize imposition of the 4% U.S. federal excise tax, sufficient amounts of our taxable income and capital gains may not be distributed to avoid entirely the imposition of the tax. In that event, we will be liable for the tax only on the amount by which we do not meet the foregoing distribution requirement.

We intend to pay quarterly dividends to our stockholders out of assets legally available for distribution. We cannot assure you that we will achieve investment results that will allow us to pay a specified level of dividends or year-to-year increases in dividends. In addition, the inability to satisfy the asset coverage test applicable to us as a BDC could limit our ability to pay dividends. All dividends will be paid at the discretion of our board of directors and will depend on our earnings, our financial condition, maintenance of our RIC tax treatment, compliance with applicable BDC regulations and such other factors as our board of directors may deem relevant from time to time. We cannot assure you that we will pay dividends to our stockholders in the future.

To the extent our taxable earnings fall below the total amount of our distributions for a taxable year, a portion of those distributions may be deemed a return of capital to our stockholders for U.S. federal income tax purposes. Stockholders should read any written disclosure accompanying a distribution carefully and should not assume that the source of any distribution is our ordinary income or gains.

We have adopted an “opt out” dividend reinvestment plan for our common stockholders. As a result, if we declare a cash dividend or other distribution, each stockholder that has not “opted out” of our dividend reinvestment plan will have their dividends automatically reinvested in additional shares of our common stock rather than receiving cash dividends. Stockholders who receive distributions in the form of shares of common stock will be subject to the same federal, state and local tax consequences as if they received cash distributions.

There were no dividend distributions during the nine months ended June 30, 2021.

Related Party Transactions

Concurrent with the pricing of our IPO, we entered into a number of business relationships with affiliated or related parties, including the following:

- We entered into the Investment Management Agreement with MCC Advisors, which expired December 31, 2020. Mr. Brook Taube, Chairman and Chief Executive Officer through December 31, 2020 and director through January 21, 2021 and Mr. Seth Taube, director through January 21, 2021, are both affiliated with MCC Advisors and Medley.
- Through December 31, 2020, MCC Advisors provided us with the office facilities and administrative services necessary to conduct day-to-day operations pursuant to our administration agreement. We reimbursed MCC Advisors for the allocable portion (subject to the review and approval of our board of directors) of overhead and other expenses incurred by it in performing its obligations under the administration agreement, including rent, the fees and expenses associated with performing compliance functions, and our allocable portion of the cost of our Chief Financial Officer and Chief Compliance Officer and their respective staffs.

On June 12, 2020, the Company entered into the Expense Support Agreement with MCC Advisors and Medley LLC, pursuant to which MCC Advisors and Medley LLC agreed (jointly and severally) to cap the management fee and all of the Company's other operating expenses (except interest expenses, certain extraordinary strategic transaction and expenses, and other expenses approved by the Special Committee) at $667,000 per month (the "Cap"). Under the Expense Support Agreement, the Cap became effective on June 1, 2020 and was to expire on September 30, 2020. On September 29, 2020, the board of directors, including all of the independent directors, extended the term of the Expense Support Agreement through the end of quarter ending December 31, 2020. The Expense Support Agreement expired by its terms at the close of business on December 31, 2020, in connection with the adoption of the internalized management structure by the board of directors.

On November 25, 2013, the Company obtained an exemptive order from the SEC that permits us to participate in negotiated co-investment transactions with certain affiliates, each of whose investment adviser is Medley, LLC or an investment adviser controlled by Medley, LLC in a manner consistent with our investment objective, strategies and restrictions, as well as regulatory requirements and other pertinent factors (the "Prior Exemptive Order"). On March 29, 2017, the Company, MCC Advisors and certain other affiliated funds and investment advisers received an exemptive order (the "Exemptive Order") that supersedes the Prior Exemptive Order and allows affiliated registered investment companies to participate in co-investment transactions with us that would otherwise have been prohibited under Section 17(d) and 57(a)(4) of the 1940 Act and Rule 17d-1 thereunder. On October 4, 2017, the Company, MCC Advisors and certain of our affiliates received an exemptive order that supersedes the Exemptive Order (the "Current Exemptive Order") and allows, in addition to the entities already covered by the Exemptive Order, Medley LLC and its subsidiary, Medley Capital LLC, to the extent they hold financial assets in a principal capacity, and any direct or indirect, wholly or majority owned subsidiary of Medley LLC that is formed in the future, to participate in co-investment transactions with us that would otherwise be prohibited by either or both of Sections 17(d) and 57(a)(4) of the 1940 Act. However, neither we nor the affiliated funds are obligated to invest or co-invest when investment opportunities are referred to us or them. The Company does not expect to avail itself of the current exemptive order, given the internalization and termination of the Investment Management Agreement.

In addition, we have adopted a formal code of ethics that governs the conduct of our officers, directors, employees and certain other individuals. Our officers and directors also remain subject to the duties imposed by both the 1940 Act and the Delaware General Corporation Law.

Investment Management Agreement

We entered into an investment management agreement with MCC Advisors (the "Investment Management Agreement"), which expired December 31, 2020. Mr. Brook Taube, Chairman and Chief Executive Officer through December 31, 2020 and director through January 21, 2021 and Mr. Seth Taube, director through January 21, 2021 are affiliated with MCC Advisors and Medley.

Under the terms of the Investment Management Agreement, MCC Advisors:

- determined the composition of our portfolio, the nature and timing of the changes to our portfolio and the manner of implementing such changes;
- identified, evaluated and negotiated the structure of the investments we made (including performing due diligence on our prospective portfolio companies); and
- executed, closed, monitored and administered the investments we made, including the exercise of any voting or consent rights.

MCC Advisors' services under the Investment Management Agreement were not exclusive, and it was free to furnish similar services to other entities so long as its services to us were not impaired.

Pursuant to the Investment Management Agreement, we paid MCC Advisors a fee for investment advisory and management services consisting of a base management fee and a two-part incentive fee.

On December 3, 2015, MCC Advisors recommended and, in consultation with the Board, agreed to reduce fees under the Investment Management Agreement. Beginning January 1, 2016, the base management fee was reduced to 1.50% on gross assets above $1 billion. In addition, MCC Advisors reduced its incentive fee from 20% on pre-incentive fee net investment income over an 8% hurdle, to 17.5% on pre-incentive fee net investment income over a 6% hurdle. Moreover, the revised incentive fee includes a netting mechanism and is subject to a rolling three-year look back from January 1, 2016 forward. Under no circumstances would the new fee structure result in higher fees to MCC Advisors than fees under the prior investment management agreement.

The following discussion of our base management fee and two-part incentive fee reflect the terms of the fee waiver agreement executed by MCC Advisors on February 8, 2016 (the "Fee Waiver Agreement"). The terms of the Fee Waiver Agreement were effective as of January 1, 2016, and were a permanent reduction in the base management fee and incentive fee on net investment income payable to MCC Advisors for the investment advisory and management services it provided under the Investment Management Agreement. The Fee Waiver Agreement did not change the second component of the incentive fee, which was the incentive fee on capital gains.

On January 15, 2020, the Company's board of directors, including all of the independent directors, approved the renewal of the Investment Management Agreement through the later of April 1, 2020 or so long as the Amended and Restated Agreement and Plan of Merger, dated as of July 29, 2019 (the "Amended MCC Merger Agreement"), by and between the Company and Sierra (the "Amended MCC Merger Agreement") was in effect, but no longer than a year; provided that, if the Amended MCC Merger Agreement is terminated by Sierra, then the termination of the Investment Management Agreement would be effective on the 30th day following receipt of Sierra's notice of termination to the Company. On May 1, 2020, the Company received a notice of termination of the Amended MCC Merger Agreement from Sierra. Under the Amended MCC Merger Agreement, either party was permitted, subject to certain conditions, to terminate the Amended MCC Merger Agreement if the merger was not consummated by March 31, 2020. Sierra elected to do so on May 1, 2020. As result of the termination by Sierra of the Amended MCC Merger Agreement on May 1, 2020, the Investment Management Agreement would have been terminated effective as of May 31, 2020. On May 21, 2020, the Board, including all of the independent directors, extended the term of the Investment Management Agreement through the end of the then-current quarter, June 30, 2020. On June 15, 2020, the Board, including all of the independent directors, extended the term of the Investment Management Agreement through the end of the then-current quarter, September 30, 2020. On September 29, the Board, including all of the independent directors, extended the term of the Investment Management Agreement through December 31, 2020.

On November 18, 2020, the Board approved the adoption of an internalized management structure effective January 1, 2021. The new management structure replaces the current Investment Management and Administration Agreements with MCC Advisors LLC, which expired on December 31, 2020. To lead the internalized management team, the Board approved the appointment of David Lorber, who has served as an independent director of the Company since April 2019, as interim Chief Executive Officer, and Ellida McMillan as Chief Financial Officer of the Company, each effective January 1, 2021. In connection with his appointment, Mr. Lorber stepped down from the Compensation Committee of the Board, the Nominating and Corporate Governance Committee of the Board, and the Special Committee of the Board.

Base Management Fee

Through December 31, 2020, for providing investment advisory and management services to us, MCC Advisors received a base management fee. The base management fee was calculated at an annual rate of 1.75% (0.4375% per quarter) of up to $1.0 billion of the Company's gross assets and 1.50% (0.375% per quarter) of any amounts over $1.0 billion of the Company's gross assets and was payable quarterly in arrears. The base management fee was to be calculated based on the average value of the Company's gross assets at the end of the two most recently completed calendar quarters and was to be appropriately pro-rated for any partial quarter.

Incentive Fee

Through December 31, 2020, the incentive fee had two components, as follows:

Incentive Fee Based on Income

The first component of the incentive fee was payable quarterly in arrears and was based on our pre-incentive fee net investment income earned during the calendar quarter for which the incentive fee was being calculated. MCC Advisors was entitled to receive the incentive fee on net investment income from us if our Ordinary Income (as defined below) exceeded a quarterly "hurdle rate" of 1.5%. The hurdle amount was calculated after making appropriate adjustments to the Company's net assets, as determined as of the beginning of each applicable calendar quarter, in order to account for any capital raising or other capital actions as a result of any issuances by the Company of its common stock (including issuances pursuant to our dividend reinvestment plan), any repurchase by the Company of its own common stock, and any dividends paid by the Company, each as may have occurred during the relevant quarter.

Beginning with the calendar quarter that commenced on January 1, 2016, the incentive fee on net investment income was determined and paid quarterly in arrears at the end of each calendar quarter by reference to our aggregate net investment income, as adjusted as described below, from the calendar quarter then ending and the eleven preceding calendar quarters (or if shorter, the number of quarters that have occurred since January 1, 2016). We refer to such period as the "Trailing Twelve Quarters."

The hurdle amount for the incentive fee on net investment income was determined on a quarterly basis and was equal to 1.5% multiplied by the Company's net asset value at the beginning of each applicable calendar quarter comprising the relevant Trailing Twelve Quarters. The hurdle amount was calculated after making appropriate adjustments to the Company's net assets, as determined as of the beginning of each applicable calendar quarter, in order to account for any capital raising or other capital actions as a result of any issuances by the Company of its common stock (including issuances pursuant to our dividend reinvestment plan), any repurchase by the Company of its own common stock, and any dividends paid by the Company, each as may have occurred during the relevant quarter. The incentive fee for any partial period was to be appropriately pro-rated. Any incentive fee on net investment income was to be paid to MCC Advisors on a quarterly basis and was to be based on the amount by which (A) aggregate net investment income ("Ordinary Income") in respect of the relevant Trailing Twelve Quarters exceeded (B) the hurdle amount for such Trailing Twelve Quarters. The amount of the excess of (A) over (B) described in this paragraph for such Trailing Twelve Quarters is referred to as the "Excess Income Amount." For the avoidance of doubt, Ordinary Income was net of all fees and expenses, including the reduced base management fee but excluding any incentive fee on Pre-Incentive Fee net investment income or on the Company's capital gains.

Determination of Quarterly Incentive Fee Based on Income

The incentive fee on net investment income for each quarter was determined as follows:

- No incentive fee on net investment income was payable to MCC Advisors for any calendar quarter for which there was no Excess Income Amount;

- 100% of the Ordinary Income, if any, that exceeded the hurdle amount, but was less than or equal to an amount, which we refer to as the "Catch-up Amount," determined as the sum of 1.8182% multiplied by the Company's net assets at the beginning of each applicable calendar quarter, as adjusted as noted above, comprising the relevant Trailing Twelve Quarters was included in the calculation of the incentive fee on net investment income; and

- 17.5% of the Ordinary Income that exceeds the Catch-up Amount was included in the calculation of the incentive fee on net investment income.

The amount of the incentive fee on net investment income that was to be paid to MCC Advisors for a particular quarter would equal the excess of the incentive fee so calculated minus the aggregate incentive fees on net investment income that were paid in respect of the first eleven calendar quarters (or the portion thereof) included in the relevant Trailing Twelve Quarters but not in excess of the Incentive Fee Cap (as described below).

The incentive fee on net investment income that was paid to MCC Advisors for a particular quarter was subject to a cap (the "Incentive Fee Cap"). The Incentive Fee Cap for any quarter was an amount equal to (a) 17.5% of the Cumulative Net Return (as defined below) during the relevant Trailing Twelve Quarters *minus* (b) the aggregate incentive fees on net investment income that were paid in respect of the first eleven calendar quarters (or the portion thereof) included in the relevant Trailing Twelve Quarters.

"Cumulative Net Return" means (x) the Ordinary Income in respect of the relevant Trailing Twelve Quarters *minus* (y) any Net Capital Loss (as described below), if any, in respect of the relevant Trailing Twelve Quarters. If, in any quarter, the Incentive Fee Cap was zero or a negative value, the Company would pay no incentive fee on net investment income to MCC Advisors for such quarter. If, in any quarter, the Incentive Fee Cap for such quarter was a positive value but is less than the incentive fee on net investment income that was payable to MCC Advisors for such quarter (before giving effect to the Incentive Fee Cap) calculated as described above, the Company would pay an incentive fee on net investment income to MCC Advisors equal to the Incentive Fee Cap for such quarter. If, in any quarter, the Incentive Fee Cap for such quarter was equal to or greater than the incentive fee on net investment income that was payable to MCC Advisors for such quarter (before giving effect to the Incentive Fee Cap) calculated as described above, the Company would pay an incentive fee on net investment income to MCC Advisors, calculated as described above, for such quarter without regard to the Incentive Fee Cap.

"Net Capital Loss" in respect of a particular period means the difference, if positive, between (i) aggregate capital losses, whether realized or unrealized, and dilution to the Company's net assets due to capital raising or capital actions, in such period and (ii) aggregate capital gains, whether realized or unrealized and accretion to the Company's net assets due to capital raising or capital action, in such period.

Dilution to the Company's net assets due to capital raising was calculated, in the case of issuances of common stock, as the amount by which the net asset value per share was adjusted over the transaction price per share, multiplied by the number of shares issued. Accretion to the Company's net assets due to capital raising was calculated, in the case of issuances of common stock (including issuances pursuant to our dividend reinvestment plan), as the excess of the transaction price per share over the amount by which the net asset value per share was adjusted, multiplied by the number of shares issued. Accretion to the Company's net assets due to other capital action was calculated, in the case of repurchases by the Company of its own common stock, as the excess of the amount by which the net asset value per share was adjusted over the transaction price per share multiplied by the number of shares repurchased by the Company.

For the avoidance of doubt, the purpose of the incentive fee calculation under the Fee Waiver Agreement was to permanently reduce aggregate fees payable to MCC Advisors by the Company, effective as of January 1, 2016. In order to ensure that the Company would pay MCC Advisors lesser aggregate fees on a cumulative basis, as calculated beginning January 1, 2016, we had, at the end of each quarter, also calculated the base management fee and incentive fee on net investment income owed by the Company to MCC Advisors based on the formula in place prior to January 1, 2016. If, at any time beginning January 1, 2016, the aggregate fees on a cumulative basis, as calculated based on the formula in place after January 1, 2016, were greater than the aggregate fees on a cumulative basis, as calculated based on the formula in place prior to January 1, 2016, MCC Advisors were only entitled to the lesser of those two amounts.

The second component of the incentive fee was determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Management Agreement as of the termination date) and equaled 20.0% of our cumulative aggregate realized capital gains less cumulative realized capital losses, unrealized capital depreciation (unrealized depreciation on a gross investment-by-investment basis at the end of each calendar year) and all capital gains upon which prior performance-based capital gains incentive fee payments were previously made to the investment adviser.

Under GAAP, the Company calculated the second component of the incentive fee as if the Company had realized all assets at their fair values as of the reporting date. Accordingly, when applicable, the Company accrued a provisional capital gains incentive fee taking into account any unrealized gains or losses. As the provisional capital gains incentive fee was subject to the performance of investments until there was a realization event, the amount of the provisional capital gains incentive fee accrued at a reporting date may have varied from the capital gains incentive that was ultimately realized and the differences could have been material.

Critical Accounting Policies

The preparation of financial statements and related disclosures in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of 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. We have identified the following items as critical accounting policies.

Valuation of Portfolio Investments

We value investments for which market quotations are readily available at their market quotations, which are generally obtained from an independent pricing service or multiple broker-dealers or market makers. We weight the use of third-party broker quotes, if any, in determining fair value based on our 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. However, a readily available market value is not expected to exist for many of the investments in our portfolio, and we value these portfolio investments at fair value as determined in good faith by our board of directors under our valuation policy and process. We may seek pricing information with respect to certain of our investments from pricing services or brokers or dealers in order to value such investments.

Valuation methods may include comparisons of financial ratios of the portfolio companies that issued such private equity securities to peer companies that are public, the nature and realizable value of any collateral, the portfolio company’s ability to make payments and its earnings and discounted cash flows, the markets in which the portfolio company does business, and other relevant factors. When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, we will consider the pricing indicated by the external event to corroborate the private equity valuation. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of the investments may differ significantly from the values that would have been used had a readily available market value existed for such investments, and the differences could be material.

Our board of directors is ultimately and solely responsible for determining the fair value of the investments in our portfolio that are not publicly traded, whose market prices are not readily available on a quarterly basis or any other situation where portfolio investments require a fair value determination.

With respect to investments for which market quotations are not readily available, our board of directors will undertake a multi-step valuation process each quarter, as described below:

- our quarterly valuation process begins with each portfolio investment being initially valued by one or more Valuation Firms;
- preliminary valuation conclusions will then be documented and discussed with senior management;
- the audit committee of the board of directors reviews the preliminary valuations with management and the Valuation Firms; and
- the board of directors discusses the valuations and determines the fair value of each investment in the Company’s portfolio in good faith based on the input of management, the respective Valuation Firms and the audit committee.

In following these approaches, the types of factors that are taken into account in fair value pricing investments include available current market data, including relevant and applicable market trading and transaction comparables; applicable market yields and multiples; security covenants; call protection provisions; information rights; the nature and realizable value of any collateral; the portfolio company’s ability to make payments; the portfolio company’s earnings and discounted cash flows; the markets in which the portfolio company does business; comparisons of financial ratios of peer companies that are public; comparable merger and acquisition transactions; and the principal market and enterprise values.

Determination of fair values involves subjective judgments and estimates made by management. The notes to our financial statements refer to the uncertainty with respect to the possible effect of such valuations, and any change in such valuations, on our consolidated financial statements.

Revenue Recognition

Our revenue recognition policies are as follows:

Investments and Related Investment Income We account for investment transactions on a trade-date basis and interest income, adjusted for amortization of premiums and accretion of discounts, is recorded on an accrual basis. For investments with contractual PIK interest, which represents contractual interest accrued and added to the principal balance that generally becomes due at maturity, we will not accrue PIK interest if the portfolio company valuation indicates that the PIK interest is not collectible. Origination, closing and/or commitment fees associated with investments in portfolio companies are recognized as income when the investment transaction closes. Other fees are capitalized as deferred revenue and recorded into income over the respective period. Prepayment penalties received by the Company for debt instruments paid back to the Company prior to the maturity date are recorded as income upon receipt. Realized gains or losses on investments are measured by the difference between the net proceeds from the disposition and the amortized cost basis of investment, without regard to unrealized gains or losses previously recognized. We report changes in the fair value of investments that are measured at fair value as a component of the net change in unrealized appreciation/(depreciation) on investments in our Consolidated Statements of Operations.

Non-accrual We place loans on non-accrual status when principal and interest payments are past due by 90 days or more, or when there is reasonable doubt that we will collect principal or interest. Accrued interest is generally reversed when a loan is placed on non-accrual. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon management's judgment. Non-accrual loans are restored to accrual status when past due principal and interest is paid and, in our management's judgment, are likely to remain current. At June 30, 2021, certain investments in ten portfolio companies held by the Company were on non-accrual status with a combined fair value of approximately $13.6 million, or 7.5% of the fair value of our portfolio. At September 30, 2020, certain investments in eight portfolio companies held by the Company were on non-accrual status with a combined fair value of approximately $21.7 million, or 8.8% of the fair value of our portfolio.

Federal Income Taxes

The Company has elected, and intends to qualify annually, to be treated for U.S. federal income tax purposes as a RIC under Subchapter M of the Code, commencing with its first taxable year as a corporation, and it intends to operate in a manner so as to maintain its RIC tax treatment. As a RIC, among other things, the Company is required to meet certain source of income and asset diversification requirements. Once qualified as a RIC, the Company must timely distribute to its stockholders at least 90% of the sum of investment company taxable income ("ICTI"), as defined by the Code, including PIK interest, and net tax-exempt interest income (which is the excess of our gross tax exempt interest income over certain disallowed deductions) for each taxable year in order to be eligible for tax treatment under Subchapter M of the Code. The Company will be subject to a nondeductible U.S. federal excise tax of 4% on undistributed income if it does not distribute at least 98% of its net ordinary income for any calendar year and 98.2% of its capital gain net income for each one-year period ending on October 31 of such calendar year and any income realized, but not distributed, in preceding years and on which we did not pay federal income tax. Depending on the level of ICTI earned in a tax year, the Company may choose to carry forward ICTI in excess of current year dividend distributions into the next tax year and pay a 4% excise tax on such income, as required. To the extent that the Company determines that its estimated current year annual taxable income will be in excess of estimated current year dividend distributions for excise tax purposes, the Company accrues excise tax, if any, on estimated excess taxable income as taxable income is earned. Any such carryover ICTI must be distributed before the end of that next tax year through a dividend declared prior to filing the final tax return related to the year which generated such ICTI.

Because federal income tax regulations differ from GAAP, distributions in accordance with tax regulations may differ from net investment income and realized gains recognized for financial reporting purposes. Differences may be permanent or temporary. Permanent differences are reclassified among capital accounts in the consolidated financial statements to reflect their tax character. Temporary differences arise when certain items of income, expense, gain or loss are recognized at some time in the future. Differences in classification may also result from the treatment of short-term gains as ordinary income for tax purposes.

Recent Developments

Subsequent to quarter ended June 30, 2021, the COVID-19 pandemic continues and may further continue to have adverse consequences on the U.S. and global economies. The ultimate economic fallout from the pandemic, and the long-term impact on economies, markets, industries and individual portfolio companies, remains uncertain. The Company cannot predict the extent to which its financial condition and results of operations will be affected. The potential impact to our results will depend to an extent on future developments and new information that may emerge regarding the duration and lasting severity of COVID-19. The Company continues to observe and respond to the evolving COVID-19 environment and its potential impact on areas across its business. Further, the potential exists for variants of COVID-19, including the Delta variant, to impede the global economic recovery and exacerbate geographic differences in the spread of, and response to, COVID-19.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are subject to financial market risks, including changes in interest rates. Changes in interest rates may affect both our cost of funding and our interest income from portfolio investments and cash and cash equivalents. Our investment income will be affected by changes in various interest rates, including LIBOR, to the extent our debt investments include floating interest rates. In the future, we expect other loans in our portfolio will have floating interest rates. In addition, U.S. and global capital markets and credit markets have experienced a higher level of stress due to the global COVID-19 pandemic, which has resulted in an increase in the level of volatility across such markets. We may hedge against interest rate fluctuations by using standard hedging instruments such as futures, options and forward contracts subject to the requirements of the 1940 Act. For the nine months ended June 30, 2021, we did not engage in hedging activities.

As of June 30, 2021, 71.2% of our income-bearing investment portfolio bore interest based on floating rates. The composition of our floating rate debt investments by cash interest rate LIBOR floor as of June 30, 2021 was as follows (dollars in thousands):

	June 30, 2021	
LIBOR Floor	**Fair Value**	**% of Floating Rate Portfolio**
Under 1%	$ -	-%
1% to under 2%	87,603	100.0
2% to under 3%	-	-
No Floor	-	-
Total	$ 87,603	100.0%

Based on our Consolidated Statements of Assets and Liabilities as of June 30, 2021, the following table (dollars in thousands) shows the approximate increase/(decrease) in components of net assets resulting from operations of hypothetical LIBOR base rate changes in interest rates, assuming no changes in our investment and capital structure.

Change in Interest Rates	**Interest Income(1)**	**Interest Expense**	**Net Increase/ (Decrease)**
Up 300 basis points	$ 7,200	$ (2,300)	$ 4,900
Up 200 basis points	4,800	(1,600)	3,200
Up 100 basis points	2,400	(800)	1,600
Down 100 basis points	(2,400)	800	(1,600)
Down 200 basis points	(4,800)	1,600	(3,200)
Down 300 basis points	(7,200)	2,300	(4,900)

(1) Assumes no defaults or prepayments by portfolio companies over the next twelve months.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2021. The term “disclosure controls and procedures” is defined under Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”), as amended. Based on the evaluation of our disclosure controls and procedures as of June 30, 2021, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective.

Change in Internal Control Over Financial Reporting

There were no changes in our internal controls over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the quarter covered by this report that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II

Item 1. Legal Proceedings

From time to time, we are involved in various legal proceedings, lawsuits and claims incidental to the conduct of our business. Our businesses are also subject to extensive regulation, which may result in regulatory proceedings against us. Except as described below, we are not currently party to any material legal proceedings.

Medley LLC, the Company, Medley Opportunity Fund II LP, Medley Management, Inc., Medley Group, LLC, Brook Taube, and Seth Taube were named as defendants, along with other various parties, in a putative class action lawsuit captioned as Royce Solomon, Jodi Belleci, Michael Littlejohn, and Giulianna Lomaglio v. American Web Loan, Inc., AWL, Inc., Mark Curry, MacFarlane Group, Inc., Sol Partners, Medley Opportunity Fund, II, LP, Medley LLC, Medley Capital Corporation, Medley Management, Inc., Medley Group, LLC, Brook Taube, Seth Taube, DHI Computing Service, Inc., Middlemarch Partners, and John Does 1-100, filed on December 15, 2017, amended on March 9, 2018, and amended a second time on February 15, 2019, in the United States District Court for the Eastern District of Virginia, Newport News Division, as Case No. 4:17-cv-145 (hereinafter, "Class Action 1"). Medley Opportunity Fund II LP and the Company were also named as defendants, along with various other parties, in a putative class action lawsuit captioned George Hengle and Lula Williams v. Mark Curry, American Web Loan, Inc., AWL, Inc., Red Stone, Inc., Medley Opportunity Fund II LP, and Medley Capital Corporation, filed February 13, 2018, in the United States District Court, Eastern District of Virginia, Richmond Division, as Case No. 3:18-cv-100 ("Class Action 2"). Medley Opportunity Fund II LP and the Company were also named as defendants, along with various other parties, in a putative class action lawsuit captioned John Glatt, Sonji Grandy, Heather Ball, Dashawn Hunter, and Michael Corona v. Mark Curry, American Web Loan, Inc., AWL, Inc., Red Stone, Inc., Medley Opportunity Fund II LP, and Medley Capital Corporation, filed August 9, 2018 in the United States District Court, Eastern District of Virginia, Newport News Division, as Case No. 4:18-cv-101 ("Class Action 3") (together with Class Action 1 and Class Action 2, the "Virginia Class Actions"). Medley Opportunity Fund II LP was also named as a defendant, along with various other parties, in a putative class action lawsuit captioned Christina Williams and Michael Stermel v. Red Stone, Inc. (as successor in interest to MacFarlane Group, Inc.), Medley Opportunity Fund II LP, Mark Curry, Brian McGowan, Vincent Ney, and John Doe entities and individuals, filed June 29, 2018 and amended July 26, 2018, in the United States District Court for the Eastern District of Pennsylvania, as Case No. 2:18-cv-2747 (the "Pennsylvania Class Action"). The Company and Medley Opportunity Fund II, LP were also named as defendants, along with various other parties, in a putative class action lawsuit captioned Charles McDaniel v. American Web Loan, Inc., AWL, Inc., Mark Curry, Medley Capital Corporation, Medley Opportunity Fund II, LP, and Red Stone, Inc., filed on August 7, 2020 and amended on October 22, 2020 in the First Judicial Circuit of Ohio County, West Virginia, Case No. 20-C-169, which case was then removed to the United States District Court for the Northern District of West Virginia on December 15, 2020 (the "West Virginia Class Action" and together with the Virginia Class Actions and the Pennsylvania Class Action, the "Class Action Complaints"). The plaintiffs in the Class Action Complaints filed their putative class actions alleging claims under the Racketeer Influenced and Corrupt Organizations Act, and various other claims arising out of the alleged payday lending activities of American Web Loan. The claims against Medley Opportunity Fund II LP, Medley LLC, the Company, Medley Management, Inc., Medley Group, LLC, Brook Taube, and Seth Taube (in Class Action 1, as amended); Medley Opportunity Fund II LP and Medley Capital Corporation (in Class Action 2 and Class Action 3); Medley Opportunity Fund II LP (in the Pennsylvania Class Action); and Medley Opportunity Fund II LP and the Company (in the West Virginia Class Action), allege that those defendants in each respective action exercised control over, or improperly derived income from, and/or obtained an improper interest in, American Web Loan's payday lending activities as a result of a loan to American Web Loan. The loan was made by Medley Opportunity Fund II LP in 2011.

By orders dated August 7, 2018 and September 17, 2018, the Court presiding over the Virginia Class Actions consolidated those cases for all purposes. On October 12, 2018, Plaintiffs in Class Action 3 filed a notice of voluntary dismissal of all claims, and on October 29, 2018, Plaintiffs in Class Action 2 filed a notice of voluntary dismissal of all claims. On October 30, 2020, Plaintiffs in the Pennsylvania Class Action filed a Stipulation of Dismissal of all claims against all defendants with prejudice, and on November 2, 2020, the Court presiding over the Pennsylvania Class Action ordered Plaintiffs' claims dismissed with prejudice. On January 29, 2021, Plaintiff in the West Virginia Class Action filed a motion to stay proceedings to permit revision and final approval of a revised settlement agreement in Class Action 1, and also on January 29, 2021, the Court presiding over the West Virginia Class Action granted that motion and stayed the West Virginia Class Action.

On April 16, 2020, the parties to Class Action 1 reached a settlement reflected in a Settlement Agreement (the "Settlement Agreement") that has been publicly filed in Class Action 1 (ECF No. 414-1). Among other things, upon satisfaction of the conditions specified in the Settlement Agreement and upon the Effective Date, the Settlement Agreement (capitalized terms not otherwise defined have the meaning set forth in the Settlement Agreement): (1) requires Plaintiffs to seek certification of a nationwide settlement class of all persons in the United States to whom American Web Loan lent money from February 10, 2010 through a future date on which the Court may enter a Preliminary Approval Order as to the Settlement Agreement (which certification Defendants have agreed not to oppose); (2) requires American Web Loan, and only American Web Loan, to pay Monetary Consideration of $65,000,000 (none of Medley Opportunity Fund II LP, Medley LLC, Medley Capital Corporation, Medley Management, Inc., Medley Group, LLC, Brook Taube, or Seth Taube are paying any Monetary Consideration pursuant to the Settlement Agreement); (3) requires American Web Loan, and only American Web Loan, to cancel (as a disputed debt) and release all claims that relate to or arise out of the loans in its Collection Portfolio, which is valued at Seventy-Six Million Dollars ($76,000,000) and comprised of loans to more than 39,000 borrowers (none of Medley Opportunity Fund II LP, Medley LLC, Medley Capital Corporation, Medley Management, Inc., Medley Group, LLC, Brook Taube, or Seth Taube have any interest in any of the loans that are being cancelled); (4) requires American Web Loan and Curry to provide certain Non-Monetary Benefits (none of Medley Opportunity Fund II LP, Medley LLC, Medley Capital Corporation, Medley Management, Inc., Medley Group, LLC, Brook Taube, or Seth Taube are conferring any Non-Monetary Benefits pursuant to the Settlement Agreement); (5) fully, finally, and forever releases Medley Opportunity Fund II LP, Medley LLC, Medley Capital Corporation, Medley Management, Inc., Medley Group, LLC, Brook Taube, and Seth Taube from any and all claims, causes of action, suits, obligations, debts, demands, agreements, promises, liabilities, damages, losses, controversies, costs, expenses and attorneys' fees of any nature whatsoever, whether arising under federal law, state law, common law or equity, tribal law, foreign law, territorial law, contract, rule, regulation, any regulatory promulgation (including, but not limited to, any opinion or declaratory ruling), or any other law, including Unknown Claims, whether suspected or unsuspected, asserted or unasserted, foreseen or unforeseen, actual or contingent, liquidated or unliquidated, punitive or compensatory, as of the date of the Final Fairness Approval Order and Judgment, that relate to or arise out of loans made by and/or in the name of AWL (including loans issued in the name of American Web Loan, Inc. or Clear Creek Lending) as of the date of entry of the Preliminary Approval Order (with the exception of claims to enforce the Settlement or the Judgment); (6) provides for a mutual general release between Medley Opportunity Fund II LP, Medley LLC, Medley Capital Corporation, Medley Management, Inc., Medley Group, LLC, Brook Taube, and Seth Taube on the one hand, and American Web Loan and Curry on the other hand; and (7) provides that, as of the future Effective Date, none of Medley Opportunity Fund II LP, Medley LLC, Medley Capital Corporation, Medley Management, Inc., Medley Group, LLC, Brook Taube, and Seth Taube shall (i) be entitled to indemnification from AWL Defendants (as defined in the Settlement Agreement) or (ii) bring any claim against any Released Parties, including American Web Loan and Curry, that relate to or arise out of loans made by and/or in the name of AWL (including loans issued in the name of American Web Loan, Inc. or Clear Creek Lending) as of the date of entry of the Preliminary Approval Order (with the exception of claims to enforce the Settlement or the Judgment).

On March 31, 2021, the parties to Class Action 1 and the Objectors filed a revised settlement agreement publicly in Class Action 1 (ECF No. 483-1) (the "Revised Settlement Agreement"). As relevant to Medley LLC, the Company, Medley Opportunity Fund II LP, Medley Management, Inc., Medley Group, LLC, Brook Taube, and Seth Taube, the terms of the Revised Settlement Agreement do not differ from the terms of the original Settlement Agreement. On April 7, 2021, the Court presiding over Class Action 1 held a hearing on Plaintiffs' motion for preliminary approval of the Revised Settlement Agreement, and entered an order granting preliminary approval of the revised settlement (the "Preliminary Approval Order"). Pursuant to the Preliminary Approval Order, the Court held a Final Approval Hearing relating to the Revised Settlement Agreement on July 9, 2021, and following the hearing, granted Final Approval of the Revised Settlement Agreement and entered the Final Judgment. It is anticipated that the effective date of the Revised Settlement Agreement will occur by August 31, 2021.

On or about January 28, 2021, a purported class action lawsuit, captioned *Kahn v. PhenixFIN Corporation, et al.*, was filed against the Company and its directors in the Court of Chancery of the State of Delaware. Plaintiffs allege that a provision in the Company's bylaws, which provides that directors may be removed from office for cause by the affirmative vote of 75% of capital stock entitled to vote, is inconsistent with provisions of the Delaware General Corporate Law, which plaintiffs allege would permit removal for cause by a simple majority of capital stock entitled to vote. The plaintiffs seek a declaration that the bylaw provision is invalid and to enjoin the defendants from enforcing it, as well as a reasonable allowance of attorneys' fee. On February 10, 2021, the Board of the Company approved an amendment to the Company's Bylaws, which, among other things, allows for the removal of directors for cause by affirmative vote of the holders of a majority of the capital stock entitled to vote at an election of directors.

On May 5, 2021, plaintiffs filed a notice and proposed order voluntarily dismissing the Action as moot and providing that jurisdiction would be retained solely to resolve an anticipated application for attorneys' fees and expenses, which proposed order was granted by the Court of Chancery on May 5, 2021. The parties to the Action subsequently agreed to a payment by PhenixFIN to plaintiffs' counsel of $25,000, in full satisfaction of their claim for attorneys' fees, expenses and costs in connection with the Action. The Court of Chancery has not been asked to review or approve, and will pass no judgment on, this payment. The Court of Chancery granted the proposed order on July 28, 2021.

Item 1A. Risk Factors

In addition to other information set forth in this report, you should carefully consider the “Risk Factors” discussed in our annual report on Form 10-K for the fiscal year ended September 30, 2020, filed with the SEC on December 11, 2020, which could materially affect our business, financial condition and/or operating results. Other than the items disclosed below, there have been no material changes during the nine months ended June 30, 2021 to the risk factors discussed in “Item 1A. Risk Factors” of our annual report on Form 10-K. Additional risks or uncertainties not currently known to us or that we currently deem to be immaterial also may materially affect our business, financial condition and/or operating results.

Risks Related to our Business

We may not be able to pay you distributions and our distributions may not grow over time.

When possible, we intend to pay quarterly distributions to our stockholders out of assets legally available for distribution. We cannot assure you that we will achieve investment results that will allow us to pay a specified level of cash distributions or year-to-year increases in cash distributions. Our ability to pay distributions might be adversely affected by, among other things, the impact of one or more of the risk factors described herein. In addition, the inability to satisfy the asset coverage test applicable to us as a BDC could limit our ability to pay distributions. As of June 30, 2021, the Company’s asset coverage was 302.5% after giving effect to leverage and therefore the Company’s asset coverage is above 200%, the minimum asset coverage requirement under the 1940 Act. All distributions will be paid at the discretion of our board of directors and will depend on our earnings, our financial condition, maintenance of our RIC tax treatment, compliance with applicable BDC regulations, and such other factors as our board of directors may deem relevant from time to time. We cannot assure you that we will pay distributions to our stockholders in the future.

Risks Related to our Operations as a BDC and RIC

Regulations governing our operation as a BDC affect our ability to, and the way in which we, raise additional capital.

We may only issue senior securities up to the maximum amount permitted by the 1940 Act. The 1940 Act permits us to issue senior securities only in amounts such that our asset coverage, as defined in the 1940 Act, equals at least 200% (or 150% if, pursuant to the 1940 Act, certain requirements are met) after such issuance or incurrence.

As of June 30, 2021, the Company’s asset coverage was 302.5% after giving effect to leverage and therefore the Company’s asset coverage is above 200%, the minimum asset coverage requirement under the 1940 Act.

Risks Relating to an Investment in our Securities

The indenture under which the 2023 Notes are issued place restrictions on our and/or our subsidiaries’ activities.

The terms of the indenture under which the 2023 Notes were issued place restrictions on our and/or our subsidiaries’ ability to, among other things issue securities or otherwise incur additional indebtedness or other obligations, including (1) any indebtedness or other obligations that would be equal in right of payment to the 2023 Notes, (2) any indebtedness or other obligations that would be secured and therefore rank effectively senior in right of payment to the 2023 Notes to the extent of the values of the assets securing such debt, (3) indebtedness of ours that is guaranteed by one or more of our subsidiaries and which therefore is structurally senior to the 2023 Notes and (4) securities, indebtedness or obligations issued or incurred by our subsidiaries that would be senior to our equity interests in our subsidiaries and therefore rank structurally senior to the 2023 Notes with respect to the assets of our subsidiaries, in each case other than an incurrence of indebtedness or other obligation that would cause a violation of Section 18(a)(1)(A) of the 1940 Act, as modified by Section 61(a)(1) of the 1940 Act, or any successor provisions. These provisions generally prohibit us from making additional borrowings, including through the issuance of additional debt or the sale of additional debt securities, unless our asset coverage, as defined in the 1940 Act, equals at least 200% after such borrowings. As of June 30, 2021, the Company’s asset coverage was 302.5% after giving effect to leverage. These provisions generally prohibit us from declaring any cash dividend or distribution upon any class of our capital stock or purchasing any such capital stock if our asset coverage, as defined in the 1940 Act, is below 200% at the time of the declaration of the dividend or distribution or the purchase and after deducting the amount of such dividend, distribution or purchase.

Certain Risks in the Current Environment

We are currently operating in a period of capital markets disruptions and economic uncertainty. Such market conditions may materially and adversely affect debt and equity capital markets, which may have a negative impact on our business, financial condition and operations.

From time to time, capital markets may experience periods of disruption and instability. For example, between 2008 and 2009, the U.S. and global capital markets were unstable as evidenced by periodic disruptions in liquidity in the debt capital markets, significant write-offs in the financial services sector, the re-pricing of credit risk in the broadly syndicated credit market and the failure of major financial institutions. Despite actions of the U.S. federal government and foreign governments, these events contributed to worsening general economic conditions that materially and adversely impacted the broader financial and credit markets and reduced the availability of debt and equity capital for the market as a whole and financial services firms in particular.

The U.S. capital markets have experienced extreme volatility and disruption following the global outbreak of coronavirus ("COVID-19") that began in December 2019. Some economists and major investment banks have expressed concern that the continued spread of the COVID-19 globally could lead to a world-wide economic downturn. Even after the COVID-19 pandemic subsides, the U.S. economy, as well as most other major economies, may continue to experience a recession, and we anticipate our businesses would be materially and adversely affected by a prolonged recession in the U.S. and other major markets. Disruptions in the capital markets have increased the spread between the yields realized on risk-free and higher risk securities, resulting in illiquidity in parts of the capital markets. The COVID-19 outbreak continues to have, and any future outbreaks could have, an adverse impact on the ability of lenders to originate loans, the volume and type of loans originated, the ability of borrowers to make payments and the volume and type of amendments and waivers granted to borrowers and remedial actions taken in the event of a borrower default, each of which could negatively impact the amount and quality of loans available for investment by the Company and returns to the Company, among other things. With respect to the U.S. credit markets (in particular for middle market loans), the COVID-19 outbreak has resulted in, and until fully resolved is likely to continue to result in, the following among other things: (i) increased draws by borrowers on revolving lines of credit and other financing instruments; (ii) increased requests by borrowers for amendments and waivers of their credit agreements to avoid default, increased defaults by such borrowers and/or increased difficulty in obtaining refinancing at the maturity dates of their loans; (iii) greater volatility in pricing and spreads and difficulty in valuing loans during periods of increased volatility; and (iv) rapidly evolving proposals and/or actions by state and federal governments to address problems being experienced by the markets and by businesses and the economy in general which will not necessarily adequately address the problems facing the loan market and middle-market businesses. These and future market disruptions and/or illiquidity could have an adverse effect on our business, financial condition, results of operations and cash flows. Unfavorable economic conditions also could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events could limit our investment originations, limit our ability to grow and have a material negative impact on our operating results and the fair values of our debt and equity investments. We may have to access, if available, alternative markets for debt and equity capital, and a severe disruption in the global financial markets, deterioration in credit and financing conditions or uncertainty regarding U.S. government spending and deficit levels or other global economic conditions could have a material adverse effect on our business, financial condition and results of operations. The Company's performance (including that of certain of its portfolio companies) was negatively impacted during the pandemic. The longer-term impact of COVID-19 on the operations and the performance of the Company is difficult to predict, but may also be adverse. The longer-term potential impact on such operations and performance could depend to a large extent on future developments and actions taken by authorities and other entities to contain COVID-19 and its economic impact. The impacts, as well as the uncertainty over impacts to come, of COVID-19 have adversely affected the performance of the Company and may continue to do so in the future.

Equity capital may be difficult to raise during periods of adverse or volatile market conditions because, subject to some limited exceptions, as a BDC, we are generally not able to issue additional shares of our common stock at a price less than NAV without first obtaining approval for such issuance from our shareholders and our independent directors. Volatility and dislocation in the capital markets can also create a challenging environment in which to raise or access debt capital. The current market and future market conditions similar to those experienced from 2008 through 2009 for any substantial length of time could make it difficult to extend the maturity of or refinance our existing indebtedness or obtain new indebtedness with similar terms and any failure to do so could have a material adverse effect on our business. The debt capital that will be available to us in the future, if at all, may be at a higher cost and on less favorable terms and conditions than what we currently experience, including being at a higher cost in a rising interest rate environment. If any of these conditions appear, they may have an adverse effect on our business, financial condition, and results of operations. These events could limit our investment originations, limit our ability to increase returns to equity holders through the effective use of leverage, and negatively impact our operating results.

In addition, significant changes or volatility in the capital markets may also have a negative effect on the valuations of our investments. While most of our investments are not publicly traded, applicable accounting standards require us to assume as part of our valuation process that our investments are sold in a principal market to market participants (even if we plan on holding an investment through its maturity). Significant changes in the capital markets may also affect the pace of our investment activity and the potential for liquidity events involving our investments. Thus, the illiquidity of our investments may make it difficult for us to sell our investments to access capital if required, and as a result, we could realize significantly less than the value at which we have recorded our investments if we were required to sell them for liquidity purposes. An inability to raise or access capital could have a material adverse effect on our business, financial condition or results of operations.

Governmental authorities worldwide have taken increased measures to stabilize the markets and support economic growth. The success of these measures is unknown and they may not be sufficient to address the market dislocations or avert severe and prolonged reductions in economic activity.

We also face an increased risk of investor, creditor or portfolio company disputes, litigation and governmental and regulatory scrutiny as a result of the effects of COVID-19 on economic and market conditions.

Events outside of our control, including public health crises, could negatively affect our portfolio companies and our results of our operations.

Periods of market volatility have occurred and could continue to occur in response to pandemics or other events outside of our control. These types of events have adversely affected and could continue to adversely affect operating results for us and for our portfolio companies. In December 2019, COVID-19 surfaced in China and has since spread and continues to spread to other countries, including the United States. COVID-19 spread quickly and has been identified as a global pandemic by the World Health Organization The COVID-19 pandemic continues to adversely impact global commercial activity and has contributed to significant volatility in financial markets. In response, beginning in March 2020, in affected jurisdictions including the United States, unprecedented actions were and continue to be taken by governmental authorities and businesses, including quarantines, “stay at home” orders, travel restrictions and bans, and the temporary closure and limited operations of many businesses (including corporate offices, retail stores, restaurants, fitness clubs, manufacturing facilities and factories, and other businesses). The actions to contain the COVID-19 pandemic varied by country and by state in the United States. While state and local governments across the United States have taken steps to re-open their economies by lifting “stay at home” orders and re-opening businesses, a number of states and local governments have needed to pause or slow the re-opening or impose new shut-down orders as the number of cases of COVID-19 has continued to rise. COVID-19 and the resulting economic dislocations have had and continue to have adverse consequences for the business operations and financial performance of some of our portfolio companies, which may, in turn impact the valuation of our investments and have adversely affected, and threaten to continue to adversely affect, our operations. Local, state and federal and numerous non-U.S. governmental authorities have imposed travel restrictions and bans, business closures or limited business operations and other quarantine measures on businesses and individuals that remain in effect on the date of this Quarterly Report on Form 10-Q. COVID-19 has caused the effective cessation of all business activity deemed non-essential by such governmental authorities. We cannot predict the full impact of COVID-19, including the duration of the closures and restrictions described above. As a result, we are unable to predict the duration of these business and supply-chain disruptions, the extent to which COVID-19 will negatively affect our portfolio companies’ operating results or the impact that such disruptions may have on our results of operations and financial condition. With respect to loans to portfolio companies, the Company will be impacted if, among other things, (i) amendments and waivers are granted (or are required to be granted) to borrowers permitting deferral of loan payments or allowing for PIK interest payments, (ii) borrowers default on their loans, are unable to refinance their loans at maturity, or go out of business, or (iii) the value of loans held by the Company decreases as a result of such events and the uncertainty they cause. Portfolio companies may also be more likely to seek to draw on unfunded commitments we have made, and the risk of being unable to fund such commitments is heightened during such periods. Depending on the duration and extent of the disruption to the business operations of our portfolio companies, we expect some portfolio companies, particularly those in vulnerable industries, such as travel, to experience financial distress and possibly to default on their financial obligations to us and/or their other capital providers. In addition, if such portfolio companies are subjected to prolonged and severe financial distress, we expect some of them to substantially curtail their operations, defer capital expenditures and lay off workers. These developments would be likely to permanently impair their businesses and result in a reduction in the value of our investments in them.

The Company will also be negatively affected if the operations and effectiveness of our portfolio companies (or any of the key personnel or service providers of the foregoing) are compromised or if necessary or beneficial systems and processes are disrupted as a result of stay-at-home orders or other related interruptions to business operations.

Company performance (including the performance of certain of its portfolio companies) has been and may continue to be negatively impacted by the COVID-19 pandemic’s effects. The COVID-19 pandemic has adversely impacted economies and capital markets around the world in ways that may continue and may change in unforeseen ways for an indeterminate period. The pandemic has also adversely affected various businesses, including some in which we are invested. The COVID-19 pandemic may exacerbate pre-existing business performance, political, social and economic risks affecting certain companies and countries generally. The impacts, as well as the uncertainty over impacts to come, of COVID-19 have adversely affected the performance of the Company (including certain portfolio companies) and may continue to do so in the future. Further, the potential exists for variants of COVID-19, including the Delta variant**,** to impede the global economic recovery and exacerbate geographic differences in the spread of, and response to, COVID-19.

We may be subject to risks associated with significant investments in one or more economic sectors, including the construction and building sector.

At times, the Company may have a significant portion of its assets invested in securities of companies conducting business within one or more economic sectors, including the construction and building sector. Companies in the same sector may be similarly affected by economic, regulatory, political or market events or conditions, which may make the Company more vulnerable to unfavorable developments in that sector than companies that invest more broadly. Generally, the more broadly the Company invests, the more it spreads risk and potentially reduces the risks of loss and volatility.

The Company presently has significant exposure to the construction and building sector (its investments in such sector comprise 16.1% of gross assets as of June 30, 2021), which subjects the Company to the particular risks of such sector to a greater degree than others not similarly concentrated. These risks include that the construction and building sector is cyclical and is affected by a number of factors, including the general condition of the economy, market demand and changes in interest rates. Construction activity is affected by the ability to finance projects, which may be reduced due to a widespread outbreak of contagious disease, including an epidemic or pandemic such as the current COVID-19 pandemic. Residential, commercial and industrial construction could decline if companies and consumers are unable to finance construction projects or if the economy precipitously declines or stalls, which could result in delays or cancellations of capital projects. A downturn in the residential, commercial or industrial construction industries and general economic conditions may have an adverse effect on the portfolio companies in which the Company invests.

The interest rates of some of our loans to our portfolio companies may be priced using a spread over LIBOR, which is scheduled to be phased out.

On July 27, 2017, the Financial Conduct Authority ("FCA") announced that it would phase out LIBOR as a benchmark by the end of 2021. It is unclear whether new methods of calculating LIBOR will be established such that it continues to exist after 2021 and the FCA has indicated that market participants should not rely on LIBOR being available after 2021. The FCA and the ICE Benchmark Administration have since announced that most LIBOR settings will no longer be published after December 31, 2021 and a majority of U.S. dollar LIBOR settings will cease publication after June 30, 2023. Regulators continue to emphasize the importance of LIBOR transition planning. As an alternative to LIBOR, for example, the U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, is considering replacing U.S.-dollar LIBOR with the Secured Overnight Financing Rate ("SOFR"), a new index calculated by short-term repurchase agreements, backed by Treasury securities. Abandonment of or modifications to LIBOR could have adverse impacts on newly issued financial instruments and our existing financial instruments which reference LIBOR. While some instruments may contemplate a scenario where LIBOR is no longer available by providing for an alternative rate setting methodology, not all instruments may have such provisions and there is significant uncertainty regarding the effectiveness of any such alternative methodologies. Abandonment of or modifications to LIBOR could lead to significant short-term and long-term uncertainty and market instability. In the event of changes to or cessation of LIBOR, we and our portfolio companies may need to amend or restructure our existing LIBOR-based debt instruments and any related hedging arrangements that extend beyond 2021, which may be difficult, costly and time consuming. In addition, from time to time we invest in floating rate loans and investment securities whose interest rates are indexed to LIBOR. Uncertainty as to the nature of alternative reference rates and as to potential changes or other reforms to LIBOR, or any changes announced with respect to such reforms, may result in a sudden or prolonged increase or decrease in the reported LIBOR rates and the value of LIBOR-based loans and securities, including those of other issuers we or our funds currently own or may in the future own. It remains uncertain how such changes would be implemented and the effects such changes would have on us, issuers of instruments in which we invest and financial markets generally.

The expected discontinuation of LIBOR could have an impact on our business. We may experience operational challenges for the transition away from LIBOR including, but not limited to, amending existing loan agreements with borrowers on investments that may have not been modified with fallback language and adding effective fallback language to new agreements in the event that LIBOR is discontinued before maturity. There may be additional risks to our current processes and information systems that will need to be identified and evaluated by us. Due to the uncertainty of the replacement for LIBOR, the potential effect of any such event on our cost of capital and net investment income cannot yet be determined. In addition, the cessation of LIBOR could:

- Adversely impact the pricing, liquidity, value of, return on and trading for a broad array of financial products, including any LIBOR-linked securities, loans and derivatives that are included in our assets and liabilities;
- Require changes to documentation that governs or references LIBOR or LIBOR-based products, including, for example, pursuant to renegotiations of existing documentation to modify the terms of outstanding investments;
- Result in inquiries or other actions from regulators in respect of our preparation and readiness for the replacement of LIBOR with one or more alternative reference rates;
- Result in disputes, litigation or other actions with portfolio companies, or other counterparties, regarding the interpretation and enforceability of provisions in our LIBOR-based investments, such as fallback language or other related provisions, including, in the case of fallbacks to the alternative reference rates, any economic, legal, operational or other impact resulting from the fundamental differences between LIBOR and the various alternative reference rates;
- Require the transition and/or development of appropriate systems and analytics to effectively transition our risk management processes from LIBOR-based products to those based on one or more alternative reference rates, which may prove challenging given the limited history of the proposed alternative reference rates; and
- Cause us to incur additional costs in relation to any of the above factors.

There is no guarantee that a transition from LIBOR to an alternative will not result in financial market disruptions, significant increases in benchmark rates, or borrowing costs to borrowers, any of which could have an adverse effect on our business, result of operations, financial condition, and unit price.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits

3.1	Certificate of Incorporation (Incorporated by reference to Exhibit 99.A.3 to the Registrant's Pre-effective Amendment No. 3 to the Registration Statement on Form N-2 (File No. 333-166491), filed on November 23, 2010).
3.2	Certificate of Amendment to Certificate of Incorporation (Incorporated by reference to the Current Report on Form 8-K filed December 28, 2020).
3.3	Form of Bylaws (Incorporated by reference to Exhibit 99.B.3 to the Registrant's Pre-effective Amendment No. 3 to the Registration Statement on Form N-2 (File No. 333-166491), filed on November 23, 2010).
3.4	Amendment No. 1 to Bylaws (Incorporated by reference to the Current Report on Form 8-K filed February 7, 2019).
3.5	Amendment No. 2 to Bylaws (Incorporated by reference to the Current Report on Form 8-K filed December 28, 2020).
4.1	Form of Stock Certificate (Incorporated by reference to Exhibit 99.D to the Registrant's Pre-effective Amendment No. 3 to the Registration Statement on Form N-2 (File No. 333-166491), filed on November 23, 2010).
4.2	Indenture, dated February 7, 2012, between Medley Capital Corporation and U.S. Bank National Association, as Trustee (Incorporated by reference to Exhibit 99.D.2 to the Registrant's Pre-Effective Amendment No. 1 to the Registration Statement on Form N-2 (File No. 333-179237), filed on February 13, 2012).
4.3	First Supplemental Indenture, dated March 21, 2012, between Medley Capital Corporation and U.S. Bank National Association, as Trustee (Incorporated by reference to Exhibit 99.D.4 to the Registrant's Post-Effective Amendment No. 2 to the Registration Statement on Form N-2 (File No. 333-179237), filed on March 21, 2012).
4.4	Second Supplemental Indenture, dated March 18, 2013, between Medley Capital Corporation and U.S. Bank National Association, as Trustee (Incorporated by reference to Exhibit 99.D.4 to the Registrant's Post-Effective Amendment No. 7 to the Registration Statement on Form N-2 (File No. 333-179237), filed on March 15, 2013).
4.5	Third Supplemental Indenture, dated December 17, 2015, between Medley Capital Corporation and U.S. Bank National Association, as Trustee (Incorporated by reference to Exhibit 99.D.6 to the Registrant's Post-Effective Amendment No. 11 to the Registration Statement on Form N-2 (File No. 333-187324), filed December 17, 2015).
4.6	Deed of Trust, dated January 23, 2018, between Medley Capital Corporation and Mishmeret Trust Company, Ltd. (Incorporated by reference to the Registrant's Registration Statement on Form N-2 (File No. 333-230790), filed on April 10, 2019).
4.7	Amendment to Deed of Trust, dated August 12, 2019, between Medley Capital Corporation and Mishmeret Trust Company, Ltd. (Incorporated by reference by the Current Report on Form 8-K filed on August 16, 2019).
4.8	Statement of Eligibility of Trustee on Form T-1 (Incorporated by reference to Exhibit d.5 to the Registrant's Registration Statement on Form N-2 (File No. 333-179237), filed on March 15, 2013).
10.1	Form of Amended and Restated Investment Management Agreement between Registrant and MCC Advisors LLC (Incorporated by reference to Exhibit 99.G to Registrant's Post-Effective Amendment No. 3 to the Registration Statement on N-2 (File No. 333-187324), filed on December 10, 2013).
10.2	Letter from MCC Advisors LLC re: Waiver of Base Management Fee and Incentive Fee on Net Investment Income, dated February 8, 2016 (Incorporated by reference to Exhibit 99.K.5 to Registrant's Pre-Effective Amendment No. 1 to the Registration Statement on Form N-2 (File No. 333-208746), filed on March 25, 2016).
10.3	Form of Custody Agreement (Incorporated by reference to Exhibit 99.J.1 to the Registrant's Pre-effective Amendment No. 3 to the Registration Statement on Form N-2 (File No. 333-166491), filed on November 23, 2010).
10.4	Form of Administration Agreement (Incorporated by reference to Exhibit 99.K.2 to the Registrant's Pre-effective Amendment No. 1 to the Registration Statement on Form N-2 (File No. 333-166491), filed on June 9, 2010).
10.5	Form of Sub-Administration Agreement (Incorporated by reference to Exhibit 99.K.4 to the Registrant's Pre-effective Amendment No. 3 to the Registration Statement on Form N-2 (File No. 333-166491), filed on November 23, 2010).
10.6	Trademark License Agreement (Incorporated by reference to Exhibit 99.K.3 to the Registrant's Pre-effective Amendment No. 1 to the Registration Statement on Form N-2 (File No. 333-166491), filed on June 9, 2010).
10.7	Form of Dividend Reinvestment Plan (Incorporated by reference to Exhibit 99.E to the Registrant's Pre-effective Amendment No. 3 to the Registration Statement on Form N-2 (File No. 333-166491), filed on November 23, 2010).

10.8	Senior Secured Revolving Credit Agreement among Medley Capital Corporation as borrower, the Lenders party thereto, and ING Capital LLC, as Administrative Agent, dated August 4, 2011 (Incorporated by reference to the Current Report on Form 8-K filed on August 9, 2011).
10.9	Guarantee, Pledge and Security Agreement among the Company, the Subsidiary Guarantors party thereto, ING Capital LLC, as Administrative Agent, each Financial Agent and Designated Indebtedness Holder party thereto and ING Capital LLC, as Collateral Agent, dated August 4, 2011 (Incorporated by reference to the Current Report on Form 8-K filed on August 9, 2011).
10.10	Amendment No. 1, dated as of August 31, 2012, to the Senior Secured Revolving Credit Agreement dated as of August 4, 2011, among Medley Capital Corporation as borrower, the Lenders party thereto, and ING Capital LLC, as Administrative Agent (Incorporated by reference to the Current Report on Form 8-K filed on September 6, 2012).
10.11	Amendment No. 2, dated as of December 7, 2012, to the Senior Secured Revolving Credit Agreement dated as of August 4, 2011, among Medley Capital Corporation as borrower, the Lenders party thereto, and ING Capital LLC, as Administrative Agent, as amended by Amendment No. 1 to the Senior Secured Revolving Credit Agreement, dated as of August 31, 2012 (Incorporated by reference to the Current Report on Form 8-K filed on December 13, 2012).
10.12	Amendment No. 3, dated as of March 28, 2013, to the Senior Secured Revolving Credit Agreement dated as of August 4, 2011, among Medley Capital Corporation as borrower, the Lenders party thereto, and ING Capital LLC, as Administrative Agent, as amended by Amendment Nos. 1 and 2 to the Senior Secured Revolving Credit Agreement, dated as of August 31, 2012 and December 7, 2012, respectively (Incorporated by reference to the Current Report on Form 8-K filed on April 2, 2013).
10.13	Senior Secured Term Loan Credit Agreement, dated as of August 31, 2012, among Medley Capital Corporation as borrower, the Lenders party thereto, and ING Capital LLC, as Administrative Agent (Incorporated by reference to the Current Report on Form 8-K filed on September 6, 2012).
10.14	Amendment No. 1, dated as of December 7, 2012, to the Senior Secured Term Loan Credit Agreement dated as of August 31, 2012, among Medley Capital Corporation as borrower, the Lenders party thereto, and ING Capital LLC, as Administrative Agent (Incorporated by reference to the Current Report on Form 8-K filed on December 13, 2012).
10.15	Amendment No. 2, dated as of January 23, 2013, to the Senior Secured Term Loan Credit Agreement dated as of August 31, 2012, among Medley Capital Corporation as borrower, the Lenders party thereto, and ING Capital LLC, as Administrative Agent, as amended by Amendment No. 1 to the Senior Secured Term Loan Credit Agreement, dated as of January 23, 2013 (Incorporated by reference to the Current Report on Form 8-K filed on January 29, 2013).
10.16	Amendment No. 3, dated as of March 28, 2013, to the Senior Secured Term Loan Credit Agreement, dated as of August 31, 2012, among Medley Capital Corporation as borrower, the Lenders party thereto, and ING Capital LLC, as Administrative Agent, as amended by Amendment Nos. 1 and 2 to the Senior Secured Term Loan Credit Agreement, dated as of December 7, 2012 and January 23, 2013, respectively (Incorporated by reference to the Current Report on Form 8-K filed on April 2, 2013).
10.17	Amendment No. 4, dated as of May 1, 2013, to the Senior Secured Revolving Credit Agreement, dated as of August 4, 2011, among Medley Capital Corporation as borrower, the Lenders party thereto, and ING Capital LLC, as Administrative Agent, as amended by Amendment Nos. 1, 2 and 3 to the Senior Secured Revolving Credit Agreement, dated as of August 31, 2012, December 7, 2012 and March 28, 2013, respectively (Incorporated by reference to the Current Report on Form 8-K filed on May 7, 2013).
10.18	Amendment No. 4, dated as of May 1, 2013, to the Senior Secured Term Loan Credit Agreement, dated as of August 31, 2012, among Medley Capital Corporation as borrower, the Lenders party thereto, and ING Capital LLC, as Administrative Agent, as amended by Amendment Nos. 1, 2 and 3 to the Senior Secured Term Loan Credit Agreement, dated as of December 7, 2012, January 23, 2013 and March 28, 2013, respectively (Incorporated by reference to the Current Report on Form 8-K filed on May 7, 2013).
10.19	Amendment No. 5, dated as of June 2, 2014, to the Senior Secured Revolving Credit Agreement, dated as of August 4, 2011, among Medley Capital Corporation as borrower, the Lenders party thereto, and ING Capital LLC, as Administrative Agent, as amended by Amendment Nos. 1, 2, 3 and 4 to the Senior Secured Revolving Credit Agreement, dated as of August 31, 2012, December 7, 2012, March 28, 2013 and May 1, 2013, respectively (Incorporated by reference to the Current Report on Form 8-K filed on June 3, 2014).
10.20	Amendment No. 5, dated as of June 2, 2014, to the Senior Secured Term Loan Credit Agreement, dated as of August 31, 2012, among Medley Capital Corporation as borrower, the Lenders party thereto, and ING Capital LLC, as Administrative Agent, as amended by Amendment Nos. 1, 2, 3 and 4 to the Senior Secured Term Loan Credit Agreement, dated as of December 7, 2012, January 23, 2013, March 28, 2013 and May 1, 2013, respectively (Incorporated by reference to the Current Report on Form 8-K filed on June 3, 2014).

10.21	Amendment No. 6, dated as of February 2, 2015, to the Senior Secured Revolving Credit Agreement, dated as of August 4, 2011, among Medley Capital Corporation as borrower, the Lenders party thereto, and ING Capital LLC, as Administrative Agent, as amended by Amendment Nos. 1, 2, 3, 4 and 5 to the Senior Secured Revolving Credit Agreement, dated as of August 31, 2012, December 7, 2012, March 28, 2013, May 1, 2013 and June 2, 2014, respectively (Incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed on February 9, 2015).
10.22	Amendment No. 6 to the Senior Secured Term Loan Credit Agreement, dated as of August 31, 2012, among Medley Capital Corporation as borrower, the Lenders party thereto, and ING Capital LLC, as Administrative Agent, as amended by Amendment Nos. 1, 2, 3, 4 and 5 to the Senior Secured Term Loan Credit Agreement, dated as of December 7, 2012, January 23, 2013, March 28, 2013, May 1, 2013 and June 2, 2014, respectively (Incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed on February 9, 2015).
10.23	Amended and Restated Senior Secured Revolving Credit Agreement, dated as of July 28, 2015, by and among the Company as borrower, each of the subsidiary guarantors party thereto, the Lenders party thereto and ING Capital LLC, as Administrative Agent (Incorporated by reference to the Current Report on Form 8-K filed on July 30, 2015).
10.24	Amendment No. 1 to Amended and Restated Senior Secured Revolving Credit Agreement, dated as of September 16, 2016, by and among the Company as borrower, MCC Investment Holdings LLC, MCC Investment Holdings Sendero LLC, MCC Investment Holdings RT1 LLC, MCC Investment Holdings Omnivere LLC, MCC Investment Holdings Amvestar, LLC, and MCC Investment Holdings AAR, LLC, as subsidiary guarantors, the Lenders party thereto and ING Capital LLC, as Administrative Agent (Incorporated by reference to the Current Report on Form 8-K filed on September 22, 2016).
10.25	Amendment No. 2 to Amended and Restated Senior Secured Revolving Credit Agreement, dated as of February 8, 2017, by and among the Company as borrower, MCC Investment Holdings LLC, MCC Investment Holdings Sendero LLC, MCC Investment Holdings RT1 LLC, MCC Investment Holdings Omnivere LLC, MCC Investment Holdings Amvestar, LLC, and MCC Investment Holdings AAR, LLC, as subsidiary guarantors, the Lenders party thereto and ING Capital LLC, as Administrative Agent (Incorporated by reference to the Current Report on Form 8-K filed on February 10, 2017).
10.26	Amendment No. 3 to Amended and Restated Senior Secured Revolving Credit Agreement, dated as of September 1, 2017, by and among the Company as borrower, MCC Investment Holdings LLC, MCC Investment Holdings Sendero LLC, MCC Investment Holdings RT1 LLC, MCC Investment Holdings Omnivere LLC, MCC Investment Holdings Amvestar, LLC, and MCC Investment Holdings AAR, LLC, as subsidiary guarantors, the Lenders party thereto and ING Capital LLC, as Administrative Agent (Incorporated by reference to the Current Report on Form 8-K filed on September 8, 2017).
10.27	Amendment No. 4 to Amended and Restated Senior Secured Revolving Credit Agreement, dated as of February 12, 2018, by and among the Company as borrower, MCC Investment Holdings LLC, MCC Investment Holdings Sendero LLC, MCC Investment Holdings RT1 LLC, MCC Investment Holdings Omnivere LLC, MCC Investment Holdings Amvestar, LLC, and MCC Investment Holdings AAR, LLC, as subsidiary guarantors, the Lenders party thereto and ING Capital LLC, as Administrative Agent (Incorporated by reference to the Current Report on Form 8-K filed on February 16, 2018).
10.28	Amended and Restated Senior Secured Term Loan Credit Agreement dated as of July 28, 2015, by and among the Company as borrower, each of the subsidiary guarantors party thereto, the Lenders party thereto and ING Capital LLC, as Administrative Agent (Incorporated by reference to the Current Report on Form 8-K filed on July 30, 2015).
10.29	Amendment No. 1 to Amended and Restated Senior Secured Term Loan Credit Agreement dated as of September 16, 2016, by and among the Company as borrower, MCC Investment Holdings LLC, MCC Investment Holdings Sendero LLC, MCC Investment Holdings RT1 LLC, MCC Investment Holdings Omnivere LLC, MCC Investment Holdings Amvestar, LLC, and MCC Investment Holdings AAR, LLC, as subsidiary guarantors, the Lenders party thereto and ING Capital LLC, as Administrative Agent (Incorporated by reference to the Current Report on Form 8-K filed on September 22, 2016).
10.30	Amendment No. 2 to Amended and Restated Senior Secured Term Loan Credit Agreement dated as of February 8, 2017, by and among the Company as borrower, MCC Investment Holdings LLC, MCC Investment Holdings Sendero LLC, MCC Investment Holdings RT1 LLC, MCC Investment Holdings Omnivere LLC, MCC Investment Holdings Amvestar, LLC, and MCC Investment Holdings AAR, LLC, as subsidiary guarantors, the Lenders party thereto and ING Capital LLC, as Administrative Agent (Incorporated by reference to the Current Report on Form 8-K filed on February 10, 2017).
10.31	Amendment No. 3 to Amended and Restated Senior Secured Term Loan Credit Agreement dated as of September 1, 2017, by and among the Company as borrower, MCC Investment Holdings LLC, MCC Investment Holdings Sendero LLC, MCC Investment Holdings RT1 LLC, MCC Investment Holdings Omnivere LLC, MCC Investment Holdings Amvestar, LLC, and MCC Investment Holdings AAR, LLC, as subsidiary guarantors, the Lenders party thereto and ING Capital LLC, as Administrative Agent (Incorporated by reference to the Current Report on Form 8-K filed on September 8, 2017).

10.32	Incremental Assumption Agreement, dated as of February 10, 2012, made by Credit Suisse AG, Cayman Islands Branch, as Assuming Lender, relating to the Senior Secured Revolving Credit Agreement dated as of August 4, 2011, among Medley Capital Corporation, as Borrower, the Several Lenders and Agents from Time to Time Parties Thereto, and ING Capital LLC, as Administrative Agent and Collateral Agent (Incorporated by reference to the Current Report on Form 8-K filed on February 10, 2012).
10.33	Incremental Assumption Agreement dated as of March 30, 2012, made by Onewest Bank, FSB, as Assuming Lender, relating to the Senior Secured Revolving Credit Agreement dated as of August 4, 2011, among Medley Capital Corporation, as Borrower, the Several Lenders and Agents from Time to Time Parties Thereto, and ING Capital LLC, as Administrative Agent and Collateral Agent (Incorporated by reference to the Current Report on Form 8-K filed on April 4, 2012).
10.34	Incremental Assumption Agreement dated as of May 3, 2012, made by Doral Bank, as Assuming Lender, relating to the Senior Secured Revolving Credit Agreement dated as of August 4, 2011, among Medley Capital Corporation, as Borrower, the Several Lenders and Agents from Time to Time Parties Thereto, and ING Capital LLC, as Administrative Agent and Collateral Agent (Incorporated by reference to the Current Report on Form 8-K filed on May 3, 2012).
10.35	Incremental Assumption Agreement dated as of September 25, 2012, made by Stamford First Bank, a division of the Bank of New Canaan, as Assuming Lender, relating to the Senior Secured Revolving Credit Agreement dated as of August 4, 2011, as amended by Amendment No. 1, dated as of August 31, 2012, among Medley Capital Corporation, as Borrower, the Several Lenders and Agents from Time to Time Parties Thereto, and ING Capital LLC, as Administrative Agent and Collateral Agent (Incorporated by reference to the Current Report on Form 8-K filed on September 28, 2012).
10.36	Limited Liability Company Operating Agreement of MCC Senior Loan Strategy JV I LLC, a Delaware Limited Liability Company, dated as of March 27, 2015 (Incorporated by reference to the Current Report on Form 8-K filed on March 30, 2015).
10.37	Settlement Term Sheet, dated April 15, 2019 (Incorporated by reference to the Current Report on Form 8-K, filed on April 17, 2019).
10.38	Stipulation of Settlement, dated July 29, 2019, by and among Medley Capital Corporation, Brook Taube, Seth Taube, Jeff Tonkel, Mark Lerdal, Karin Hirtler-Garvey, John E. Mack, Arthur S. Ainsberg, Medley Management Inc., MCC Advisors LLC, Medley LLC and Medley Group LLC, on the one hand, and FrontFour Capital Group LLC and FrontFour Master Fund, Ltd., on behalf of themselves and a class of similarly situated stockholders of Medley Capital Corporation, on the other hand, in connection with the action styled In re Medley Capital Corporation Stockholder Litigation, Cons. C.A. No. 2019-0100-KSJM (Incorporated by reference to the Current Report on Form 8-K, filed on August 2, 2019).
10.39	Governance Agreement, dated July 29, 2019, by and among, Medley Capital Corporation, on the one hand, and FrontFour Capital Group LLC, FrontFour Master Fund, Ltd., FrontFour Capital Corp., FrontFour Opportunity Fund, David A. Lorber, Stephen E. Loukas and Zachary R. George, on the other hand (Incorporated by reference to the Current Report on Form 8-K, filed on August 2, 2019).
10.40	Order and Final Judgment, dated December 20, 2019 (Incorporated by reference to the Amendment No. 1 to the Current Report on the Form 8-K, filed on December 30, 2019).
10.41	Membership Interest Purchase Agreement, dated as of October 8, 2020, by and among Medley Capital Corporation, Great American Life Insurance Company, MCC Senior Loan Strategy JV I LLC and GEMS Fund 5, L.P. (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K, filed on October 13, 2020)
10.42	Fund Accounting Servicing Agreement (Incorporated by reference to Exhibit 10.16 to the Registrant's Annual Report on Form 10-K filed on December 11, 2020).
10.43	Administration Servicing Agreement (Incorporated by reference to Exhibit 10.17 to the Registrant's Annual Report on Form 10-K filed on December 11, 2020).
21.1	List of Subsidiaries (Incorporated by reference to Exhibit 21.1 to the Registrants Quarterly Report on Form 10-Q for the period ended December 31, 2020, filed on February 16, 2021).
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended.*
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended.*
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to section 906 of The Sarbanes-Oxley Act of 2002.*

* Filed herewith.

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.

Dated: August 11, 2021

PhenixFIN Corporation

By /s/ David Lorber
David Lorber
Chief Executive Officer
(Principal Executive Officer)

By /s/ Ellida McMillan
Ellida McMillan
Chief Financial Officer
(Principal Accounting and Financial Officer)

Exhibit 31.1

Certification of Chief Executive Officer
of Periodic Report Pursuant to Rule 13a-14(a) and Rule 15d-14(a)

I, David Lorber, certify that:

1) I have reviewed this Quarterly Report on Form 10-Q of PhenixFIN Corporation (the “Company”);

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 Company as of, and for, the periods presented in this report;

4) The Company’s other certifying officer(s) 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 Company 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 Company, 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 Company’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 Company’s internal control over financial reporting that occurred during the Company’s most recent fiscal quarter (the Company’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and

5) The Company’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’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 Company’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 Company’s internal control over financial reporting.

Date: August 11, 2021

/s/ David Lorber

David Lorber
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Certification of Chief Financial Officer
of Periodic Report Pursuant to Rule 13a-14(a) and Rule 15d-14(a)

I, Ellida McMillan, certify that:

1) I have reviewed this Quarterly Report on Form 10-Q of PhenixFIN Corporation (the “Company”);

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 Company as of, and for, the periods presented in this report;

4) The Company’s other certifying officer(s) 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 Company 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 Company, 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 Company’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 Company’s internal control over financial reporting that occurred during the Company’s most recent fiscal quarter (the Company’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and

5) The Company’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’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 Company’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 Company’s internal control over financial reporting.

Date: August 11, 2021

/s/ Ellida McMillan

Ellida McMillan
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
AND CHIEF FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of PhenixFIN Corporation, (the "Company") for the quarterly period ended June 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, David Lorber and Ellida McMillan, Chief Executive Officer and Chief Financial Officer, respectively, of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to our knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

Dated: August 11, 2021

By /s/ David Lorber
David Lorber
Chief Executive Officer

By /s/ Ellida McMillan
Ellida McMillan
Chief Financial Officer