

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2020

or

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

Commission File Number: 814-01211

Great Elm Capital Corp.

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction of incorporation or organization)

800 South Street, Suite 230, Waltham, MA

(Address of principal executive offices)

81-2621577

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

02453

(Zip Code)

Registrant's telephone number, including area code: (617) 375-3006

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.01 per share	GECC	Nasdaq Global Market
6.50% Notes due 2022	GECCL	Nasdaq Global Market
6.75% Notes due 2025	GECCM	Nasdaq Global Market
6.50% Notes due 2024	GECCN	Nasdaq Global Market

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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

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

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

As of July 30, 2020, the registrant had 10,589,571 shares of common stock, \$0.01 par value per share, outstanding.

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The following discussion should be read in conjunction with our consolidated financial statements and the notes thereto included elsewhere in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (our “Form 10-K”).

The information contained herein may contain “forward-looking statements” based on our current expectations, assumptions and estimates about us and our industry. These forward-looking statements involve risks and uncertainties. Words such as “anticipate,” “believe,” “expect,” “intend,” “will,” “should,” “could,” “may,” “plan” and other similar expressions identify forward-looking statements. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements that are subject to risks, uncertainties and assumptions. Our actual results could differ materially from those we express in the forward-looking statements as a result of several factors more fully described in “Risk Factors” and elsewhere in our Form 10-K and in this Quarterly Report on Form 10-Q (this “Form 10-Q”). The forward-looking statements made in this Form 10-Q relate only to events as of the date on which the statements are made. We undertake no obligation to update publicly any forward-looking statements for any reason, whether as a result of new information, future events or otherwise, except as required by law.

PART I—FINANCIAL INFORMATION

Unless the context otherwise requires, all references to “GECC,” “we,” “us,” “our,” the “Company” and words of similar import are to Great Elm Capital Corp. and/or its subsidiaries. We reference materials on our website, www.greatelmcc.com, but nothing on our website shall be deemed incorporated by reference or otherwise contained in this report.

Cautionary Note Regarding Forward-Looking Information

Some of the statements in this report (including in the following discussion) constitute forward-looking statements, which relate to future events or our future performance or financial conditions. The forward-looking statements contained in this report involve a number of risks and uncertainties, including statements concerning:

- our, or our portfolio companies’, future business, operations, operating results or prospects;
- the return or impact of current and future investments;
- the impact of a protracted decline in the liquidity of credit markets on our business;
- the impact of fluctuations in interest rates on our business;
- the impact of changes in laws or regulations governing our operations or the operations of our portfolio companies;
- the impact of the current Coronavirus Disease 2019 (“COVID-19”) pandemic;
- our contractual arrangements and relationships with third parties;
- our current and future management structure;
- the general economy and its impact on the industries in which we invest;
- the financial condition of and ability of our current and prospective portfolio companies to achieve their objectives;
- our expected financings and investments;
- the adequacy of our financing resources and working capital;
- the ability of our investment adviser to locate suitable investments for us and to monitor and administer our investments;
- the timing of cash flows, if any, from the operations of our portfolio companies;
- the timing, form and amount of any dividend distributions;
- the valuation of any investments in portfolio companies, particularly those having no liquid trading market; and
- our ability to maintain our qualification as a regulated investment company (“RIC”) and as a business development company (“BDC”).

We use words such as “anticipate,” “believe,” “expect,” “intend,” “will,” “should,” “could,” “may,” “plan” and similar words to identify forward-looking statements. The forward-looking statements contained in this report 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 under “Item 1A. Risk Factors.”

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. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that we may make directly to you or through reports that we have filed or in the future may file with the Securities and Exchange Commission (the “SEC”).

Item 1. Financial Statements.

The financial statements listed in the index to consolidated financial statements immediately following the signature page to this report are incorporated herein by reference.

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

Overview

We are a business development company (“BDC”) that seeks to generate both current income and capital appreciation through debt and equity investments. Our investment focus is on debt obligations of middle-market companies which are traded in the institutional credit markets. We invest primarily in the debt of middle-market companies as well as small businesses, generally in the form of senior secured and unsecured notes, as well as senior secured loans, junior loans and mezzanine debt. We will from time to time make equity investments as part of restructuring credits and in rare instances reserve the right to make equity investments directly.

On September 27, 2016, we and Great Elm Capital Management, Inc. (“GECM”), our external investment manager, entered into an investment management agreement (the “Investment Management Agreement”) and an administration agreement (the “Administration Agreement”), and we began to accrue obligations to GECM under those agreements. The Investment Management Agreement renews for successive annual periods, subject to requisite Board and/or stockholder approvals.

We have elected to be treated as a Regulated Investment Company (“RIC”) for U.S. federal income tax purposes. As a RIC, we will not be taxed on our income to the extent that we distribute such income each year and satisfy other applicable income tax requirements. To qualify as a RIC, we must, among other things, meet source-of-income and asset diversification requirements and annually distribute to our stockholders generally at least 90% of our investment company taxable income on a timely basis. If we qualify as a RIC, we generally will not have to pay corporate level taxes on any income that we distribute to our stockholders.

Investments

Our level of investment activity can and does vary substantially from period to period depending on many factors, including, among others, the amount of debt and equity capital available from other sources to middle-market companies, the level of merger and acquisition activity, pricing in the high yield and leveraged loan credit markets, our expectations of future investment opportunities, the general economic environment as well as the competitive environment for the types of investments we make. As a BDC, our investments and the composition of our portfolio are required to comply with regulatory requirements.

Revenues

We generate revenue primarily from interest on the debt investments that we hold. We may also generate revenue from dividends on the equity investments that we hold, capital gains on the disposition of investments, and lease, fee, and other income. Our investments in fixed income instruments generally have an expected maturity of three to five years, although we have no lower or upper constraint on maturity. Our debt investments generally pay interest quarterly or semi-annually. Payments of principal of our debt investments may be amortized over the stated term of the investment, deferred for several years or due entirely at maturity. In some cases, our debt investments and preferred stock investments may defer payments of cash interest or dividends or payment-in-kind (“PIK”). In addition, we may generate revenue in the form of prepayment fees, commitment, origination, due diligence fees, end-of-term or exit fees, fees for providing significant managerial assistance, consulting fees and other investment-related income.

Expenses

Our primary operating expenses include the payment of a base management fee, administration fees (including the allocable portion of overhead under the Administration Agreement), and, depending on our operating results, an incentive fee. The base management fee and incentive fee remunerates GECM for work in identifying, evaluating, negotiating, closing and monitoring our investments. The Administration Agreement provides for reimbursement of costs and expenses incurred for office space rental, office equipment and utilities allocable to us under the Administration Agreement, as well as certain costs and expenses incurred relating to non-investment advisory, administrative or operating services provided by GECM or its affiliates to us. We also bear all other costs and expenses of our operations and transactions. In addition, our expenses include interest on our outstanding indebtedness.

Critical Accounting Policies

Valuation of Portfolio Investments

We value our portfolio investments at fair value based upon the principles and methods of valuation set forth in policies adopted by our board of directors (our "Board"). Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Market participants are buyers and sellers in the principal (or most advantageous) market for the asset that (1) are independent of us; (2) are knowledgeable, having a reasonable understanding about the asset based on all available information (including information that might be obtained through due diligence efforts that are usual and customary); (3) are able to transact for the asset; and (4) are willing to transact for the asset (that is, they are motivated but not forced or otherwise compelled to do so).

Investments for which market quotations are readily available are valued at such market quotations unless the quotations are deemed not to represent fair value. Debt and equity securities for which market quotations are not readily available or for which market quotations are deemed not to represent fair value, are valued at fair value using a valuation process consistent with our Board-approved policy.

Our Board approves in good faith the valuation of our portfolio as of the end of each quarter. Due to the inherent uncertainty and subjectivity of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may differ significantly from the values that would have been used had a readily available market value existed for such investments and may differ materially from the values that we may ultimately realize. In addition, changes in the market environment and other events may impact the market quotations used to value some of our investments.

Those investments for which market quotations are not readily available or for which market quotations are deemed not to represent fair value are valued utilizing a market approach, an income approach, or both approaches, as appropriate. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities (including a business). The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. In following these approaches, the types of factors that we may take into account in determining the fair value of our investments include, as relevant and among other factors: 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 and the nature and realizable value of any collateral, the portfolio company's ability to make payments, its earnings and discounted cash flows, the markets in which the portfolio company does business, comparisons of financial ratios of peer companies that are public, and merger and acquisition comparables; and enterprise values.

We prefer the use of observable inputs and minimize the use of unobservable inputs in our valuation process. Inputs refer broadly to the assumptions that market participants would use in pricing an asset. Observable inputs are inputs that reflect the assumptions market participants would use in pricing an asset developed based on market data obtained from sources independent of us. Unobservable inputs are inputs that reflect our assumptions about the assumptions market participants would use in pricing an asset developed based on the best information available in the circumstances.

Both observable and unobservable inputs are subject to some level of uncertainty and assumptions used bear the risk of change in the future. We utilize the best information available to us, including the factors listed above, in preparing the fair valuations. In determining the fair value of any individual investment, we may use multiple inputs or utilize more than one approach to calculate the fair value to assess the sensitivity to change and determine a reasonable range of fair value. In addition, our valuation procedures include an assessment of the current valuation as compared to the previous valuation for each investment and where differences are material understanding the primary drivers of those changes, incorporating updates to our current valuation inputs and approaches as appropriate.

Revenue Recognition

Interest and dividend income, including PIK income, is recorded on an accrual basis. Origination, structuring, closing, commitment and other upfront fees, including original issue discounts (“OID”), earned with respect to capital commitments are generally amortized or accreted into interest income over the life of the respective debt investment, as are end-of-term or exit fees receivable upon repayment of a debt investment if such fees are fixed in nature. Other fees, including certain amendment fees, prepayment fees and commitment fees on broken deals, and end-of-term or exit fees that have a contingency feature or are variable in nature are recognized as earned. Prepayment fees and similar income due upon the early repayment of a loan or debt security are recognized when earned and are included in interest income.

We may purchase debt investments at a discount to their face value. Discounts on the acquisition of corporate debt instruments are generally amortized using the effective-interest or constant-yield method, unless there are material questions as to collectability.

We assess the outstanding accrued income receivables for collectability at least quarterly, or more frequently if there is an event that indicates the underlying portfolio company may not be able to make the expected payments. If it is determined that amounts are not likely to be paid we may establish a reserve against or reverse the income and put the investment on non-accrual status.

Net Realized Gains (Losses) and Net Change in Unrealized Appreciation (Depreciation)

We measure realized gains or losses by the difference between the net proceeds from the repayment or sale of an investment and the amortized cost basis of the investment, without regard to unrealized appreciation or depreciation previously recognized. Realized gains and losses are computed using the specific identification method.

Net change in unrealized appreciation or depreciation reflects the net change in portfolio investment fair values and portfolio investment cost bases during the reporting period, including the reversal of previously recorded unrealized appreciation or depreciation when gains or losses are realized.

Portfolio and Investment Activity

The following is a summary of our investment activity for the years ended December 31, 2018 and 2019 and the six months ended June 30, 2020:

<i>(in thousands)</i>	Acquisitions ⁽¹⁾	Dispositions ⁽²⁾	Weighted Average Yield End of Period ⁽³⁾
Quarter ended March 31, 2018	63,220	(29,069)	14.80%
Quarter ended June 30, 2018	37,927	(27,729)	11.10%
Quarter ended September 30, 2018	38,969	(37,991)	11.60%
Quarter ended December 31, 2018	34,849	(40,028)	12.00%
For the year ended December 31, 2018	174,965	(134,817)	
Quarter ended March 31, 2019	54,846	(59,869)	11.30%
Quarter ended June 30, 2019	62,238	(37,802)	11.40%
Quarter ended September 30, 2019	45,873	(44,531)	11.00%
Quarter ended December 31, 2019	14,800	(9,616)	10.80%
For the year ended December 31, 2019	177,757	(151,818)	
Quarter ended March 31, 2020	31,882	(29,420)	10.00%
Quarter ended June 30, 2020	15,913	(37,497)	10.18%
For the Six Months Ended June 30, 2020	47,795	(66,917)	

- (1) Includes new investments, additional fundings (inclusive of those on revolving credit facilities), refinancings and capitalized PIK income. Investments in short-term securities, including U.S. Treasury Bills and money market mutual funds, were excluded.
- (2) Includes scheduled principal payments, prepayments, sales, and repayments (inclusive of those on revolving credit facilities). Investments in short-term securities, including U.S. Treasury Bills and money market mutual funds, were excluded.
- (3) Weighted average yield is based upon the stated coupon rate and fair value of outstanding debt securities at the measurement date. Debt securities on non-accrual status are included in the calculation and are treated as having 0% as their applicable interest rate for purposes of this calculation, unless such debt securities are valued at zero.

Portfolio Reconciliation

The following is a reconciliation of the investment portfolio for the six months ended June 30, 2020 and the year ended December 31, 2019. Investments in short-term securities, including U.S. Treasury Bills and money market mutual funds, are excluded from the table below.

<i>(in thousands)</i>	For the Six Months Ended June 30, 2020	For the Year Ended December 31, 2019
Beginning Investment Portfolio, at fair value	\$ 197,615	\$ 184,186
Portfolio Investments acquired ⁽¹⁾	47,795	177,757
Amortization of premium and accretion of discount, net	2,469	5,982
Portfolio Investments repaid or sold ⁽²⁾	(66,917)	(151,818)
Net change in unrealized appreciation (depreciation) on investments	(23,212)	(19,792)
Net realized gain (loss) on investments	(11,489)	1,300
Ending Investment Portfolio, at fair value	<u>\$ 146,261</u>	<u>\$ 197,615</u>

- (1) Includes new investments, additional fundings (inclusive of those on revolving credit facilities), refinancings, and capitalized PIK income.
- (2) Includes scheduled principal payments, prepayments, sales, and repayments (inclusive of those on revolving credit facilities).

Portfolio Classification

The following table shows the fair value of our portfolio of investments by industry as of June 30, 2020 and December 31, 2019 (in thousands):

Industry	June 30, 2020		December 31, 2019	
	Investments at Fair Value	Percentage of Fair Value	Investments at Fair Value	Percentage of Fair Value
Wireless Telecommunications Services	\$ 38,456	26.29%	\$ 40,578	20.53%
Internet Media	16,006	10.94%	15,923	8.06%
Chemicals	10,534	7.20%	6,917	3.50%
Food & Staples	10,477	7.16%	20,975	10.61%
Software Services	10,429	7.14%	25,456	12.88%
Retail	10,127	6.92%	13,470	6.82%
Construction Materials Manufacturing	8,301	5.68%	7,792	3.94%
Specialty Finance	7,856	5.37%	7,726	3.91%
Apparel & Textile Products	6,319	4.33%	8,744	4.42%
Oil & Gas	6,001	4.10%	-	-%
Radio Broadcasting	5,668	3.88%	7,795	3.94%
Restaurants	3,076	2.10%	11,972	6.06%
Hotel Operator	2,851	1.95%	3,361	1.70%
Industrial	2,765	1.89%	4,200	2.13%
Communications Equipment	1,980	1.35%	-	-%
Metals & Mining	1,965	1.34%	-	-%
Technology	1,769	1.21%	-	-%
Real Estate Services	1,340	0.92%	2,065	1.04%
Consumer Finance	563	0.38%	1,050	0.53%
Building Cleaning and Maintenance Services	317	0.22%	819	0.41%
Maritime Security Services	29	0.02%	30	0.02%
Gaming, Lodging & Restaurants	-	-%	12,127	6.14%
Water Transport	-	-%	8,001	4.05%
Consulting	-	-%	(458)	(0.23)%
Telecommunications Services	(568)	(0.39)%	(928)	(0.47)%
Total	\$ 146,261	100.00%	\$ 197,615	99.99%

Results of Operations

This “—Results of Operations” discussion should be read in conjunction with the discussion of (“COVID-19”) under “—Recent Developments”.

Investment Income

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2020		2019		2020		2019	
	In Thousands	Per Share(1)	In Thousands	Per Share(2)	In Thousands	Per Share(1)	In Thousands	Per Share(2)
Total Investment Income	\$ 4,768	\$ 0.47	\$ 6,711	\$ 0.66	\$ 11,197	\$ 1.10	\$ 13,024	\$ 1.25
Interest income	4,184	0.41	5,664	0.55	10,171	1.00	11,384	1.09
Dividend income	480	0.05	538	0.05	883	0.09	1,011	0.10
Other income	104	0.01	509	0.05	143	0.01	629	0.06

(1) The per share amounts are based on a weighted average of 10,195,857 and 10,129,269 outstanding common shares for the three and six months ended June 30, 2020, respectively.

(2) The per share amounts are based on a weighted average of 10,239,631 and 10,439,572 outstanding common shares for the three and six months ended June 30, 2019, respectively.

Investment income consists of interest income, including net amortization of premium and accretion of discount on loans and debt securities, dividend income and other income, which primarily consists of amendment fees, commitment fees and funding fees on loans. For the three and six months ended June 30, 2020, interest income includes non-cash PIK income of \$1.3 million and \$2.5 million, respectively. For the three and six months ended June 30, 2019, interest income includes non-cash PIK income of \$1.2 million and \$2.4 million, respectively.

Interest income decreased for the three and six months ended June 30, 2020 as compared to the corresponding periods in the prior year due to exits from certain high income-generating positions, such as PE Facility Solutions, LLC, SESAC Holdco II LLC and Commercial Barge Line Company (“Commercial Barge”) over the last year, and general downward trends in LIBOR, the primary base rate referenced in our floating rate debt investments. In addition, as of March 31, 2020, two investments, Davidzon Radio, Inc. and PFS Holdings Corp., were put on nonaccrual status resulting in lower interest income for the current period than if interest payments had continued per the terms of each respective loan. Investments are expected to remain on non-accrual status absent an indication that interest payments will resume in the future.

The decrease in other income for each of the three and six months ended June 30, 2020 as compared to the corresponding periods in the prior year is primarily attributable to commitment and funding fees earned on our May 2019 investment in Avanti’s 1.5 lien senior secured notes.

As discussed under “—Recent Developments”, the full impact of COVID-19 on each of our portfolio companies is not known at this time. Depending on the duration and extent of the disruption to the operations of our portfolio companies, we expect that certain portfolio companies may experience financial distress and may be unable to make future interest payments or dividend distributions resulting in decreased income to the Company. In addition, the three and six months ended June 30, 2020 saw significant decreases in LIBOR, the primary base rate referenced in our floating rate debt investments. If interest rates stay depressed or continue to decrease further and we are otherwise unable to offset these reductions by investing in other debt instruments with higher interest rates we will see further decreases in our investment income.

Expenses

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2020		2019		2020		2019	
	In Thousands	Per Share ⁽¹⁾	In Thousands	Per Share ⁽²⁾	In Thousands	Per Share ⁽¹⁾	In Thousands	Per Share ⁽²⁾
Total Expenses	\$ 3,852	\$ 0.37	\$ 3,716	\$ 0.36	\$ 7,629	\$ 0.75	\$ 7,245	\$ 0.69
Management fees	591	0.06	742	0.07	1,289	0.13	1,448	0.14
Incentive fees	228	0.02	749	0.07	328	0.03	1,445	0.14
Total advisory and management fees	\$ 819	\$ 0.08	\$ 1,491	\$ 0.15	\$ 1,617	\$ 0.16	\$ 2,893	\$ 0.28
Administration fees	191	0.02	241	0.02	395	0.04	452	0.04
Directors’ fees	51	0.01	49	0.00	102	0.01	99	0.01
Interest expense	2,390	0.23	1,571	0.15	4,695	0.46	3,025	0.29
Professional services	250	0.02	229	0.02	507	0.05	468	0.04
Custody fees	19	-	15	0.00	39	-	30	0.00
Other	132	0.01	120	0.01	274	0.03	278	0.03

(1) The per share amounts are based on a weighted average of 10,195,857 and 10,129,269 outstanding common shares for the three and six months ended June 30, 2020, respectively.

(2) The per share amounts are based on a weighted average of 10,239,631 and 10,439,572 outstanding common shares for the three and six months ended June 30, 2019, respectively.

Expenses are largely comprised of advisory fees and administration fees paid to GECM and interest expense on our outstanding notes payable. See “—Liquidity and Capital Resources.” Advisory fees include management fees and incentive fees calculated in accordance with the Investment Management Agreement, and administration fees include direct costs reimbursable to GECM under the Administration Agreement and fees paid for sub-administration services.

Overall expenses for the three and six months ended June 30, 2020 increased as compared to the three and six months ended June 30, 2019 due to increased interest expense which was partially offset by a decrease in incentive fees. The increase in interest expense for the three and six months ended June 30, 2020 as compared to the three and six months ended June 30, 2019 is due to the issuance of \$45.0 million in aggregate principal amount of 6.50% notes due 2024 (the “GECCN Notes”) in June and July 2019 which resulted in a weighted average outstanding debt balance of \$122.2 million and \$123.1 million for the three and six months ended June 30, 2020, respectively, as compared to \$85.1 million and \$82.1 million for the three and six months ended June 30, 2019, respectively.

The decrease in incentive fees for the three and six months ended June 30, 2020 as compared to the corresponding periods in the prior year is the result of decreases in pre-incentive fee net investment income as a result of the decreased investment income discussed under “—Investment Income” above and the increase in interest expense. In addition, incentive fees for the three and six months ended June 30, 2020 included a reversal of approximately \$0.4 million in incentive fees accrued in prior periods. This reversal was primarily attributable to the sale of Commercial Barge in February 2020, for which the resulting proceeds did not fully cover the accreted cost of the investment. Excluding the impact of the reversal, incentive fees would have been approximately \$0.6 million for the three months ended March 31, 2020.

Realized Gains (Losses)

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2020		2019		2020		2019	
	In Thousands	Per Share ⁽¹⁾	In Thousands	Per Share ⁽²⁾	In Thousands	Per Share ⁽¹⁾	In Thousands	Per Share ⁽²⁾
Net Realized Gain (Loss)	\$ 932	\$ 0.10	\$ 410	\$ 0.04	\$ (10,381)	\$ (1.02)	\$ 1,018	\$ 0.10
Gross realized gain	1,485	0.15	449	0.04	1,887	0.19	1,844	0.18
Gross realized loss	(553)	(0.05)	(39)	(0.00)	(12,268)	(1.21)	(826)	(0.08)

(1) The per share amounts are based on a weighted average of 10,195,857 and 10,129,269 outstanding common shares for the three and six months ended June 30, 2020, respectively.

(2) The per share amounts are based on a weighted average of 10,239,631 and 10,439,572 outstanding common shares for the three and six months ended June 30, 2019, respectively.

During the three months ended June 30, 2020, net realized gains were primarily driven by the realized gains of approximately \$0.4 million on the maturity of our investment in Duff & Phelps revolver during the quarter. Realized gains for the three months ended June 30, 2020 includes approximately \$1.0 million in realized gain on repurchases of debt below par. During the six months ended June 30, 2020, net realized losses on investments were primarily driven by the sales of Commercial Barge and Full House Resorts, Inc. (“Full House”) during the period, for which we recognized realized losses of \$9.8 million and \$1.3 million, respectively. Realized gains for the six months ended June 30, 2020 includes approximately \$1.1 million in realized gain on repurchases of debt below par.

During the three months ended June 30, 2019, net realized gains were primarily driven by the realized gains of approximately \$0.3 million on the sale of our investment in Michael Baker International, LLC secured bonds during the quarter. During the six months ended June 30, 2019, net realized gains were largely driven by the sale of our investment in International Wire Group, Inc. secured bonds which resulted in a realized gain of approximately \$1.1 million along with an additional \$0.1 million in realized gains as a result of acceleration of OID. Gross realized losses for the six months ended June 30, 2019 were primarily comprised of the realized loss of approximately \$0.8 million on the sale of our investment in Sungard Availability Services Capital, Inc. secured loans.

Unrealized Appreciation (Depreciation) on Investments

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2020		2019		2020		2019	
	In Thousands	Per Share ⁽¹⁾	In Thousands	Per Share ⁽²⁾	In Thousands	Per Share ⁽¹⁾	In Thousands	Per Share ⁽²⁾
Net unrealized appreciation/ (depreciation)	\$ 1,663	\$ 0.17	\$ (7,783)	\$ (0.76)	\$ (23,214)	\$ (2.29)	\$ (3,107)	\$ (0.30)
Unrealized appreciation	10,380	1.02	1,297	0.13	11,775	1.16	4,620	0.44
Unrealized depreciation	(8,717)	(0.85)	(9,080)	(0.89)	(34,989)	(3.45)	(7,727)	(0.74)

(1) The per share amounts are based on a weighted average of 10,195,857 and 10,129,269 outstanding common shares for the three and six months ended June 30, 2020, respectively.

(2) The per share amounts are based on a weighted average of 10,239,631 and 10,439,572 outstanding common shares for the three and six months ended June 30, 2019, respectively.

During the three months ended June 30, 2020, we recognized unrealized appreciation of approximately \$2.0 million on our investment in ASP Chromaflo Technologies Corp. 2nd lien secured bond, approximately \$1.3 million on our investment in Finastra Group Holdings, Ltd. 2nd lien secured bond and approximately \$1.0 million on our investment in Greenway Health, LLC 1st lien revolver, respectively. We recognized unrealized depreciation of approximately \$3.0 million and \$1.6 million on our positions in California Pizza Kitchen, Inc. (“CPK”) and Boardriders, Inc., respectively.

During the six months ended June 30, 2020, net unrealized depreciation was largely driven by decreases in portfolio company valuations as compared to the prior year end. Most notably, we recognized unrealized depreciation of approximately \$5.0 million on our investment in Avanti Communications Group, plc (“Avanti”) 2nd lien secured bond, approximately \$3.3 million on our investment in Tru (UK) Asia Limited common equity and approximately \$5.7 million and \$3.3 million on our investment in CPK 1st lien loan and 2nd lien loan, respectively.

Unrealized appreciation for the six months ended June 30, 2020 was primarily due to the sale of Commercial Barge in February 2020, for which we realized approximately \$6.3 million of previously unrealized losses.

For each of the three and six months ended June 30, 2019, the net unrealized depreciation was largely driven by decreases in the valuation of portfolio investments, increases in our cost basis due to accretion of discount on loans and debt securities and the exit of investments which had unrealized appreciation in prior periods. We recognized unrealized depreciation of \$6.7 million and \$3.6 million on our investments in Avanti bonds and equity for the three and six months ended June 30, 2019, respectively, primarily driven by changes in the fair value of the loans. For the three and six months ended June 30, 2019, we recognized unrealized depreciation of \$0.8 million and \$1.4 million, respectively, on our investment in Commercial Barge, for which approximately half of the unrealized depreciation in each period is attributable to increases in cost basis due to the accretion of discount. Similarly, we recognized unrealized depreciation of \$0.5 million and \$1.0 million, respectively, over the same periods on our investment in PFS Holdings Corp., of which nearly all of the unrealized depreciation in each period is attributable to increases in cost basis due to the accretion of discount.

Unrealized depreciation for each of the three and six months ended June 30, 2019, was partially offset by unrealized appreciation due to increases in the valuation of certain portfolio investments. For example, for the three months ended June 30, 2019 we recognized unrealized appreciation of \$0.5 million on our investment in Finastra Group Holdings, Ltd. (“Finastra”), \$0.4 million on our investment in Prestige and \$0.2 million on our investment in Research Now Group, Inc. (“Research Now”) first lien secured revolver, and for the six months ended June 30, 2019, we recognized unrealized appreciation of \$1.0 million on our investment in Finastra, \$0.4 million on our investments in Research Now and \$0.2 million on our investment in Tallage Davis, LLC. In addition, for the six months ended June 30, 2019, the restructuring of our investment in Tru Taj, LLC (“Tru Taj”) and the subsequent valuation of the resulting common stock in TRU (UK) Asia Limited and TRU (UK) Asia Limited Liquidating Trust we received in such restructuring in exchange for Tru Taj debt securities, resulted in net unrealized appreciation of approximately \$1.0 million.

As discussed under “—Recent Developments”, we cannot predict the duration of the COVID-19 pandemic and the resulting impact to our individual portfolio companies or the broader market. It is likely that any recovery may be slow and/or volatile. The current unrealized depreciation on our portfolio may not be reversed in the short-term or at all and we may see further declines in fair value before the pandemic is over.

Liquidity and Capital Resources

This “—Liquidity and Capital Resources” discussion should be read in conjunction with the discussion of COVID-19 under “—Recent Developments”.

At June 30, 2020, we had approximately \$31.0 million of cash and cash equivalents, none of which was restricted in nature.

At June 30, 2020, we had investments in 29 debt instruments across 24 companies, totaling approximately \$121.0 million at fair value and eight equity investments in seven companies, totaling approximately \$25.3 million at fair value.

In the normal course of business, we may enter into investment agreements under which we commit to make an investment in a portfolio company at some future date or over a specified period of time. As of June 30, 2020, we had approximately \$36.8 million in unfunded loan commitments, subject to our approval in certain instances, to provide debt financing to certain of our portfolio companies. We had sufficient cash and other liquid assets on our June 30, 2020 balance sheet to satisfy the unfunded commitments.

For the six months ended June 30, 2020, net cash provided by operating activities was approximately \$33.9 million, reflecting the purchases and repayments of investments offset by net investment income, including non-cash income related to accretion of discount and PIK income and proceeds from sales of investments and principal payments received. Net cash provided by purchases and proceeds from sales of investments was approximately \$25.5 million, reflecting payments for additional investments of \$39.9 million, offset by proceeds from principal repayments and sales of \$65.4 million. Such amounts include draws and repayments on revolving credit facilities.

For the six months ended June 30, 2020, net cash used for financing activities was \$7.6 million, which consisted of \$4.2 million in distributions to investors and \$3.4 million in repurchases of our debt.

Contractual Obligations

A summary of our significant contractual payment obligations as of June 30, 2020 is as follows:

<i>(in thousands)</i>	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Contractual Obligations					
GECCL Notes	\$ 30,655	\$ -	\$ 30,655	\$ -	\$ -
GECCM Notes	45,610	-	-	45,610	-
GECCN Notes	43,273	-	-	43,273	-
Total	\$ 119,538	\$ -	\$ 30,655	\$ 88,883	\$ -

We have certain contracts under which we have material future commitments. Under the Investment Management Agreement, GECM provides investment advisory services to us. For providing these services, we pay GECM a fee, consisting of two components: (1) a base management fee based on the average value of our total assets and (2) an incentive fee based on our performance.

We are also party to the Administration Agreement with GECM. Under the Administration Agreement, GECM furnishes us with, or otherwise arranges for the provision of, office facilities, equipment, clerical, bookkeeping, finance, accounting, compliance and record keeping services at such office facilities and other such services as our administrator.

If any of the contractual obligations discussed above are terminated, our costs under any new agreements that we enter into may increase. In addition, we would likely incur significant time and expense in locating alternative parties to provide the services we expect to receive under our Investment Management Agreement and our Administration Agreement. Any new investment management agreement would also be subject to approval by our stockholders.

Both the Investment Management Agreement and the Administration Agreement may be terminated by either party without penalty upon no fewer than 60 days' written notice to the other.

Off-Balance Sheet Arrangements

There were no off-balance sheet arrangements, including any risk management of commodity pricing or other hedging practices, as of and for the three months ended June 30, 2020.

Notes Payable

On September 13, 2017, we sold \$28.4 million in aggregate principal amount of 6.50% notes due 2022 (the "GECCL Notes"). On September 29, 2017, we sold an additional \$4.3 million of the GECCL Notes upon full exercise of the underwriters' over-allotment option. The aggregate principal balance of the GECCL Notes outstanding as of June 30, 2020 is \$30.7 million.

The GECCL Notes are our unsecured obligations and rank equal with all of our outstanding and future unsecured unsubordinated indebtedness. The GECCL Notes are effectively subordinated, or junior in right of payment, to any future secured indebtedness that we may incur and structurally subordinated to all future indebtedness and other obligations of our subsidiaries. We pay interest on the GECCL Notes on January 31, April 30, July 31 and October 31 of each year. The GECCL Notes will mature on September 18, 2022 and can be called on, or after, September 18, 2019. Holders of the GECCL Notes do not have the option to have the GECCL Notes repaid prior to the stated maturity date. The GECCL Notes were issued in minimum denominations of \$25 and integral multiples of \$25 in excess thereof.

On January 11, 2018, we sold \$43.0 million in aggregate principal amount of 6.75% notes due 2025 (the "GECCM Notes"). On January 19, 2018 and February 9, 2018, we sold an additional \$1.9 million and \$1.5 million, respectively, of the GECCM Notes upon partial exercise of the underwriters' over-allotment option. The aggregate principal balance of the GECCM Notes outstanding as of June 30, 2020 is \$45.6 million.

The GECCM Notes are our unsecured obligations and rank equal with all of our outstanding and future unsecured unsubordinated indebtedness. The GECCM Notes are effectively subordinated, or junior in right of payment, to any future secured indebtedness that we may incur and structurally subordinated to all future indebtedness and other obligations of our subsidiaries. We pay interest on the GECCM Notes on March 31, June 30, September 30 and December 31 of each year. The GECCM Notes will mature on January 31, 2025 and can be called on, or after, January 31, 2021. Holders of the GECCM Notes do not have the option to have the GECCM Notes repaid prior to the stated maturity date. The GECCM Notes were issued in minimum denominations of \$25 and integral multiples of \$25 in excess thereof.

On June 18, 2019, we sold \$42.5 million in aggregate principal amount of the GECCN Notes, which included \$2.5 million of GECCN Notes sold in connection with the partial exercise of the underwriters' over-allotment option. On July 5, 2019, we sold an additional \$2.5 million of the GECCN Notes upon another partial exercise of the underwriters' over-allotment option. The aggregate principal balance of the GECCN Notes outstanding as of June 30, 2020 is \$43.2 million.

The GECCN Notes are our unsecured obligations and rank equal with all of our outstanding and future unsecured unsubordinated indebtedness. The GECCN Notes are effectively subordinated, or junior in right of payment, to any future secured indebtedness that we may incur and structurally subordinated to all future indebtedness and other obligations of our subsidiaries. We pay interest on the GECCN Notes on March 31, June 30, September 30 and December 31 of each year beginning September 30, 2019. The GECCN Notes will mature on June 30, 2024 and can be called on, or after, June 30, 2021. Holders of the GECCN Notes do not have the option to have the GECCN Notes repaid prior to the stated maturity date. The GECCN Notes were issued in minimum denominations of \$25 and integral multiples of \$25 in excess thereof.

We may repurchase the Notes in accordance with the Investment Company Act and the rules promulgated thereunder. During the six months ended June 30, 2020, we repurchased \$2.0 million in principal amount of the GECCL Notes \$0.8 million in principal amount of the GECCM Notes and \$1.7 million in principal amount of the GECCN Notes.

As of June 30, 2020, our asset coverage ratio was approximately 144.5%. We are subject to a minimum asset coverage ratio of 150% (the “Minimum ACR”). As of a result of falling below the Minimum ACR, we will be subject to certain limitations on our ability to incur additional debt, make cash distributions on junior securities or repurchase junior securities, in each case, in accordance with the Investment Company Act of 1940, as amended and the indentures governing our outstanding notes, until such time we are above the Minimum ACR.

Recent Developments

On July 15, 2020, we distributed 164,614 shares in connection with the June 30, 2020 distribution.

In July 2020:

- we purchased 800,000 preferred shares in Crestwood Equity Partners LP for approximately \$5.0 million.
- we purchased \$3.0 million in par value of First Brands Group, LLC 1st lien term loan at 94% of par value.
- we purchased \$2.8 million in par value of Tensar Corp. 2nd lien term loan at 76% of par value.

On July 30, 2020, California Pizza Kitchen, Inc. (“CPK”) filed for bankruptcy. As of June 30, 2020, we held \$9.9 million in par value of CPK 1st lien secured loan and \$4.3 million in par value of CPK 2nd lien secured loan. In connection with the bankruptcy filing, CPK has entered into a restructuring support agreement with certain of its lenders, including the Company.

In August 2020, we purchased \$4.2 million in par value of CPK debtor-in-possession term loan at 85% of par value.

Our Board declared monthly distributions for the fourth quarter of 2020 at an annual rate of approximately 19.5% of our June 30, 2020 NAV, which equates to \$0.083 per month. All of the monthly distributions are from net investment income. The schedule of distribution payments will be established by GECC pursuant to authority granted by the Board. The distributions will be paid in cash or shares of our common stock at the election of shareholders, although the total amount of cash to be distributed to all shareholders will be limited to approximately 10% of the total distributions to be paid to all shareholders. The remainder of the distributions (approximately 90%) will be paid in the form of shares of our common stock, in accordance with applicable law and the indentures governing our outstanding notes.

COVID-19

The recent global outbreak of the COVID-19 has disrupted economic markets and the economic impact, duration and spread of the COVID-19 virus is uncertain at this time. The operational and financial performance of some of the portfolio companies in which we make investments has been and may further be significantly impacted by COVID-19, which may in turn impact the valuation of our investments, results of our operations and cash flows. For example, we do not currently meet the minimum asset coverage ratio of 150% due to the devaluation of the assets of our portfolio companies. See “— Liquidity and Capital Resources” above.

Our investment manager prioritizes the health and safety of employees and in early March 2020, GECCM moved to a remote-working model for all employees. In addition, the officers of GECC have maintained regular communications with key service providers, including the fund administration, legal and accounting professionals, noting that those firms have similarly moved to remote-working models to the extent possible. Our employees and key service providers have been able to effectively transition to working remotely while maintaining a consistent level of capabilities and service, however, we will continue to monitor and make adjustments as necessary.

While we have been carefully monitoring the COVID-19 pandemic and its impact on our business and the business of our portfolio companies, we have continued to fund our existing debt commitments. In addition, we have continued to make, and expect to continue to make, new investments.

We cannot predict the full impact of the COVID-19 pandemic, including its duration in the United States and worldwide and the magnitude of the economic impact of the outbreak, including with respect to the travel restrictions, business closures and other quarantine measures imposed on service providers and other individuals by various local, state, and federal governmental authorities, as well as non-U.S. governmental authorities. As such, we are unable to predict the duration of any business and supply-chain disruptions, the extent to which the COVID-19 pandemic will negatively affect our portfolio companies' operating results or the impact that such disruptions may have on our results of operations and financial condition. Our portfolio is diversified across multiple industries and the direct and indirect impacts of the COVID-19 pandemic will be dependent on the specific circumstances for each portfolio company. For example, companies that derive revenues through in-person interactions with customers, such as restaurants and retail stores, have been and may be subject to reduced capacity or shutdowns based on local government advisories and regulations. As noted under Recent Developments above, CPK has recently filed for bankruptcy. Other companies may be better able to adapt to the changing environment by moving their workforce to a remote-working model and leveraging technology solutions to interact with customers.

Depending on the duration and extent of the disruption to the operations of our portfolio companies, we expect that certain portfolio companies may experience financial distress and possibly default on their financial obligations to us and their other capital providers. We also expect that some of our portfolio companies may significantly curtail business operations, furlough or lay off employees and terminate service providers, and defer capital expenditures if subjected to prolonged and severe financial distress, which would likely impair their business on a permanent basis. These developments would likely result in a decrease in the value of our investment in any such portfolio company.

The COVID-19 pandemic and the related disruption and financial distress experienced by our portfolio companies may have material adverse effects on our investment income, particularly our interest income, received from our investments. In connection with the adverse effects of the COVID-19 pandemic, we may need to restructure our investments in some of our portfolio companies, which could result in reduced interest payments, an increase in the amount of PIK interest we receive, or result in permanent write-downs on our investments.

We have had a significant reduction in our net asset value as of June 30, 2020 as compared to our net asset value as of December 31, 2019. The decrease in net asset value as of June 30, 2020 was largely the result of decreases in the fair value of some of our portfolio company investments primarily due to the immediate adverse economic effects of the COVID-19 pandemic and the continuing uncertainty surrounding its long-term impact, as well as the re-pricing of credit risk in the broadly syndicated credit market.

We are also subject to financial risks, including changes in market interest rates. As of June 30, 2020, approximately \$140.6 million in principal amount of our debt investments bore interest at variable rates, which are generally based on LIBOR, and many of which are subject to certain floors. In connection with the COVID-19 pandemic, the U.S. Federal Reserve and other central banks have reduced certain interest rates and LIBOR has decreased. A prolonged reduction in interest rates will reduce our gross investment income and could result in a decrease in our net investment income if such decreases in LIBOR are not offset by a corresponding increase in the spread over LIBOR that we earn on any portfolio investments or a decrease in our operating expenses. See "Item 3. Quantitative and Qualitative Disclosures About Market Risk" for an analysis of the impact of hypothetical base rate changes in interest rates.

We will continue to monitor the rapidly evolving situation relating to the COVID-19 pandemic and guidance from U.S. and international authorities, including federal, state and local public health authorities and may take additional actions based on their recommendations. In these circumstances, there may be developments outside our control requiring us to adjust our plan of operation. As such, given the dynamic nature of this situation, we cannot reasonably estimate the impacts of COVID-19 on our financial condition, results of operations or cash flows in the future. To the extent our portfolio companies are adversely impacted by the effects of the COVID-19 pandemic, it may have a material adverse impact on our future net investment income, the fair value of our portfolio investments, its financial condition and the results of operations and financial condition of our portfolio companies.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are subject to financial market risks, including changes in interest rates. As of June 30, 2020, seven debt investments in our portfolio bore interest at a fixed rate, and the remaining 22 debt investments were at variable rates, representing approximately \$76.0 million and \$140.6 million in principal debt, respectively. As of December 31, 2019, five debt investments in our portfolio bore interest at a fixed rate, and the remaining 23 debt investments were at variable rates, representing approximately \$71.9 million and \$174.3 million in principal debt, respectively. The variable rates are based upon the London Interbank Offered Rate (“LIBOR”).

To illustrate the potential impact of a change in the underlying interest rate on our net investment income, we have assumed a 1%, 2%, and 3% increase and 1%, 2%, and 3% decrease in the underlying LIBOR, and no other change in our portfolio as of June 30, 2020. We have also assumed that there are no outstanding floating rate borrowings by the Company. See the following table for the effect the rate changes would have on net investment income.

LIBOR Increase (Decrease)	Increase (decrease) of Net Investment Income (in thousands)
3.00%	\$ 2,357
2.00%	1,571
1.00%	786
(1.00)%	(51)
(2.00)%	(51)
(3.00)%	(51)

Although we believe that this analysis is indicative of our existing interest rate sensitivity at June 30, 2020, it does not adjust for changes in the credit quality, size and composition of our portfolio, and other business developments, including borrowing under a credit facility, that could affect the net increase in net assets resulting from operations. Accordingly, no assurances can be given that actual results would not differ materially from the results under this hypothetical analysis.

We may in the future hedge against interest rate fluctuations by using standard hedging instruments such as futures, options and forward contracts. While hedging activities may insulate us against adverse changes in interest rates, they may also limit our ability to participate in the benefits of lower interest rates with respect to the investments in our portfolio with fixed interest rates.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

As of June 30, 2020, we, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities and Exchange Act of 1934, as amended (the “Exchange Act”). Based on that evaluation, our management, including our Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective and provided reasonable assurance that information required to be disclosed in our periodic filings with the Securities and Exchange Commission (“SEC”) is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. However, in evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Changes in Internal Controls Over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the quarter ended June 30, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 1. Legal Proceedings.

From time to time, we, our investment adviser or administrator may be a party to certain legal proceedings in the ordinary course of business, including proceedings relating to the enforcement of our rights under contracts with our portfolio companies. There have been no material updates to the legal proceedings previously disclosed in our Form 10-K.

Item 1A. Risk Factors.

In addition to the risk factors set forth below and other information set forth in this report, you should carefully consider the “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019, which could materially affect our business, financial condition and/or operating results.

Events outside of our control, including public health crises such as the ongoing COVID-19 pandemic, may negatively affect our results of operations and financial performance. As COVID-19 continues to spread in the United States, we expect to experience disruptions that could adversely impact our business. It is unknown how long these disruptions could continue. The outbreak of COVID-19 may also have a material adverse impact on the ability of our portfolio companies to fulfill their end customers’ orders due to supply chain delays, limited access to key commodities or technologies or other events that impact their manufacturers or their suppliers. Such events have affected, and may in the future affect our business, financial condition or results of operations. As the global outbreak of COVID-19 continues to rapidly evolve, the extent to which COVID-19 may impact our business will depend on future developments, which are highly uncertain and cannot be predicted. The continuing spread of an infectious respiratory illness caused by COVID-19 has caused volatility, severe market dislocations and liquidity constraints in many markets, including investments the Company holds, and may adversely affect the Company’s investments and operations. The outbreak was first detected in December 2019 and subsequently spread globally. On March 11, 2020, the World Health Organization declared COVID-19 as a pandemic, and on March 13, 2020 the United States declared a national emergency with respect to COVID-19. The transmission of COVID-19 and efforts to contain its spread have resulted in travel restrictions and disruptions, closed international borders, enhanced health screenings at ports of entry and elsewhere, disruption of and delays in healthcare service preparation and delivery, quarantines, event and service cancellations or interruptions, disruptions to business operations (including staff reductions), supply chains and consumer activity, as well as general concern and uncertainty that has negatively affected the economic environment. These disruptions have led to instability in the market place, including stock market losses and overall volatility. The impact of COVID-19, and other infectious illness outbreaks, epidemics or pandemics that may arise in the future, could adversely affect the economies of many nations or the entire global economy, the financial performance of individual issuers, borrowers and sectors and the health of the markets generally in potentially significant and unforeseen ways. In addition, the impact of infectious illnesses, such as COVID-19, in emerging market countries may be greater due to generally less established healthcare systems. This crisis or other public health crises may exacerbate other pre-existing political, social and economic risks in certain countries or globally.

The foregoing could lead to a significant economic downturn or recession, increased market volatility, a greater number of market closures, higher default rates and adverse effects on the values and liquidity of securities or other assets. Such impacts, which may vary across asset classes, may adversely affect the performance of the Company’s investments, the Company and your investment in the Company. In certain cases, an exchange or market may close or issue trading halts on either specific securities or even the entire market, which may result in the Company being, among other things, unable to buy or sell certain securities or financial instruments or to accurately price their investments.

The Company and our investment manager have taken steps reasonably designed to ensure that they maintain normal business operations, and that the Company, its portfolio and assets are protected. However, in the event of a pandemic or an outbreak, such as COVID-19, there can be no assurance that the Company, the investment manager and service providers, or the Company’s portfolio companies, will be able to maintain normal business operations for an extended period of time or will not lose the services of key personnel on a temporary or long-term basis due to illness or other reasons. A pandemic or disease could also impair the information technology and other operational systems upon which the investment manager relies and could otherwise disrupt the ability of the Company’s service providers to perform essential tasks.

Governmental authorities and regulators throughout the world, such as the U.S. Federal Reserve, have in the past responded to major economic disruptions with changes to fiscal and monetary policy, including but not limited to, direct capital infusions, new monetary programs and dramatically lower interest rates. Certain of those policy changes, such as the passage of the Coronavirus Aid, Relief, and Economic Security (CARES) Act on March 27, 2020, are being implemented in response to the COVID-19 pandemic. Such policy changes may adversely affect the value, volatility and liquidity of dividend and interest paying securities. The effect of recent efforts undertaken by the U.S. Federal Reserve to address the economic impact of the COVID-19 pandemic, such as the reduction of the federal funds target rate, and other monetary and fiscal actions that may be taken by the U.S. federal government to stimulate the U.S. economy, are not yet fully known. The duration of the COVID-19 outbreak and its full impacts are unknown, resulting in a high degree of uncertainty for potentially extended periods of time.

We are currently operating in a period of capital markets disruption and economic uncertainty. The U.S. capital markets have experienced extreme volatility and disruption following the global outbreak of COVID-19 that began in December 2019. Some economists and major investment banks have expressed concern that the continued spread of the virus globally could lead to a world-wide economic downturn. 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. These and future market disruptions and/or illiquidity would be expected to have an adverse effect on our business, financial condition, results of operations and cash flows. Unfavorable economic conditions also would be expected to increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events have limited and could continue to limit our investment originations, 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.

If the current period of capital market disruption and instability continues for an extended period of time, there is a risk that our stockholders may not receive distributions or that our distributions may not grow over time. We intend to make 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 make a specified level of cash distributions or year-to-year increases in distributions. Our ability to pay distributions might be adversely affected by the impact of one or more of the risk factors described in this quarterly report on Form 10-Q or incorporated herein by reference, including the COVID-19 pandemic described above. For example, if the temporary closure of many corporate offices, retail stores, and manufacturing facilities and factories in the jurisdictions, including the United States, affected by the COVID-19 pandemic were to continue for an extended period of time it could result in reduced cash flows to us from our existing portfolio companies, which could reduce cash available for distribution to our stockholders. In addition, due to the asset coverage test applicable to us as a BDC, we may be limited in our ability to make cash distributions. Further, if we invest a greater amount of assets in equity securities that do not pay current dividends, it could reduce the amount available for distribution. The above referenced restrictions on distributions may also inhibit our ability to make required interest payments to holders of our debt, which may cause a default under the terms of our debt agreements. Such a default could materially increase our cost of raising capital, as well as cause us to incur penalties under the terms of our debt agreements.

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

Not applicable.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Not applicable.

Item 6. Exhibits.

Unless otherwise indicated, all references are to exhibits to the applicable filing by Great Elm Capital Corp. (the “Registrant”) under File No. 814-01211 with the Securities and Exchange Commission.

Exhibit Number	Description
2.1	<u>Agreement and Plan of Merger, dated as of June 23, 2016, by and between Full Circle Capital Corporation and the Registrant (incorporated by reference to the Rule 425 filing (File No. 814-00809) on June 27, 2016)</u>
2.2	<u>Subscription Agreement, dated as of June 23, 2016, by and among the Registrant, Great Elm Capital Group, Inc. and the investment funds signatory thereto (incorporated by reference to the Rule 425 filing (File No. 814-00809) on June 27, 2016)</u>
3.1	<u>Amended and Restated Charter of the Registrant (incorporated by reference to Exhibit 3.1 to the Form 8-K filed on November 7, 2016)</u>
3.2	<u>Bylaws of the Registrant (incorporated by reference to Exhibit 2 to the Registration Statement on Form N-14 (File No. 333-212817) filed on August 1, 2016)</u>
4.1	<u>Form of certificate for the Registrant’s common stock (incorporated by reference to Exhibit 5 to the Registration Statement on Form N-14 (File No. 333-212817) filed on August 1, 2016)</u>
4.2	<u>Indenture, dated as of September 18, 2017, by and between the Registrant and American Stock Transfer & Trust Company, LLC, as trustee (the “Trustee”),(incorporated by reference to Exhibit 4.1 to the Form 8-K/A filed on September 21, 2017)</u>
4.3	<u>First Supplemental Indenture, dated as of September 18, 2017, by and between the Registrant and the Trustee (incorporated by reference to Exhibit 4.2 to the Form 8-K/A filed on September 21, 2017)</u>
4.4	<u>Global Note, dated September 18, 2017 (incorporated by reference to Exhibit 4.3 to the Form 8-K filed on September 19, 2017, as amended September 21, 2017)</u>
4.5	<u>Global Note, dated September 29, 2017 (incorporated by reference to Exhibit 4.3 to the Form 8-K filed on September 29, 2017)</u>
4.6	<u>Second Supplemental Indenture, dated as of January 19, 2018, by and between the Registrant and the Trustee (incorporated by reference to Exhibit (d)(3) to the post-effective amendment to the Registration Statement on Form N-2 (File No. 333-221882) filed on January 19, 2018)</u>
4.7	<u>Global Note, dated January 19, 2018 (incorporated by reference to Exhibit (d)(1) to the post-effective amendment to the Registration Statement on Form N-2 (File No. 333-221882) filed on January 19, 2018)</u>
4.8	<u>Third Supplemental Indenture, dated as of June 18, 2019, by and between the Registrant and the Trustee (incorporated by reference to Exhibit (d)(3) to the post-effective amendment to the Registration Statement on Form N-2 (File No. 333-227605) filed on June 18, 2019)</u>
4.9	<u>Global Note, dated June 18, 2019 (incorporated by reference to Exhibit (d)(1) to the post-effective amendment to the Registration Statement on Form N-2 (File No. 333-227605) filed on June 18, 2019)</u>
10.1	<u>Custody Agreement, dated January 2, 2020, by and between the Registrant and U.S. Bank National Association (incorporated by reference to Exhibit 10.1 to the Form 10-Q filed on May 11, 2020)</u>
31.1*	<u>Certification of the Registrant’s Chief Executive Officer (“CEO”)</u>
31.2*	<u>Certification of the Registrant’s Chief Financial Officer (“CFO”)</u>
32.1*	<u>Certification of the Registrant’s CEO and CFO</u>

* 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.

GREAT ELM CAPITAL CORP.

Date: August 7, 2020

By: /s/ Peter A. Reed
Name: Peter A. Reed
Title: Chief Executive Officer

Date: August 7, 2020

By: /s/ Keri A. Davis
Name: Keri A. Davis
Title: Chief Financial Officer

GREAT ELM CAPITAL CORP.
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GREAT ELM CAPITAL CORP.
CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES (unaudited)
Dollar amounts in thousands (except per share amounts)

	June 30, 2020	December 31, 2019
Assets		
Investments		
Non-affiliated, non-controlled investments, at fair value (amortized cost of \$137,138 and \$168,269, respectively)	\$ 99,040	\$ 147,412
Non-affiliated, non-controlled short-term investments, at fair value (amortized cost of \$74,964 and \$85,733, respectively)	74,962	85,733
Affiliated investments, at fair value (amortized cost of \$106,696 and \$102,704, respectively)	38,485	40,608
Controlled investments, at fair value (amortized cost of \$9,598 and \$10,601, respectively)	8,736	9,595
Total investments	<u>221,223</u>	<u>283,348</u>
Cash and cash equivalents	30,977	4,606
Receivable for investments sold	1,531	-
Interest receivable	2,987	2,350
Dividends receivable	480	14
Due from portfolio company	729	617
Due from affiliates	15	15
Prepaid expenses and other assets	24	89
Total assets	<u>\$ 257,966</u>	<u>\$ 291,039</u>
Liabilities		
Notes payable 6.50% due September 18, 2022 (including unamortized discount of \$644 and \$839, respectively)	\$ 30,011	\$ 31,792
Notes payable 6.75% due January 31, 2025 (including unamortized discount of \$1,171 and \$1,321, respectively)	44,439	45,078
Notes payable 6.50% due June 30, 2024 (including unamortized discount of \$1,768 and \$2,058, respectively)	41,505	42,942
Payable for investments purchased	78,136	72,749
Interest payable	361	354
Distributions payable	865	1,338
Accrued incentive fees payable	8,484	8,157
Due to affiliates	747	997
Accrued expenses and other liabilities	264	743
Total liabilities	<u>\$ 204,812</u>	<u>\$ 204,150</u>
Commitments and contingencies (Note 6)	\$ -	\$ -
Net Assets		
Common stock, par value \$0.01 per share (100,000,000 shares authorized, 10,424,957 shares issued and outstanding and 10,062,682 shares issued and outstanding, respectively)	\$ 104	\$ 101
Additional paid-in capital	194,460	193,114
Accumulated losses	(141,410)	(106,326)
Total net assets	<u>\$ 53,154</u>	<u>\$ 86,889</u>
Total liabilities and net assets	<u>\$ 257,966</u>	<u>\$ 291,039</u>
Net asset value per share	<u>\$ 5.10</u>	<u>\$ 8.63</u>

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

GREAT ELM CAPITAL CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)
Dollar amounts in thousands (except per share amounts)

	<u>For the Three Months Ended June 30,</u>		<u>For the Six Months Ended June 30,</u>	
	2020	2019	2020	2019
Investment Income:				
Interest income from:				
Non-affiliated, non-controlled investments	\$ 2,616	\$ 3,673	\$ 7,082	\$ 7,522
Affiliated investments	243	213	470	411
Affiliated investments (PIK)	1,297	940	2,521	1,815
Controlled investments	28	539	98	1,053
Controlled investments (PIK)	-	299	-	583
Total interest income	<u>4,184</u>	<u>5,664</u>	<u>10,171</u>	<u>11,384</u>
Dividend income from:				
Non-affiliated, non-controlled investments	-	138	3	211
Controlled investments	480	400	880	800
Total dividend income	<u>480</u>	<u>538</u>	<u>883</u>	<u>1,011</u>
Other income from:				
Non-affiliated, non-controlled investments	26	32	56	132
Affiliated investments	-	2	-	2
Affiliated investments (PIK)	75	456	75	456
Controlled investments	3	19	12	39
Total other income	<u>104</u>	<u>509</u>	<u>143</u>	<u>629</u>
Total investment income	<u>\$ 4,768</u>	<u>\$ 6,711</u>	<u>\$ 11,197</u>	<u>\$ 13,024</u>
Expenses:				
Management fees	\$ 591	\$ 742	\$ 1,289	\$ 1,448
Incentive fees	228	749	328	1,445
Administration fees	191	241	395	452
Custody fees	19	15	39	30
Directors' fees	51	49	102	99
Professional services	250	229	507	468
Interest expense	2,390	1,571	4,695	3,025
Other expenses	132	120	274	278
Total expenses	<u>\$ 3,852</u>	<u>\$ 3,716</u>	<u>\$ 7,629</u>	<u>\$ 7,245</u>
Net investment income	<u>\$ 916</u>	<u>\$ 2,995</u>	<u>\$ 3,568</u>	<u>\$ 5,779</u>
Net realized and unrealized gains (losses):				
Net realized gain (loss) on investment transactions from:				
Non-affiliated, non-controlled investments	\$ (42)	\$ 410	\$ (11,498)	\$ 1,018
Repurchase of debt	974	-	1,117	-
Total net realized gain (loss)	<u>932</u>	<u>410</u>	<u>(10,381)</u>	<u>1,018</u>
Net change in unrealized appreciation (depreciation) on investment transactions from:				
Non-affiliated, non-controlled investments	2,472	(1,425)	(17,243)	718
Affiliated investments	(1,030)	(6,693)	(6,115)	(3,570)
Controlled investments	221	335	144	(255)
Total net change in unrealized appreciation (depreciation)	<u>1,663</u>	<u>(7,783)</u>	<u>(23,214)</u>	<u>(3,107)</u>
Net realized and unrealized gains (losses)	<u>\$ 2,595</u>	<u>\$ (7,373)</u>	<u>\$ (33,595)</u>	<u>\$ (2,089)</u>
Net increase (decrease) in net assets resulting from operations	<u>\$ 3,511</u>	<u>\$ (4,378)</u>	<u>\$ (30,027)</u>	<u>\$ 3,690</u>
Net investment income per share (basic and diluted):	\$ 0.09	\$ 0.29	\$ 0.35	\$ 0.55
Earnings per share (basic and diluted):	\$ 0.34	\$ (0.43)	\$ (2.96)	\$ 0.35
Weighted average shares outstanding (basic and diluted):	10,195,857	10,239,631	10,129,269	10,439,572

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

GREAT ELM CAPITAL CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS (unaudited)
Dollar amounts in thousands

	<u>For the Three Months Ended June 30,</u>		<u>For the Six Months Ended June 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Increase (decrease) in net assets resulting from operations:				
Net investment income	\$ 916	\$ 2,995	\$ 3,568	\$ 5,779
Net realized gain (loss)	932	410	(10,381)	1,018
Net change in unrealized appreciation (depreciation) on investments	1,663	(7,783)	(23,214)	(3,107)
Net increase (decrease) in net assets resulting from operations	3,511	(4,378)	(30,027)	3,690
Distributions to stockholders:				
Distributions ⁽¹⁾	(2,552)	(2,529)	(5,058)	(5,166)
Total distributions to stockholders	(2,552)	(2,529)	(5,058)	(5,166)
Capital transactions:				
Purchases of common stock	-	(3,407)	-	(5,000)
Common stock distributed	1,350	-	1,350	-
Net increase (decrease) in net assets resulting from capital transactions	1,350	(3,407)	1,350	(5,000)
Total increase (decrease) in net assets	2,309	(10,314)	(33,735)	(6,476)
Net assets at beginning of period	\$ 50,845	\$ 113,954	\$ 86,889	\$ 110,116
Net assets at end of period	\$ 53,154	\$ 103,640	\$ 53,154	\$ 103,640
Capital share activity				
Shares outstanding at the beginning of the period	10,062,682	10,460,401	10,062,682	10,652,401
Shares purchased	-	(397,719)	-	(589,719)
Common stock distributed	362,275	-	362,275	-
Shares outstanding at the end of the period	10,424,957	10,062,682	10,424,957	10,062,682

(1) Distributions were from net investment income for each of the periods presented.

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

GREAT ELM CAPITAL CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)
Dollar amounts in thousands

	For the Six Months Ended June 30,	
	2020	2019
Cash flows from operating activities		
Net increase (decrease) in net assets resulting from operations	\$ (30,027)	\$ 3,690
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by (used for) operating activities:		
Purchases of investments	(39,890)	(94,293)
Net change in short-term investments	10,769	(46,818)
Capitalized payment-in-kind interest	(2,518)	(2,784)
Proceeds from sales of investments	40,869	93,489
Proceeds from principal payments	24,517	15,044
Net realized (gain) loss on investments	11,489	(1,018)
Net change in unrealized (appreciation) depreciation on investments	23,214	3,107
Amortization of premium and accretion of discount, net	(2,469)	(2,713)
Net realized gain on repurchase of debt	(1,117)	-
Amortization of discount (premium) on long term debt	635	298
Increase (decrease) in operating assets and liabilities:		
(Increase) decrease in interest receivable	(637)	1,065
(Increase) decrease in dividends receivable	(466)	(48)
(Increase) decrease in due from portfolio company	(112)	(36)
(Increase) decrease in due from affiliates	-	(10)
(Increase) decrease in prepaid expenses and other assets	65	404
Increase (decrease) in due to affiliates	77	1,279
Increase (decrease) in interest payable	7	99
Increase (decrease) in accrued expenses and other liabilities	(479)	108
Net cash provided by (used for) operating activities	<u>33,927</u>	<u>(29,137)</u>
Cash flows from financing activities		
Purchases of common stock	-	(5,000)
Purchase of debt	(3,375)	-
Issuance of Notes payable	-	40,285
Distributions paid	(4,181)	(7,772)
Net cash provided by (used for) financing activities	<u>(7,556)</u>	<u>27,513</u>
Net increase (decrease) in cash	26,371	(1,624)
Cash, beginning of period	4,606	4,167
Cash, end of period	<u>\$ 30,977</u>	<u>\$ 2,543</u>
Supplemental disclosure of non-cash financing activities:		
Distributions declared, not yet paid	\$ 865	\$ 835
Common stock distributed	\$ 1,350	\$ -
Supplemental disclosure of cash flow information:		
Cash paid for excise tax	\$ 233	\$ 171
Cash paid for interest	\$ 4,048	\$ 2,626

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

GREAT ELM CAPITAL CORP.
CONSOLIDATED SCHEDULE OF INVESTMENTS (unaudited)
June 30, 2020

Dollar amounts in thousands

Portfolio Company	Industry	Security(1)	Notes	Interest Rate(2)	Initial Acquisition Date	Maturity	Par Amount / Quantity	Cost	Fair Value
Investments at Fair Value									
APTIM Corp.	Industrial	1st Lien, Secured Bond	11	7.75%	03/28/2019	06/15/2025	\$ 7,000	\$ 5,719	\$ 2,765
ASP Chromaflo Technologies Corp.	Chemicals	2nd Lien, Secured Loan	5	1M L + 8.00%, 9.00% Floor (9.00%)	08/12/2019	11/18/2024	11,312	11,011	10,534
Avanti Communications Group, plc	Wireless Telecommunications Services	1.25 Lien, Secured Bond	4, 5, 6, 10, 11, 12	12.50%	04/28/2020	05/24/2021	1,079	1,079	1,079
Avanti Communications Group, plc	Wireless Telecommunications Services	1.5 Lien, Secured Bond	4, 5, 6, 10, 11, 12	12.50%	05/24/2019	05/24/2021	8,944	8,944	8,944
Avanti Communications Group, plc	Wireless Telecommunications Services	2nd Lien, Secured Bond	4, 5, 6, 10, 11	9.00%	11/03/2016	10/01/2022	44,378	41,773	27,175
Avanti Communications Group, plc	Wireless Telecommunications Services	Common Equity	4, 5, 7, 10	n/a	11/03/2016	n/a	196,086,410	50,660	1,258
Best Western Luling	Hotel Operator	1st Lien, Secured Loan	5, 8, 9	1M L + 12.00%, 12.25% Floor (0.00%)	11/03/2016	12/18/2017	2,715	1,300	2,851
Boardriders, Inc.	Apparel & Textile Products	1st Lien, Secured Loan	5	3M L + 6.50%, 7.50% Floor (7.50%)	03/28/2019	04/06/2024	8,917	8,787	6,319
California Pizza Kitchen, Inc.	Restaurants	1st Lien, Secured Loan	5	3M L + 6.00%, 7.00% Floor (7.00%)	03/26/2019	08/23/2022	9,897	9,691	2,886
California Pizza Kitchen, Inc.	Restaurants	2nd Lien, Secured Loan Class A Preferred Equity Units	5	3M L + 10.00%, 11.00% Floor (11.00%)	07/17/2019	08/23/2023	4,300	4,106	190
Crestwood Equity Partners LP	Oil & Gas	1st Lien, Secured Loan	10	n/a	06/19/2020	n/a	1,097,024	6,565	6,001
Davidzon Radio, Inc.	Radio Broadcasting	1st Lien, Secured Loan	5, 8, 9	1M L + 10.00%, 11.00% Floor (0.00%)	11/03/2016	03/31/2020	8,962	8,962	5,668
Endurance International Group Holdings Inc	Technology	1st Lien, Secured Revolver	5, 10	3M L + 4.00%, 4.00% Floor (4.30%)	02/19/2020	02/09/2021	-	(80)	-
Endurance International Group Holdings Inc	Technology	1st Lien, Secured Revolver - Unfunded	5, 10	0.50%	02/19/2020	02/09/2021	4,000	-	(51)
The Finance Company	Consumer Finance	1st Lien, Secured Revolver	3, 5	1M L + 11.00%, 11.50% Floor (11.50%)	11/03/2016	07/02/2020	319	319	319
The Finance Company	Consumer Finance	1st Lien, Secured Loan B	3, 5, 8	1M L + 11.00%, 11.50% Floor (0.00%)	06/08/2018	07/02/2020	1,491	1,491	244
The Finance Company	Consumer Finance	Common Equity	3, 5, 7	n/a	06/08/2018	n/a	288,000	-	-
Finastra Group Holdings, Ltd.	Software Services	2nd Lien, Secured Loan	10	6M L + 7.25%, 8.25% Floor (8.25%)	12/14/2017	06/13/2025	8,000	7,602	6,889
Greenway Health, LLC	Technology	1st Lien, Revolver	5	3M L + 3.75%, 3.75% Floor (4.06%)	01/27/2020	02/17/2022	2,809	2,006	2,290
Greenway Health, LLC	Technology	1st Lien, Revolver - Unfunded	5	0.50%	01/27/2020	02/17/2022	5,217	-	(964)
Mitchell International, Inc.	Software Services	2nd Lien, Secured Loan		1M L + 7.25%, 7.25% Floor (7.43%)	08/02/2019	12/01/2025	4,000	3,758	3,540
Natural Resource Partners LP	Metals & Mining	Unsecured Notes		9.13%	06/12/2020	06/30/2025	2,367	2,001	1,965
OPS Acquisitions Limited and Ocean Protection Services Limited	Maritime Security Services	1st Lien, Secured Loan	4, 5, 8, 10	1M L + 12.00%, 12.50% Floor (0.00%)	11/03/2016	06/01/2018	4,903	4,240	29

OPS Acquisitions Limited and Ocean Protection Services Limited	Maritime Security Services	Common Equity	4, 5, 7, 10	n/a	11/03/2016	n/a	19	-	-
PE Facility Solutions, LLC	Building Cleaning and Maintenance Services	1st Lien, Secured Loan B	3, 5, 8	1M L + 14.00%, (0.00%)	02/28/2017	02/27/2022	323	322	317
PE Facility Solutions, LLC	Building Cleaning and Maintenance Services	Common Equity	3, 5, 7	n/a	02/28/2017	n/a	1	-	-
PEAKS Trust 2009-1	Consumer Finance	1st Lien, Secured Note	5, 8, 10	1M L + 5.50%, 7.50% Floor (0.00%)	11/03/2016	01/27/2020	940	849	-
Perforce Software, Inc.	Technology	1st Lien, Secured Revolver	5	3M L + 4.25%, 4.25% Floor (4.43%)	01/24/2020	07/01/2024	875	514	799
Perforce Software, Inc.	Technology	1st Lien, Secured Revolver - Unfunded	5	0.50%	01/24/2020	07/01/2024	3,500	-	(305)
PFS Holdings Corp.	Food & Staples	1st Lien, Secured Loan	5, 8	3M L + 3.50%, 4.50% Floor (0.00%)	07/09/2018	01/31/2021	14,821	12,378	8,517
Prestige Capital Finance, LLC	Specialty Finance	Common Equity	3, 5, 10	n/a	02/08/2019	n/a	100	7,466	7,856
Research Now Group, Inc.	Internet Media	1st Lien, Secured Revolver	5	3M L + 4.50%, 4.50% Floor (5.19%)	01/29/2019	12/20/2022	4,842	4,319	4,694
Research Now Group, Inc.	Internet Media	1st Lien, Secured Revolver - Unfunded	5	0.50%	01/29/2019	12/20/2022	5,158	-	(426)
Research Now Group, Inc.	Internet Media	2nd Lien, Secured Loan	5	3M L + 9.50%, 10.50% Floor (10.50%)	05/20/2019	12/20/2025	12,000	11,956	11,738
Shearer's Foods, LLC	Food & Staples	2nd Lien, Secured Loan		3M L + 6.75%, 7.75% Floor (7.75%)	06/17/2019	06/30/2022	2,000	1,991	1,960
Subcom, LLC	Telecommunications Services	1st Lien, Secured Revolver	5	3M L + 5.00%, 5.00% Floor (5.30%)	11/21/2019	11/02/2023	-	(1,525)	-
Subcom, LLC	Telecommunications Services	1st Lien, Secured Revolver - Unfunded	5	0.50%	11/21/2019	11/02/2023	10,000	-	(568)
Tallage Davis, LLC	Real Estate Services	1st Lien, Secured Loan	5	11.00%	03/20/2018	01/26/2023	1,340	1,340	1,340
Tallage Davis, LLC	Real Estate Services	1st Lien, Secured Loan - Unfunded	5	n/a	03/20/2018	01/26/2023	8,910	-	-
Tensor Corp.	Construction Materials Manufacturing	1st Lien, Secured Loan		3M L + 4.75%, 5.75% Floor (5.75%)	06/27/2019	07/09/2021	9,297	9,041	8,301
TRU (UK) Asia Limited	Retail	Common Equity	5, 7, 10	n/a	07/21/2017	n/a	776,954	22,132	8,653
TRU (UK) Asia Limited Liquidating Trust	Retail	Common Equity	5, 7	n/a	07/21/2017	n/a	16,000	900	1,474
Viasat, Inc.	Communications Equipment	Receivable	5	n/a	06/25/2020	09/15/2020	2,000	1,815	1,980
Total Investments excluding Short-Term Investments (275.16% of Net Assets)								253,432	146,261
Short-Term Investments									
United States Treasury		Treasury Bill		0%		10/29/2020	75,000	74,964	74,962
Total Short-Term Investments (141.03% of Net Assets)								74,964	74,962
TOTAL INVESTMENTS (416.19% of Net Assets)								\$ 328,396	\$ 221,223
Other Liabilities in Excess of Assets (316.19% of Net Assets)									\$ (168,069)
NET ASSETS									\$ 53,154

- (1) The Company's investments are generally acquired in private transactions exempt from registration under the Securities Act of 1933 and, therefore, are generally subject to limitations on resale, and may be deemed to be "restricted securities" under the Securities Act of 1933.

- (2) A majority of the Company's variable rate debt investments bear interest at a rate that is determined by reference to London Interbank Offered Rate ("LIBOR" or "L") and which is reset daily, monthly, quarterly or semiannually. For each debt investment, the Company has provided the interest rate in effect as of period end. If no reference to LIBOR is made, the rate is fixed. A floor is the minimum rate that will be applied in calculating an interest rate. A cap is the maximum rate that will be applied in calculating an interest rate. The one month ("1M") LIBOR as of period end was 0.16%. The three month ("3M") LIBOR as of period end was 0.30%. The six month ("6M") LIBOR as of period end was 0.37%.
- (3) "Controlled Investments" are investments in those companies that are "Controlled Investments" of the Company, as defined in the Investment Company Act. A company is deemed to be a "Controlled Investment" of the Company if the Company owns more than 25% of the voting securities of such company.
- (4) "Affiliate Investments" are investments in those companies that are "Affiliated Companies" of the Company, as defined in the Investment Company Act, which are not "Controlled Investments." A company is deemed to be an "Affiliate" of the Company if the Company owns 5% or more, but less than 25%, of the voting securities of such company.
- (5) Investments classified as Level 3 whereby fair value was determined by the Company's board of directors.
- (6) Security pays, or has the option to pay, all of its interest in kind. As of June 30, 2020, each of the Avanti Communications Group, plc secured bonds pay in kind ("PIK") and the rates above reflect the PIK interest rates.
- (7) Non-income producing security.
- (8) Investment was on non-accrual status as of period end.
- (9) The interest rate on these loans includes a default interest rate.
- (10) Indicates assets that the Company believes do not represent "qualifying assets" under Section 55(a) of the Investment Company Act. Qualifying assets must represent at least 70% of the Company's total assets at the time of acquisition of any additional non-qualifying assets. Of the Company's total assets, 26.3% were non-qualifying assets as of period end.
- (11) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933. Such security may be sold in certain transactions (normally to qualified institutional buyers) and remain exempt from registration.
- (12) Under the terms of the credit agreement, this investment has an exit fee which requires the borrower to pay, in connection with each prepayment or other repayment a fee equal to 2.50% of the amount being repaid.
- (13) As of period end, the aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost was \$4,329; the aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value was \$(112,608); the net unrealized depreciation was \$(108,279); the aggregate cost of securities for Federal income tax purposes was \$254,540.

As of June 30, 2020, the Company's investments consisted of the following:

Investment Type	Investments at Fair Value	Percentage of Net Assets
Debt	\$ 121,019	227.67%
Equity/Other	25,242	47.49%
Short-Term Investments	74,962	141.03%
Total	\$ 221,223	416.19%

As of June 30, 2020, the industry composition of the Company's portfolio at fair value was as follows:

Industry	Investments at Fair Value	Percentage of Net Assets
Wireless Telecommunications Services	\$ 38,456	72.35%
Internet Media	16,006	30.11%
Chemicals	10,534	19.82%
Food & Staples	10,477	19.71%
Software Services	10,429	19.62%
Retail	10,127	19.05%
Construction Materials Manufacturing	8,301	15.62%
Specialty Finance	7,856	14.78%
Apparel & Textile Products	6,319	11.89%
Oil & Gas	6,001	11.29%
Radio Broadcasting	5,668	10.66%
Restaurants	3,076	5.79%
Hotel Operator	2,851	5.36%
Industrial	2,765	5.20%
Communications Equipment	1,980	3.73%
Metals & Mining	1,965	3.70%
Technology	1,769	3.33%
Real Estate Services	1,340	2.52%
Consumer Finance	563	1.06%
Building Cleaning and Maintenance Services	317	0.60%
Maritime Security Services	29	0.05%
Telecommunications Services	(568)	(1.08)%
Short-Term Investments	74,962	141.03%
Total	\$ 221,223	416.19%

As of June 30, 2020, the geographic composition of the Company's portfolio at fair value was as follows:

Geography	Investments at Fair Value	Percentage of Net Assets
United States	\$ 182,738	343.79%
United Kingdom	38,485	72.40%
Total	\$ 221,223	416.19%

GREAT ELM CAPITAL CORP.
CONSOLIDATED SCHEDULE OF INVESTMENTS
December 31, 2019
Dollar amounts in thousands

Portfolio Company	Industry	Security(1)	Notes	Interest Rate(2)	Initial Acquisition Date	Maturity	Par Amount / Quantity	Cost	Fair Value
Investments at Fair Value									
APTIM Corp.	Industrial	1st Lien, Secured Bond	11	7.75%	03/28/2019	06/15/2025	7,000	5,629	4,200
ASP Chromaflo Technologies Corp.	Chemicals	2nd Lien Secured Loan	5	1M L + 8.00%, 9.00% Floor (9.80%)	08/12/2019	11/18/2024	6,992	6,763	6,917
Avanti Communications Group, plc	Wireless Telecommunications Services	1.5 Lien, Secured Bond	4, 5, 6, 10, 11, 12	12.50%	05/24/2019	05/24/2021	8,413	8,413	8,413
Avanti Communications Group, plc	Wireless Telecommunications Services	1.5 Lien, Secured Bond - Unfunded	4, 5, 6, 10, 11, 12	12.50%	05/24/2019	05/24/2021	-	-	-
Avanti Communications Group, plc	Wireless Telecommunications Services	2nd Lien, Secured Bond	4, 5, 6, 10, 11	9.00%	11/03/2016	10/01/2022	42,467	39,391	29,812
Avanti Communications Group, plc	Wireless Telecommunications Services	Common Equity	4, 5, 7, 10	n/a	11/03/2016	n/a	196,086,410	50,660	2,353
Best Western Luling	Hotel Operator	1st Lien, Secured Loan	5, 8, 9	1M L + 12.00%, 12.25% Floor (0.00%)	11/03/2016	12/18/2017	2,715	1,300	3,361
Boardriders, Inc.	Apparel & Textile Products	1st Lien, Secured Loan	5	3M L + 6.50%, 7.50% Floor (8.30%)	03/28/2019	04/06/2024	8,962	8,819	8,744
California Pizza Kitchen, Inc.	Restaurants	1st Lien, Secured Loan		3M L + 6.00%, 7.00% Floor (7.91%)	03/26/2019	08/23/2022	9,923	9,671	8,524
California Pizza Kitchen, Inc.	Restaurants	2nd Lien Secured Loan	5	3M L + 10.00%, 11.00% Floor (11.91%)	07/17/2019	08/23/2023	4,300	4,080	3,448
Commercial Barge Line Company	Water Transport	1st Lien, Secured Loan		3M L + 8.75%, 9.75% Floor (10.68%)	05/17/2017	11/12/2020	15,883	14,315	8,001
Cooke Omega Investments, Inc.	Food & Staples	Bond		8.50%	09/19/2019	12/15/2022	3,000	2,927	3,022
Davidzon Radio, Inc.	Radio Broadcasting	1st Lien, Secured Loan	5, 9	1M L + 10.00%, 11.00% Floor (14.70%)	11/03/2016	03/31/2020	8,962	8,903	7,795
Duff & Phelps	Consulting	1st Lien Revolver		3M L + 3.25%, 3.25% Floor (5.16%)	09/09/2019	02/13/2022	-	(438)	-
Duff & Phelps	Consulting	1st Lien Revolver - Unfunded		1M L + 3.25%, 3.25% Floor (5.29%)	09/09/2019	02/13/2022	5,000	-	(458)
The Finance Company	Consumer Finance	1st Lien, Secured Revolver	3, 5	1M L + 11.00%, 11.50% Floor (12.70%)	11/03/2016	07/02/2020	806	806	806
The Finance Company	Consumer Finance	1st Lien, Secured Revolver - Unfunded	3, 5	1M L + 11.00%, 11.50% Floor (13.09%)	11/03/2016	07/02/2020	194	-	-
The Finance Company	Consumer Finance	1st Lien Secured Loan B	3, 5	Consumer Finance + 0.00%, 3, 5 (0.00%)	06/08/2018	07/02/2020	1,491	1,491	244
The Finance Company	Consumer Finance	Common Equity	3, 5, 7	n/a	06/08/2018	n/a	288	-	-
Finastra Group Holdings, Ltd.	Software Services	2nd Lien, Secured Loan	10	3M L + 7.25%, 8.25% Floor (9.45%)	12/14/2017	06/13/2025	14,000	13,353	13,655
Full House Resorts, Inc.	Gaming, Lodging & Restaurants	1st Lien, Secured Note	5, 11	3M L + 7.00%, 8.00% Floor (8.94%)	02/02/2018	02/02/2024	9,800	9,656	9,657
Mitchell International, Inc.	Software Services	2nd Lien Secured Loan	5	1M L + 7.25%, 8.00% Floor (9.05%)	08/02/2019	11/30/2025	12,000	11,302	11,801
OPS Acquisitions Limited and Ocean Protection Services Limited	Maritime Security Services	1st Lien, Secured Loan	4, 5, 8, 10	1M L + 12.00%, 12.50% Floor (0.00%)	11/03/2016	06/01/2018	4,903	4,240	30
OPS Acquisitions Limited and Ocean Protection Services Limited	Maritime Security Services	Common Equity	4, 5, 7, 10	n/a	11/03/2016	n/a	-	-	-
PE Facility Solutions, LLC	Building Cleaning and Maintenance Services	1st Lien, Secured Loan B	3, 5, 6, 8	1M L + 14.00%, (0.00%)	02/28/2017	02/27/2022	838	838	819

PE Facility Solutions, LLC	Building Cleaning and Maintenance Services	Common Equity	3, 5, 7	n/a	02/28/2017	n/a	-	-	-
PEAKS Trust 2009-1	Consumer Finance	1st Lien, Secured Note	5, 8, 10	1M L + 5.50%, 7.50% Floor (0.00%)	11/03/2016	01/27/2020	940	849	-
Peninsula Pacific Entertainment, LLC	Gaming, Lodging & Restaurants	1st Lien, Secured Loan	5	3M L + 7.25%, 7.25% Floor (9.19%)	06/27/2019	11/13/2024	2,500	2,505	2,470
PFS Holdings Corp.	Food & Staples	1st Lien, Secured Loan	5	3M L + 3.50%, 4.50% Floor (5.41%)	07/09/2018	01/31/2021	14,821	11,735	9,054
Prestige Capital Finance, LLC (fka Prestige Capital Corporation)	Specialty Finance	Common Equity	3, 5, 10	n/a	02/08/2019	n/a	-	7,466	7,726
Research Now Group, Inc.	Internet Media	1st Lien, Secured Revolver	5	3M L + 4.50%, 4.50% Floor (6.41%)	01/29/2019	12/20/2022	4,316	3,696	4,316
Research Now Group, Inc.	Internet Media	1st Lien, Secured Revolver - Unfunded	5	3M L + 4.50%, 4.50% Floor (6.75%)	01/29/2019	12/20/2022	5,684	-	(334)
Research Now Group, Inc.	Internet Media	2nd Lien, Secured Loan	5	3M L + 9.50%, 10.50% Floor (11.41%)	05/20/2019	12/20/2025	12,000	11,951	11,941
Shearer's Foods, LLC	Food & Staples	2nd Lien, Secured Loan	5	1M L + 6.75%, 7.75% Floor (8.55%)	06/17/2019	06/30/2022	9,000	8,955	8,899
Subcom, LLC	Telecommunications Services	1st Lien, Secured Revolver	5	3M L + 5.00%, 5.00% Floor (6.91%)	11/21/2019	11/02/2023	-	(1,525)	-
Subcom, LLC	Telecommunications Services	1st Lien, Secured Revolver - Unfunded	5	3M L + 5.00%, 5.00% Floor (6.91%)	11/21/2019	11/02/2023	10,000	-	(928)
Tallage Davis, LLC	Real Estate Services	1st Lien, Secured Loan	5	11.00%	03/20/2018	01/26/2023	2,065	2,065	2,065
Tallage Davis, LLC	Real Estate Services	1st Lien, Secured Loan - Unfunded	5	11.00%	03/20/2018	01/26/2023	8,910	-	-
Tensor Corp.	Construction Materials Manufacturing	1st Lien, Secured Loan	5	3M L + 4.75%, 5.75% Floor (6.69%)	06/27/2019	07/10/2021	8,223	7,903	7,792
TRU (UK) Asia Limited	Retail	Common Equity	5, 7, 10	n/a	07/21/2017	n/a	776,954	22,132	11,996
TRU (UK) Asia Limited Liquidating Trust	Retail	Common Equity	5, 7	n/a	07/21/2017	n/a	16,000	1,723	1,474
Total Investments excluding Short-Term Investments (227.43% of Net Assets)								281,574	197,615
Short-Term Investments									
State Street Institutional Treasury Money Market Fund		Premier Class		n/a		n/a	11,022,134	11,022	11,022
United States Treasury		Treasury Bill		0%		04/02/2020	75,000	74,711	74,711
Total Short-Term Investments (98.67% of Net Assets)								85,733	85,733
TOTAL INVESTMENTS(13) (326.1% of Net Assets)								\$ 367,307	\$ 283,348
Other Liabilities in Excess of Assets (226.1% of Net Assets)									\$ (196,459)
NET ASSETS									\$ 86,889

- The Company's investments are generally acquired in private transactions exempt from registration under the Securities Act of 1933 and, therefore, are generally subject to limitations on resale, and may be deemed to be "restricted securities" under the Securities Act of 1933.
- A majority of the Company's variable rate debt investments bear interest at a rate that is determined by reference to London Interbank Offered Rate ("LIBOR" or "L") and which is reset daily, monthly, quarterly or semiannually. For each debt investment, the Company has provided the interest rate in effect as of period end. If no reference to LIBOR is made, the rate is fixed. A floor is the minimum rate that will be applied in calculating an interest rate. A cap is the maximum rate that will be applied in calculating an interest rate. The one month ("1M") LIBOR as of period end was 1.76%. The three month ("3M") LIBOR as of period end was 1.91%.
- "Controlled Investments" are investments in those companies that are "Controlled Investments" of the Company, as defined in the Investment Company Act. A company is deemed to be a "Controlled Investment" of the Company if the Company owns more than 25% of the voting securities of such company.
- "Affiliate Investments" are investments in those companies that are "Affiliated Companies" of the Company, as defined in the Investment Company Act, which are not "Controlled Investments." A company is deemed to be an "Affiliate" of the Company if the Company owns 5% or more, but less than 25%, of the voting securities of such company.
- Investments classified as Level 3 whereby fair value was determined by the Company's board of directors.
- Security pays, or has the option to pay, all of its interest in kind.

- (7) Non-income producing security.
- (8) Investment was on non-accrual status as of period end.
- (9) The interest rate on these loans includes a default interest rate.
- (10) Indicates assets that the Company believes do not represent “qualifying assets” under Section 55(a) of the Investment Company Act. Qualifying assets must represent at least 70% of the Company’s total assets at the time of acquisition of any additional non-qualifying assets. Of the Company’s total assets, 25.9% were non-qualifying assets as of period end.
- (11) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933. Such security may be sold in certain transactions (normally to qualified institutional buyers) and remain exempt from registration.
- (12) As of period end, the aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost was \$3,357; the aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value was \$70,638; the net unrealized depreciation was \$(67,281); the aggregate cost of securities for Federal income tax purposes was \$350,629.

As of December 31, 2019 the Company’s investments consisted of the following:

Investment Type	Investments at Fair Value	Percentage of Net Assets
Debt	\$ 174,066	200.33%
Equity/Other	23,549	27.10%
Short-Term Investments	85,733	98.67%
Total	\$ 283,348	326.10%

As of December 31, 2019 the industry composition of the Company's portfolio at fair value was as follows:

Industry	Investments at Fair Value	Percentage of Net Assets
Wireless Telecommunications Services	\$ 40,578	46.70%
Software Services	25,456	29.30%
Food & Staples	20,975	24.14%
Internet Media	15,923	18.33%
Retail	13,470	15.50%
Gaming, Lodging & Restaurants	12,127	13.96%
Restaurants	11,972	13.78%
Apparel & Textile Products	8,744	10.06%
Water Transport	8,001	9.21%
Radio Broadcasting	7,795	8.97%
Construction Materials Manufacturing	7,792	8.97%
Specialty Finance	7,726	8.89%
Chemicals	6,917	7.96%
Industrial	4,200	4.83%
Hotel Operator	3,361	3.87%
Real Estate Services	2,065	2.38%
Consumer Finance	1,050	1.21%
Building Cleaning and Maintenance Services	819	0.94%
Maritime Security Services	30	0.03%
Consulting	(458)	(0.53)%
Telecommunications Services	(928)	(1.07)%
Short-Term Investments	85,733	98.67%
Total	\$ 283,348	326.10 %

As of December 31, 2019 the geographic composition of the Company's portfolio at fair value was as follows:

Geography	Investments at Fair Value	Percentage of Net Assets
United States	\$ 251,153	289.05%
United Kingdom	32,195	37.05%
Total	\$ 283,348	326.10 %

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

GREAT ELM CAPITAL CORP.
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
Dollar amounts in thousands, except share and per share amounts

1. ORGANIZATION

Great Elm Capital Corp. (the “Company”) was formed on April 22, 2016 as a Maryland corporation. The Company is structured as an externally managed, non-diversified closed-end management investment company. The Company elected to be regulated as a business development company (a “BDC”) under the Investment Company Act of 1940, as amended (the “Investment Company Act”). The Company is managed by Great Elm Capital Management, Inc., a Delaware corporation (“GECM”), a subsidiary of Great Elm Capital Group, Inc., a Delaware corporation (“Great Elm Capital Group”).

The Company seeks to generate current income and capital appreciation through debt and equity investments. The Company invests primarily in secured and senior unsecured debt instruments that it purchases in the secondary markets.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation. The Company’s functional currency is U.S. dollars and these consolidated financial statements have been prepared in that currency. The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and pursuant to Regulation S-X and Regulation S-K. These financial statements reflect all adjustments (consisting of normal recurring items or items discussed herein) that management believes are necessary to fairly state results for the interim periods presented. Results of operations for interim periods are not necessarily indicative of annual results of operations. The Company is an investment company following accounting and reporting guidance in Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 946, *Financial Services – Investment Companies*.

Basis of Consolidation. Under the Investment Company Act, Article 6 of Regulation S-X and GAAP, the Company is generally precluded from consolidating any entity other than another investment company or an operating company which provides substantially all of its services and benefits to the Company. The accompanying consolidated financial statements include the Company’s accounts and the accounts of the Company’s wholly-owned subsidiary, TFC-SC Holdings, LLC. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates. The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Changes in the economic environment, financial markets and any other parameters used in determining these estimates could cause actual results to differ materially.

Revenue Recognition. Interest and dividend income, including income paid in kind, is recorded on an accrual basis. Origination, structuring, closing, commitment and other upfront fees, including original issue discounts, earned with respect to capital commitments, are generally amortized or accreted into interest income over the life of the respective debt investment, as are end-of-term or exit fees receivable upon repayment of a debt investment if such fees are fixed in nature. Other fees, including certain amendment fees, prepayment fees and commitment fees on broken deals, and end-of-term or exit fees that have a contingency feature or are variable in nature are recognized as earned. Prepayment fees and similar income due upon the early repayment of a loan or debt security are generally included in interest income.

Interest income received as paid-in-kind (“PIK”) is reported separately in the Statements of Operations. Income is included as PIK if the instrument solely provides for settlement in kind. In the event that the borrower can settle in kind or via cash payment, the income is not included as PIK until the borrower elects to pay in kind and the payment is received by the Company. In the event there is a lesser cash rate in a PIK toggle instrument, income is accrued at the lesser cash rate until the coupon is paid in kind and such larger payment is received by the Company.

Certain of the Company’s debt investments were purchased at a discount to par as a result of the underlying credit risks and financial results of the issuer, as well as general market factors that influence the financial markets as a whole. Discounts on the acquisition of corporate debt instruments are generally amortized using the effective-interest or constant-yield method assuming there are no material questions as to collectability.

Net Realized Gains (Losses) and Net Change in Unrealized Appreciation (Depreciation). The Company measures realized gains or losses by the difference between the net proceeds from the repayment or sale of an investment and the amortized cost basis of the investment, without regard to unrealized appreciation or depreciation previously recognized. Realized gains and losses are computed using the specific identification method. Net change in unrealized appreciation or depreciation reflects the net change in portfolio investment values and portfolio investment cost bases during the reporting period, including the reversal of previously recorded unrealized appreciation or depreciation when gains or losses are realized.

Cash and Cash Equivalents. Cash and cash equivalents typically consist of bank demand deposits.

Valuation of Portfolio Investments. The Company carries its investments in accordance with ASC Topic 820, Fair Value Measurements and Disclosures (“ASC 820”), which defines fair value, establishes a framework for measuring fair value and requires disclosures about fair value measurements. Fair value is generally based on quoted market prices provided by independent pricing services, broker or dealer quotations or alternative price sources. In the absence of quoted market prices, broker or dealer quotations or alternative price sources, investments are measured at fair value as determined by the Company’s board of directors (the “Board”).

Due to the inherent uncertainties of valuation, certain estimated fair values may differ significantly from the values that would have been realized had a ready market for these investments existed, and these differences could be material. See Note 4.

The Company values its portfolio investments at fair value based upon the principles and methods of valuation set forth in policies adopted by the Board. Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Market participants are buyers and sellers in the principal (or most advantageous) market for the asset that (1) are independent of the Company, (2) are knowledgeable, having a reasonable understanding about the asset based on all available information (including information that might be obtained through due diligence efforts that are usual and customary), (3) are able to transact for the asset, and (4) are willing to transact for the asset (that is, they are motivated but not forced or otherwise compelled to do so).

Investments for which market quotations are readily available are valued at such market quotations unless the quotations are deemed not to represent fair value. The Company generally obtains market quotations from recognized exchanges, market quotation systems, independent pricing services or one or more broker-dealers or market makers. Short term debt investments with remaining maturities within ninety days are generally valued at amortized cost, which approximates fair value. Debt and equity securities for which market quotations are not readily available, which is the case for many of the Company’s investments, or for which market quotations are deemed not to represent fair value, are valued at fair value using a consistently applied valuation process in accordance with the Company’s documented valuation policy that has been reviewed and approved by the Board, who also approve in good faith the valuation of such securities as of the end of each quarter. Due to the inherent uncertainty and subjectivity of determining the fair value of investments that do not have a readily available market value, the fair value of the Company’s investments may differ significantly from the values that would have been used had a readily available market value existed for such investments and may differ materially from the values that the Company may ultimately realize. In addition, changes in the market environment and other events may have differing impacts on the market quotations used to value some of the Company’s investments than on the fair values of the Company’s investments for which market quotations are not readily available. Market quotations may be deemed not to represent fair value in certain circumstances where the Company believes that facts and circumstances applicable to an issuer, a seller or purchaser, or the market for a particular security cause current market quotations to not reflect the fair value of the security.

The valuation process approved by the Board with respect to investments for which market quotations are not readily available or for which market quotations are deemed not to represent fair value is as follows:

- The investment professionals of GECM provide recent portfolio company financial statements and other reporting materials to an independent valuation firm (or firms) approved by the Board;
- Such firms evaluate this information along with relevant observable market data to conduct independent appraisals each quarter, and their preliminary valuation conclusions are documented, discussed, and iterated with senior management of GECM;
- The fair value of investments comprising in the aggregate less than 5% of the Company's total capitalization and individually less than 1% of the Company's total capitalization may be determined by GECM in good faith in accordance with the Company's valuation policy without the employment of an independent valuation firm.
- The Company's audit committee recommends, and the Board approves, the fair value of the investments in the Company's portfolio in good faith based on the input of GECM, the independent valuation firms (to the extent applicable) and the business judgment of the audit committee and the Board, respectively.

Those investments for which market quotations are not readily available or for which market quotations are deemed not to represent fair value are valued utilizing a market approach, an income approach, or both approaches, as appropriate. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities (including a business). The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. In following these approaches, the types of factors that the Company may take into account in determining the fair value of its investments include, as relevant and among other factors: 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, its earnings and discounted cash flows, the markets in which the portfolio company does business, comparisons of financial ratios of peer companies that are public, merger and acquisition comparables, and enterprise values.

Investments in revolvers or delayed draw loans may include unfunded commitments for which the Company's acquisition cost will be offset by compensation received on the portion of the commitment that is unfunded. As a result, the purchases of a commitment that is not fully funded may result in a negative cost basis for the funded commitment. The fair value of the unfunded commitment is adjusted for price appreciation or depreciation and may result in a negative fair value for the unfunded commitment.

Foreign Currency Translation. Amounts denominated in foreign currencies are translated into U.S. dollars on the following basis: (1) investments and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars based upon currency exchange rates effective on the date of valuation; and (2) purchases and sales of investments and income and expense items denominated in foreign currencies are translated into U.S. dollars based upon currency exchange rates prevailing on the transaction dates. The portion of gains and losses on foreign investments resulting from fluctuations in foreign currencies is included in net realized and unrealized gain or loss from investments.

U.S. Federal Income Taxes. From inception to September 30, 2016, the Company was a taxable association under Internal Revenue Code of 1986, as amended (the "Code"). The Company has elected to be taxed as a regulated investment company ("RIC") under subchapter M of the Code. The Company intends to operate in a manner so as to qualify for the tax treatment applicable to RICs in that taxable year and all future taxable years. In order to qualify as a RIC, among other things, the Company will be required to timely distribute to its stockholders at least 90% of investment company taxable income ("ICTI") including PIK interest, as defined by the Code, for each taxable year in order to be eligible for tax treatment under subchapter M of the Code. 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 prior to the 15th day of the ninth month after the tax year-end. So long as the Company maintains its status as a RIC, it generally will not be subject to corporate-level U.S. federal income taxes on any ordinary income or capital gains that it distributes at least annually to its stockholders as distributions. Rather, any tax liability related to income earned by the Company represents obligations of the Company's stockholders and will not be reflected in the consolidated financial statements of the Company.

If the Company does not distribute (or is not deemed to have distributed) each calendar year the sum of (1) 98% of its net ordinary income for each calendar year, (2) 98.2% of its capital gain net income for the one-year period ending October 31 in that calendar year and (3) any income recognized, but not distributed, in preceding years (the “Minimum Distribution Amount”), the Company will generally be required to pay an excise tax equal to 4% of the amount by which Minimum Distribution Amount exceeds the distributions for the year. 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 from such taxable income, the Company accrues excise taxes, if any, on estimated excess taxable income as taxable income is earned using an annual effective excise tax rate. The annual effective excise tax rate is determined by dividing the estimated annual excise tax by the estimated annual taxable income.

The Company has not accrued any excise tax expense for the three and six months ended June 30, 2020. The Company accrued \$209 of excise tax expense for the year ended December 31, 2019.

At December 31, 2019, the Company, for federal income tax purposes, had capital loss carryforwards of \$45,137 which will reduce its taxable income arising from future net realized gains on investment transactions, if any, to the extent permitted by the Internal Revenue Code, and thus will reduce the amount of distributions to shareholders, which would otherwise be necessary to relieve the Company of any liability for federal income tax. On December 22, 2010, the Regulated Investment Company Modernization Act of 2010 (the “Modernization Act”) was signed by the President. The Modernization Act changed the capital loss carryforward rules as they relate to regulated investment companies. Capital losses generated in tax years beginning after the date of enactment may now be carried forward indefinitely, and retain the character of the original loss. Of the capital loss carryforwards at December 31, 2019, \$45,137 are limited losses and available for use subject to annual limitation under Section 382. Of the capital losses at December 31, 2019, \$16,815 are short-term and \$28,322 are long term.

ASC 740 *Accounting for Uncertainty in Income Taxes* (“ASC 740”) provides guidance on the accounting for and disclosure of uncertainty in tax position. 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 the more-likely-than-not threshold are recorded as a tax benefit or expense in the current year. Based on its analysis of its tax position for all open tax years (the current and prior years, as applicable), the Company has concluded that it does not have any uncertain tax positions that met the recognition or measurement criteria of ASC 740. Such open tax years remain subject to examination and adjustment by tax authorities.

Recent Accounting Developments

Fair Value Measurements In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*, resulting in various disclosures related to fair value measurements being eliminated, modified or supplemented. ASU 2018-13 is effective for interim and annual periods beginning after December 15, 2019, with an option to early adopt any eliminated or modified disclosures, and to delay adoption of the additional disclosures, until the effective date. On September 1, 2018, the Company early adopted the eliminated and modified disclosures of ASU 2018-13 and, as a result, updated its financial statement disclosures accordingly. On January 1, 2020, the Company adopted the additional disclosures of ASU 2018-13 and there was no impact to the financial statement disclosures.

Reference Rate Reform In July 2017, the head of the United Kingdom Financial Conduct Authority announced the desire to phase out the use of the London Interbank Offered Rate (“LIBOR”) by the end of 2021. If LIBOR ceases to exist, the Company may need to renegotiate outstanding loans to our portfolio companies which extend beyond 2021, and that utilize LIBOR as a factor in determining the interest rate, to replace LIBOR with the new standard that is established. There is currently no definitive information regarding the future utilization of LIBOR or of any particular replacement rate. As such, the potential effect of any such event on our cost of capital and net investment income cannot yet be determined.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848)*, to facilitate the effects of reference rate reform on financial reporting. The provisions provide optional expedients and exceptions for applying GAAP to contracts, hedging relationships and other transactions affected by reference rate reform on financial reporting due to the cessation of LIBOR if certain criteria are met. The amendments are effective for all entities as of March 12, 2020 through December 31, 2022. The Company adopted the amendments as of March 12, 2020 on a prospective basis and there was no impact to the accompanying financial statements and related disclosures.

Significant Subsidiaries In May 2020, the Securities and Exchange Commission (“SEC”) adopted amendments to improve financial disclosures about acquisitions and dispositions of businesses. The rule established investment company-specific disclosure requirements in the event of a fund acquisition and tailored the definition of a significant subsidiary for investment companies. The amendments will be effective on January 1, 2021, but voluntary compliance is permitted in advance of the effective date. The Company adopted the amendments as of June 30, 2020. Under the amended definition of a significant subsidiary, none of the Company’s investments are deemed to be significant subsidiaries.

3. SIGNIFICANT AGREEMENTS AND RELATED PARTIES

Investment Management Agreement. The Company has an investment management agreement (the “Investment Management Agreement”) with GECM. Beginning on November 4, 2016, the Company began accruing for GECM’s fees for its services under the Investment Management Agreement. This fee consists of two components: a base management fee and an incentive fee.

The Company’s Chief Executive Officer is also the chief investment officer of GECM, and the chief executive officer and a member of the board of directors of GEC. The Company’s Chief Compliance Officer is also the chief operating officer, chief compliance officer and general counsel of GECM, and the president and chief operating officer of GEC. The Company’s Chief Financial Officer is also the chief financial officer of GECM.

Management Fee The base management fee is calculated at an annual rate of 1.50% of the Company’s average adjusted gross assets, including assets purchased with borrowed funds. The base management fee is payable quarterly in arrears. The base management fee is calculated based on the average value of the Company’s gross assets, excluding cash and cash equivalents, at the end of the two most recently completed calendar quarters, and appropriately adjusted for any share issuances or repurchases during the then current calendar quarter. Base management fees for any partial quarter are prorated.

For the three and six months ended June 30, 2020 management fees amounted to \$591 and \$1,289, respectively. For the three and six months ended June 30, 2019 management fees amounted to \$742 and \$1,448, respectively. As of June 30, 2020 and December 31, 2019, \$592 and \$746 remained payable, respectively.

Incentive Fee The incentive fee consists of two components that are independent of each other with the result that one component may be payable even if the other is not. One component of the incentive fee is based on income (the “Income Incentive Fee”) and the other component is based on capital gains (the “Capital Gains Incentive Fee”).

The Income Incentive Fee is calculated on a quarterly basis as 20% of the amount by which the Company’s pre-incentive fee net investment income (the “Pre-Incentive Fee Net Investment Income”) for the quarter exceeds a hurdle rate of 1.75% (7.0% annualized) of the Company’s net assets at the end of the immediately preceding calendar quarter, subject to a “catch-up” provision pursuant to which GECM receives all of such income in excess of the 1.75% level but less than 2.1875% (8.75% annualized) and subject to a total return requirement (described below). The effect of the “catch-up” provision is that, subject to the total return provision, if pre-incentive fee net investment income exceeds 2.1875% of the Company’s net assets at the end of the immediately preceding calendar quarter, in any calendar quarter, GECM will receive 20.0% of the Company’s pre-incentive fee net investment income as if the 1.75% hurdle rate did not apply. These calculations will be appropriately prorated for any period of less than three months and adjusted for any share issuances or repurchases during the then current quarter.

Pre-Incentive Fee Net Investment Income includes any accretion of original issue discount, market discount, payment-in-kind (“PIK”) interest, PIK dividends or other types of deferred or accrued income, including in connection with zero coupon securities, that the Company and its consolidated subsidiaries have recognized in accordance with GAAP, but have not yet received in cash (collectively, “Accrued Unpaid Income”). Pre-Incentive Fee Net Investment Income does not include any realized capital gains or losses or unrealized capital appreciation or depreciation. Accrued Unpaid Income as of June 30, 2020 was \$23,759. Accrued Unpaid Income includes capitalized PIK income of \$14,207 on investments still held at June 30, 2020. Accrued Unpaid Income as of December 31, 2019 was \$23,495, which included capitalized PIK income of \$12,279 on investments still held at December 31, 2019.

Any Income Incentive Fee otherwise payable with respect to Accrued Unpaid Income (collectively, the “Accrued Unpaid Income Incentive Fees”) is deferred, on a security by security basis, and becomes payable only if, as, when and to the extent cash is received by the Company or its consolidated subsidiaries in respect thereof. Any Accrued Unpaid Income that is subsequently reversed in connection with a write-down, write-off, impairment or similar treatment of the investment giving rise to such Accrued Unpaid Income will, in the applicable period of reversal, (1) reduce Pre-Incentive Fee Net Investment Income and (2) reduce the amount of Accrued Unpaid Income Incentive Fees previously deferred.

The Company will defer cash payment of any Income Incentive Fee otherwise payable to the investment adviser in any quarter (excluding Accrued Unpaid Income Incentive Fees with respect to such quarter) that exceeds (1) 20% of the Cumulative Pre-Incentive Fee Net Return (as defined below) during the most recent twelve full calendar quarter period ending on or prior to the date such payment is to be made (the “Trailing Twelve Quarters”) less (2) the aggregate incentive fees that were previously paid to the investment adviser during such Trailing Twelve Quarters (excluding Accrued Unpaid Income Incentive Fees during such Trailing Twelve Quarters and not subsequently paid). “Cumulative Pre-Incentive Fee Net Return” during the relevant Trailing Twelve Quarters means the sum of (a) pre-incentive fee net investment income in respect of such Trailing Twelve Quarters less (b) net realized capital losses and net unrealized capital depreciation, if any, in each case calculated in accordance with GAAP, in respect of such Trailing Twelve Quarters.

Under the Capital Gains Incentive Fee, the Company is obligated to pay GECM at the end of each calendar year 20% of the aggregate cumulative realized capital gains from November 4, 2016 through the end of that year, computed net of aggregate cumulative realized capital losses and aggregate cumulative unrealized depreciation through the end of such year, less the aggregate amount of any previously paid capital gains incentive fees.

For the six months ended June 30, 2020 and 2019, the Company incurred Income Incentive Fees of \$328 and \$1,445, respectively. As of June 30, 2020 and December 31, 2019, \$8,484 and \$8,157 of Income Incentive Fees, respectively, remained payable and none was immediately payable after calculating the total return requirement. These payable amounts may include both Accrued Unpaid Income Incentive Fees and amounts deferred under the total return requirement and will become due upon meeting the criteria described above. For the six months ended June 30, 2020 and the year ended December 31, 2019, the Company did not have any Capital Gains Incentive Fees accrual.

The Investment Management Agreement provides that, absent willful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of the reckless disregard of its duties and obligations, GECM and its officers, managers, agents, employees, controlling persons, members and any other person or entity affiliated with it are entitled to indemnification from the Company for any damages, liabilities, costs and expenses (including reasonable attorneys’ fees and amounts reasonably paid in settlement) arising from the rendering of GECM’s services under the Investment Management Agreement or otherwise as an investment adviser of the Company.

Administration Fees. The Company has an administration agreement (the “Administration Agreement”) with GECM to provide administrative services, including, among other things, furnishing the Company with office facilities, equipment, clerical, bookkeeping and record keeping services. The Company will reimburse GECM for its allocable portion of overhead and other expenses of GECM in performing its obligations under the Administration Agreement.

GECM agreed that the aggregate amount of expenses accrued for reimbursement pursuant to the Administration Agreement that pertain to direct compensation costs of financial, compliance and accounting personnel that perform services for the Company, inclusive of the fees charged by any sub-administrator to provide such financial, compliance and/or accounting personnel to the Company (the “Compensation Expenses”), during the year ending November 4, 2017, when taken together with Compensation Expenses reimbursed or accrued for reimbursement by the Company pursuant to the Investment Management Agreement during such period, shall not exceed 0.50% of the Company’s average net asset value during such period.

The Administration Agreement provides that, absent willful misfeasance, bad faith or negligence in the performance of its duties or by reason of the reckless disregard of its duties and obligations, GECM and its officers, managers, partners, agents, employees, controlling persons, members and any other person or entity affiliated with it are entitled to indemnification from the Company for any damages, liabilities, costs and expenses (including reasonable attorneys’ fees and amounts reasonably paid in settlement) arising from the rendering of GECM’s services under the Administration Agreement or otherwise as administrator for the Company.

For the six months ended June 30, 2020 and 2019, the Company incurred expenses under the Administration Agreement of \$395 and \$452, respectively. As of June 30, 2020 and December 31, 2019, \$254 and \$176 remained payable, respectively.

4. FAIR VALUE MEASUREMENT

The fair value of a financial instrument is the amount that would be received to sell an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., the exit price).

The fair value hierarchy under ASC 820 prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The levels used for classifying investments are not necessarily an indication of the risk associated with investing in these securities. The three levels of the fair value hierarchy are as follows:

Basis of Fair Value Measurement

Level 1 Investments valued using unadjusted quoted prices in active markets for identical assets.

Level 2 Investments valued using other unadjusted observable market inputs, e.g. quoted prices in markets that are not active or quotes for comparable instruments.

Level 3 Investments that are valued using quotes and other observable market data to the extent available, but which also take into consideration one or more unobservable inputs that are significant to the valuation taken as a whole.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Note 2 should be read in conjunction with the information outlined below.

The table below presents the valuation techniques and the nature of significant inputs generally used in determining the fair value of Level 2 and Level 3 Instruments.

Level 2 Instruments Valuation Techniques and Significant Inputs

Equity, Bank Loans, Corporate Debt, and Other Debt Obligations The types of instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency may include commercial paper, most government agency obligations, certain corporate debt securities, certain mortgage-backed securities, certain bank loans, less liquid publicly-listed equities, certain state and municipal obligations, certain money market instruments and certain loan commitments.

Valuations of Level 2 debt and equity instruments can be verified to quoted prices, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency. Consideration is given to the nature of the quotations (e.g. indicative or firm) and the relationship of recent market activity to the prices provided from alternative pricing sources.

Level 3 Instruments Valuation Techniques and Significant Inputs

Bank Loans, Corporate Debt, and Other Debt Obligations

Valuations are generally based on discounted cash flow techniques, for which the significant inputs are the amount and timing of expected future cash flows, market yields and recovery assumptions. The significant inputs are generally determined based on an analysis of market comparables, transactions in similar instruments and/or recovery and liquidation analyses.

Equity

Recent third-party investments or pending transactions are considered to be the best evidence for any change in fair value. When these are not available, the following valuation methodologies are used, as appropriate and available:

- Transactions in similar instruments;
- Discounted cash flow techniques;
- Third party appraisals; and
- Industry multiples and public comparables.

Evidence includes recent or pending reorganizations (for example, merger proposals, tender offers and debt restructurings) and significant changes in financial metrics, including:

- Current financial performance as compared to projected performance;
- Capitalization rates and multiples; and
- Market yields implied by transactions of similar or related assets.

As noted above, the income and market approaches were used in the determination of fair value of certain Level 3 assets as of June 30, 2020 and December 31, 2019. The significant unobservable inputs used in the income approach are the discount rate or market yield used to discount the estimated future cash flows expected to be received from the underlying investment, which include both future principal and interest payments. An increase in the discount rate or market yield would result in a decrease in the fair value. Included in the consideration and selection of discount rates is risk of default, rating of the investment (if any), call provisions and comparable company valuations. The significant unobservable inputs used in the market approach are based on market comparable transactions and market multiples of publicly traded comparable companies. Increases or decreases in market multiples would result in an increase or decrease, respectively, in the fair value.

The following summarizes the Company's investment assets categorized within the fair value hierarchy as of June 30, 2020:

Assets	Level 1	Level 2	Level 3	Total
Debt	\$ -	\$ 25,420	\$ 95,599	\$ 121,019
Equity/Other	6,001	-	19,241	25,242
Short Term Investments	74,962	-	-	74,962
Total investment assets	\$ 80,963	\$ 25,420	\$ 114,840	\$ 221,223

The following summarizes the Company's investment assets categorized within the fair value hierarchy as of December 31, 2019:

Assets	Level 1	Level 2	Level 3	Total
Debt	\$ -	\$ 53,635	\$ 120,431	\$ 174,066
Equity/Other	-	-	23,549	23,549
Short Term Investments	85,733	-	-	85,733
Total investment assets	\$ 85,733	\$ 53,635	\$ 143,980	\$ 283,348

The following is a reconciliation of Level 3 assets for the six months ended June 30, 2020:

Level 3	Beginning Balance as of January 1, 2020	Net Transfers In/Out	Purchases(1)	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)(2)	Sales and Settlements(1)	Net Amortization of Premium/Discount	Ending Balance as of June 30, 2020
Debt	\$ 120,431	\$ (3,735)	\$ 37,664	\$ (1,078)	\$ (21,485)	\$ (38,005)	\$ 1,807	\$ 95,599
Equity/Other	23,549	-	-	-	(3,484)	(824)	-	19,241
Total investment assets	\$ 143,980	\$ (3,735)	\$ 37,664	\$ (1,078)	\$ (24,969)	\$ (38,829)	\$ 1,807	\$ 114,840

The following is a reconciliation of Level 3 assets for the year ended December 31, 2019:

Level 3	Beginning Balance as of January 1, 2019	Net Transfers In/Out	Purchases(1)	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)(2)	Sales and Settlements(1)	Net Amortization of Premium/Discount	Ending Balance as of December 31, 2019
Debt	\$ 116,034	\$ -	\$ 120,050	\$ (313)	\$ (6,210)	\$ (112,879)	\$ 3,749	\$ 120,431
Equity/Other	-	6,231	32,935	-	(14,003)	(1,614)	-	23,549
Total investment assets	\$ 116,034	\$ 6,231	\$ 152,985	\$ (313)	\$ (20,213)	\$ (114,493)	\$ 3,749	\$ 143,980

- (1) Purchases may include new deals, additional fundings (inclusive of those on revolving credit facilities), refinancings, capitalized PIK income, and securities received in corporate actions and restructurings. Sales and Settlements may include scheduled principal payments, prepayments, sales and repayments (inclusive of those on revolving credit facilities), and securities delivered in corporate actions and restructuring of investments.
- (2) The net change in unrealized depreciation relating to Level 3 assets still held at June 30, 2020 totaled \$(25,024) consisting of the following: \$(21,539) related to debt investments and \$(3,485) related to equity. The net change in unrealized depreciation relating to Level 3 assets still held at December 31, 2019 totaled \$(20,664) consisting of the following: \$(6,661) related to debt investments and \$(14,003) relating to equity/other.

One investment with a fair value of \$(11,801) was transferred from Level 3 to Level 2 as a result of increased pricing transparency during the six months ended June 30, 2020. Two investments with an aggregate fair value of \$8,066 were transferred from Level 2 to Level 3 as a result of decreased pricing transparency during the six months ended June 30, 2020.

One investment with a fair value of \$2,353 was transferred from Level 1 to Level 3 during the year ended December 31, 2019 as a result of the shares being delisted from their primary exchange.

The following tables present the ranges of significant unobservable inputs used to value the Company's Level 3 assets as of June 30, 2020 and December 31, 2019, respectively. These ranges represent the significant unobservable inputs that were used in the valuation of each type of instrument, but they do not represent a range of values for any one instrument. For example, the lowest yield in 1st Lien Debt is appropriate for valuing that specific debt investment, but may not be appropriate for valuing any other debt investments in this asset class. Accordingly, the ranges of inputs presented below do not represent uncertainty in, or possible ranges of, fair value measurements of the Company's Level 3 assets.

As of June 30, 2020

Investment Type	Fair value	Valuation Technique(1)	Unobservable Input(1)	Range (Weighted Average) (2)
Debt	\$ 37,198	Market Approach	Earnings Multiple	4.00
		Income Approach	Discount Rate	16.50%
	9,395	Income Approach	Discount Rate	14.37% - 52.50% (26.12%)
		Quotes		2.40 - 63.40 (50.50)
	14,184	Market Approach	Earnings Multiple	4.75 - 6.25 (5.70)
	33,455	Income Approach	Discount Rate	2.87% - 40.00% (10.95%)
	775	Income Approach	Implied Yield	4.04% - 10.77% (8.71%)
	592	Asset Recovery / Liquidation(4)		
Total Debt	\$ 95,599			
Equity/Other	\$ 9,114	Market Approach	Earnings Multiple	2.75 - 4.50 (3.35)
		Income Approach	Discount Rate	15.50% - 43.00% (38.48%)
	8,653	Market Approach	Earnings Multiple	3.66
	1,474	Asset Recovery / Liquidation(4)		
Total Equity/Other	\$ 19,241			

As of December 31, 2019

Investment Type	Fair value	Valuation Technique(1)	Unobservable Input(1)	Range (Weighted Average) (2)
Debt	\$ 9,054	Market Approach	EBITDA Multiple	5.50
	(1,262)		Implied Yield	4.09% - 8.09% (7.03%)
	38,225	Market Approach	Earnings Multiple	4.25
		Income Approach	Discount Rate	12.75%
	73,334	Income Approach	Discount Rate	3.45% - 32.50% (12.70%)
	1,080	Asset Recovery / Liquidation(4)		
Total Debt	\$ 120,431			
Equity/Other	\$ 10,079	Market Approach	Earnings Multiple	2.80 - 4.25 (3.41)
		Income Approach	Discount Rate	12.75% - 39.00% (32.87%)
	11,996	Market Approach	Comparable Price(3)	6.00 - 11.00 (8.75)
	1,474	Asset Recovery / Liquidation(4)		
Total Equity/Other	\$ 23,549			

(1) The fair value of any one instrument may be determined using multiple valuation techniques or unobservable inputs.

(2) Weighted average for an asset category consisting of multiple investments is calculated by weighting the significant unobservable input by the relative fair value of the investment. The range and weighted average for an asset category consisting of a single investment represents the significant unobservable input used in the fair value of the investment.

(3) Comparable price may include broker quotes for the exact security or similar securities.

(4) Investments valued using the asset recovery or liquidation technique include investments for which valuation is based on current financial data without a discount rate applied.

5. DEBT

On September 13, 2017, the Company offered \$28,375 in aggregate principal amount of 6.50% notes due 2022 (the "GECCL Notes"). On September 29, 2017, the Company sold to several underwriters an additional \$4,256 of the GECCL Notes upon full exercise of the underwriters' over-allotment option.

The GECCL Notes are our unsecured obligations and rank equal with all of our outstanding and future unsecured unsubordinated indebtedness. The GECCL Notes are effectively subordinated, or junior in right of payment, to any future secured indebtedness that the Company may incur and structurally subordinated to all future indebtedness and other obligations of our subsidiaries. The Company pays interest on the GECCL Notes on January 31, April 30, July 31 and October 31 of each year. The GECCL Notes will mature on September 18, 2022 and can be called on, or after, September 18, 2019. Holders of the GECCL Notes do not have the option to have the GECCL Notes repaid prior to the stated maturity date. The GECCL Notes were issued in minimum denominations of \$25 and integral multiples of \$25 in excess thereof.

On January 11, 2018, the Company offered \$43,000 in aggregate principal amount of 6.75% notes due 2025 (the "GECCM Notes"). On January 19, 2018 and February 9, 2018, the Company sold an additional \$1,898 and \$1,500 of the GECCM Notes upon partial exercise of the underwriters' over-allotment option.

The GECCM Notes are our unsecured obligations and rank equal with all of our outstanding and future unsecured unsubordinated indebtedness. The GECCM Notes are effectively subordinated, or junior in right of payment, to any future secured indebtedness that the Company may incur and structurally subordinated to all future indebtedness and other obligations of our subsidiaries. The Company pays interest on the GECCM Notes on March 31, June 30, September 30 and December 31 of each year. The GECCM Notes will mature on January 31, 2025 and can be called on, or after, January 31, 2021. Holders of the GECCM Notes do not have the option to have the GECCM Notes repaid prior to the stated maturity date. The GECCM Notes were issued in minimum denominations of \$25 and integral multiples of \$25 in excess thereof.

On June 18, 2019, the Company offered \$42,500 in aggregate principal amount of 6.50% notes due 2024 (the "GECCN Notes"), which included \$2,500 of the GECCN Notes sold in connection with the partial exercise of the underwriters' over-allotment option. On July 5, 2019, the Company sold an additional \$2,500 of the GECCN Notes upon another partial exercise of the underwriters' over-allotment option.

The GECCN Notes are our unsecured obligations and rank equal with all of our outstanding and future unsecured unsubordinated indebtedness. The GECCN Notes are effectively subordinated, or junior in right of payment, to any future secured indebtedness that the Company may incur and structurally subordinated to all future indebtedness and other obligations of our subsidiaries. The Company pays interest on the GECCN Notes on March 31, June 30, September 30 and December 31 of each year beginning September 30, 2019. The GECCN Notes will mature on June 30, 2024 and can be called on, or after, June 30, 2021. Holders of the GECCN Notes do not have the option to have the GECCN Notes repaid prior to the stated maturity date. The GECCN Notes were issued in minimum denominations of \$25 and integral multiples of \$25 in excess thereof.

As part of the offerings, the Company incurred fees and costs, which are treated as a reduction of the carrying amount of the debt on the Company Statements of Assets and Liabilities. These deferred financing costs presented as a reduction to the Notes payable balance are being amortized into interest expense over the term of the Notes.

The Company may repurchase the Notes in accordance with the Investment Company Act and the rules promulgated thereunder. During the six months ended June 30, 2020, the Company repurchased \$1,976 in principal amount of the GECCL Notes, \$788 in principal amount of the GECCM Notes and \$1,727 in principal amount of the GECCN Notes.

Information about the Company's senior securities (including debt securities and other indebtedness) is shown in the following table:

As of	Total Amount Outstanding ⁽¹⁾	Asset Coverage Ratio Per Unit ⁽²⁾	Involuntary Liquidation Preference Per Unit ⁽³⁾	Average Market Value Per Unit ⁽⁴⁾
December 31, 2016				
2020 Notes	\$ 33,646	\$ 6,168	N/A	\$ 1.02
December 31, 2017				
GECCL Notes	\$ 32,631	\$ 5,010	N/A	\$ 1.02
December 31, 2018				
GECCL Notes	\$ 32,631	\$ 2,393	N/A	\$ 1.01
GECCM Notes	46,398	2,393	N/A	0.98
December 31, 2019				
GECCL Notes	\$ 32,631	\$ 1,701	N/A	\$ 1.01
GECCM Notes	46,398	1,701	N/A	1.01
GECCN Notes	45,000	1,701	N/A	1.00
June 30, 2020				
GECCL Notes	\$ 30,655	\$ 1,445	N/A	\$ 0.85
GECCM Notes	45,610	1,445	N/A	0.82
GECCN Notes	43,273	1,445	N/A	0.83

- (1) Total amount of each class of senior securities outstanding at the end of the period presented.
- (2) Asset coverage per unit is the ratio of the carrying value of Great Elm's 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.
- (3) The amount to which such class of senior security would be entitled upon the voluntary liquidation of the issuer in preference to any security junior to it.
- (4) The average market value per unit for the Notes, as applicable, is based on the average daily prices of such Notes and is expressed per \$1 of indebtedness.

The indenture's covenants, include restrictions on certain activities in the event the Company falls below the minimum asset coverage requirements set forth in Section 18(a)(1)(A) as modified by Section 61(a)(1) of the Investment Company Act, as well as covenants requiring the Company to provide financial information to the holders of the Notes and the Trustee if the Company ceases to be subject to the reporting requirements of the Securities Exchange Act of 1934. These covenants are subject to limitations and exceptions that are described in the Indenture. The Investment Company Act limits, with certain exceptions, the Company's borrowing such that its asset coverage ratio, as defined in the Investment Company Act, is at least 1.5 to 1 after such borrowing (the "Minimum ACR").

As of June 30, 2020, the Company's asset coverage ratio was approximately 144.5%. As a result of falling below the Minimum ACR, the Company will be subject to certain limitations on its ability to incur additional debt, make cash distributions on junior securities or repurchase junior securities, in each case, in accordance with the Investment Company Act and the indentures governing our outstanding notes, until such time the Company is above the Minimum ACR.

As of June 30, 2020 and December 31, 2019 the Company was in compliance with all covenants under the indentures.

For the three and six months ended June 30, 2020 and 2019, the components of interest expense were as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2020	2019	2020	2019
Borrowing interest expense	\$ 2,018	\$ 1,414	\$ 4,060	\$ 2,727
Amortization of acquisition premium	372	157	635	298
Total	\$ 2,390	\$ 1,571	\$ 4,695	\$ 3,025
Weighted average interest rate ⁽¹⁾	7.86%	7.38%	7.67%	7.37%
Average outstanding balance	\$ 122,240	\$ 85,100	\$ 123,125	\$ 82,081

(1) Annualized.

The fair value of the Company's Notes 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 Company's Notes is determined by utilizing market quotations at the measurement date as they are Level 1 securities.

Facility	June 30, 2020		
	Commitments	Borrowings Outstanding	Fair Value
Unsecured Debt - GECCL Notes	\$ 30,655	\$ 30,655	\$ 27,565
Unsecured Debt - GECCM Notes	45,610	45,610	36,762
Unsecured Debt - GECCN Notes	43,273	43,273	32,472
Total	\$ 119,538	\$ 119,538	\$ 96,799

Facility	December 31, 2019		
	Commitments	Borrowings Outstanding	Fair Value
Unsecured Debt - GECCL Notes	\$ 32,631	\$ 32,631	\$ 32,918
Unsecured Debt - GECCM Notes	46,398	46,398	46,888
Unsecured Debt - GECCN Notes	45,000	45,000	45,180
Total	\$ 124,029	\$ 124,029	\$ 124,986

6. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Company may enter into investment agreements under which it commits to make an investment in a portfolio company at some future date or over a specified period of time. As of June 30, 2020, the Company had approximately \$36,785 in unfunded loan commitments, subject to the Company's approval in certain instances, to provide debt financing to certain of its portfolio companies. To the degree applicable, unrealized gains or losses on these commitments as of June 30, 2020 are included in the Company's Statement of Assets and Liabilities and the corresponding Schedule of Investments. The Company believes that it had sufficient cash and other liquid assets on its balance sheet to satisfy the unfunded commitments. The Company has considered the net decreases in net assets and positive cash flows from operations and has concluded that it has the ability to meet its obligations in the ordinary course of business based upon an evaluation of its cash position and sources of liquidity.

From time to time, the Company may be a party to certain legal proceedings in the ordinary course of business, including proceedings relating to the enforcement of the Company rights under contracts with the Company portfolio companies.

The Company is named as a defendant in a lawsuit filed on March 5, 2016, and captioned Intrepid Investments, LLC v. London Bay Capital, which is pending in the Delaware Court of Chancery. The plaintiff immediately agreed to stay the action in light of an ongoing mediation among parties other than the Company. This lawsuit was brought by a member of Speedwell Holdings (formerly known as The Selling Source, LLC), one of the Company's portfolio investments, against various members of and lenders to Speedwell Holdings. The plaintiff asserts claims of aiding and abetting, breaches of fiduciary duty, and tortious interference against the Company. In June 2018, Intrepid Investments, LLC ("Intrepid") sent notice to the court and defendants effectively lifting the stay and triggering defendants' obligation to respond to the Intrepid complaint. In September 2018, the Company joined the other defendants in a motion to dismiss on various grounds. In February 2019, Intrepid filed a second amended complaint to which defendants filed a renewed motion to dismiss in March 2019. The Company intends to continue to monitor the matter and will assess the need to defend the matter further as necessary.

In July 2016, Full Circle filed suit in the District Court of Caldwell County, Texas against, among others, Willis Pumphrey for breach of a guaranty agreement arising from a loan transaction with Full Circle. Dr. Pumphrey, a personal guarantor of the loan made by Full Circle, the Company's predecessor in interest, brought counterclaims in (i) the District Court of Caldwell County, Texas and (ii) the District Court of Harris County, Texas (the "District Court") against, among others, Justin Bonner, an employee of GECM, in each case, alleging breach of a confidentiality agreement and tortious interference with Dr. Pumphrey's attempted sale of a business in which he owned an interest. In August 2017, Dr. Pumphrey voluntarily withdrew his complaint against Mr. Bonner and Full Circle in the District Court of Harris County, Texas. In November 2017, Dr. Pumphrey voluntarily withdrew his complaint without prejudice against Full Circle in the District Court of Caldwell County, Texas. On November 29, 2017, Dr. Pumphrey refiled his claims in the District Court of Harris County, Texas naming Full Circle, MAST Capital, GECC and GECM as defendants. Dr. Pumphrey is seeking between \$2 million and \$6 million in damages. GECC believes Dr. Pumphrey's claims to be frivolous and intends to vigorously defend them. Furthermore, the Company continues to pursue the initial claims against Dr. Pumphrey in the District Court of Caldwell County, Texas. In September 2019, the Company received a judgment in the Company's favor from the District Court of Caldwell County, Texas.

In September 2018, the Company (as successor by merger to Full Circle), the other lenders, and the lender trustee under PEAKS Trust 2009-11 ("PEAKS Trust"), were named as defendants in a claim brought by the Chapter 7 trustee in the ITT Educational Services bankruptcy. Full Circle purchased via assignment a portion of the PEAKS Trust senior secured facility from Deutsche Bank Trust Company Americas in December 2016. The PEAKS Trust senior secured facility was supported by an underlying portfolio of student loans and guaranteed by ITT Educational Services, Inc. ("ITT"). In September 2016, ITT and its affiliates filed for relief under Chapter 7 of the Bankruptcy Code. Following the Chapter 7 filing, a trustee was appointed who initiated a proceeding against certain Deutsche Bank entities and the investors in the PEAKS Trust, including GECC. On November 2, 2018, the trustee filed a motion seeking to stay the litigation in order to facilitate settlement. Though the final settlement has not been entered into or approved, the Company estimates that its potential exposure to loss is approximately \$250. The Company is continuing to monitor these proceedings.

7. INDEMNIFICATION

Under the Company's organizational documents, its officers and directors are indemnified against certain liabilities arising out of the performance of their duties to the Company. In addition, in the normal course of business the Company expects to enter into contracts that contain a variety of representations which provide general indemnifications. The Company's maximum exposure under these agreements cannot be known; however, the Company expects any risk of loss to be remote.

8. FINANCIAL HIGHLIGHTS

Below is the schedule of financial highlights of the Company:

	For the Six Months Ended June 30,	
	2020	2019
Per Share Data:(1)		
Net asset value, beginning of period	\$ 8.63	\$ 10.34
Net investment income	0.35	0.55
Net realized gains	(1.02)	0.10
Net change in unrealized appreciation (depreciation)	(2.36)	(0.29)
Net increase (decrease) in net assets resulting from operations	(3.03)	0.36
Accretion from share buybacks	-	0.10
Distributions declared from net investment income(2)	(0.50)	(0.50)
Net decrease resulting from distributions to common stockholders	(0.50)	(0.50)
Net asset value, end of period	\$ 5.10	\$ 10.30
Per share market value, end of period	\$ 4.26	\$ 8.70
Shares outstanding, end of period	10,424,957	10,062,682
Total return based on net asset value(3)	(34.99)%	4.80%
Total return based on market value(3)	(38.17)%	17.56%
Ratio/Supplemental Data:		
Net assets, end of period	\$ 53,154	\$ 103,640
Ratio of total expenses to average net assets (4),(5)	24.57%	14.05%
Ratio of incentive fees to average net assets(4)	0.54%	2.80%
Ratio of net investment income to average net assets(4),(5)	12.29%	11.21%
Portfolio turnover	29%	51%

- (1) The per share data was derived by using the weighted average shares outstanding during the period, except where such calculations deviate from those specified under the instructions to Form N-2.
- (2) The per share data for distributions declared reflects the actual amount of distributions of record per share for the period.
- (3) Total return based on net asset value is calculated as the change in net asset value per share, assuming the Company's distributions were reinvested through its dividend reinvestment plan. Total return based on market value is calculated as the change in market value per share, assuming the Company's distributions were reinvested through its dividend reinvestment plan. Total return does not include any estimate of a sales load or commission paid to acquire shares.
- (4) Average net assets used in ratio calculations is calculated using monthly ending net assets for the period presented. For the six months ended June 30, 2020 and 2019 average net assets were \$61,093 and \$103,964, respectively.
- (5) Annualized for periods less than one year.

9. AFFILIATED AND CONTROLLED INVESTMENTS

Affiliated investments are defined by the Investment Company Act, whereby the Company owns between 5% and 25% of the portfolio company's outstanding voting securities and the investments are not classified as controlled investments. The aggregate fair value of non-controlled, affiliated investments at June 30, 2020 represented 72% of the Company's net assets.

Controlled investments are defined by the Investment Company Act, whereby the Company owns more than 25% of the portfolio company's outstanding voting securities or maintains the ability to nominate greater than 50% of the board representation. The aggregate fair value of controlled investments at June 30, 2020 represented 16% of the Company's net assets.

Fair value as of June 30, 2020 along with transactions during the six months ended June 30, 2020 in these affiliated investments and controlled investments was as follows:

For the Six Months Ended June 30, 2020									
Issue(1)	Fair value at December 31, 2019	Gross Additions(2)	Gross Reductions(3)	Net Realized Gain (Loss)	Change in Unrealized Appreciation (Depreciation)	Fair value at June 30, 2020	Interest Income(4)	Fee Income	Dividend Income
Non-Controlled, Affiliated Investments									
Avanti Communications Group PLC									
1.25 Lien, Secured Bond	\$ -	\$ 1,079	\$ -	\$ -	\$ -	\$ 1,079	\$ 23	\$ 75	\$ -
1.5 Lien, Secured Bond	8,413	531	-	-	-	8,944	543	-	-
1.5 Lien, Secured Bond - Unfunded	-	-	-	-	-	-	-	-	-
2nd Lien, Secured Bond	29,812	2,382	-	-	(5,019)	27,175	2,425	-	-
Equity (9% of class)	2,353	-	-	-	(1,095)	1,258	-	-	-
	<u>40,578</u>	<u>3,992</u>	<u>-</u>	<u>-</u>	<u>(6,114)</u>	<u>38,456</u>	<u>2,991</u>	<u>75</u>	<u>-</u>
OPS Acquisitions Limited and Ocean Protection Services Limited									
1st Lien, Secured Loan	30	-	-	-	(1)	29	-	-	-
Equity (19% of class)	-	-	-	-	-	-	-	-	-
	<u>30</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>29</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 40,608</u>	<u>\$ 3,992</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,115)</u>	<u>\$ 38,485</u>	<u>\$ 2,991</u>	<u>\$ 75</u>	<u>\$ -</u>
Controlled Investments									
The Finance Company									
1st Lien, Secured Revolver	\$ 806	\$ 574	\$ 1,061	\$ -	\$ -	\$ 319	\$ 35	\$ 12	\$ -
1st Lien, Secured Revolver - Unfunded	-	-	-	-	-	-	-	-	-
1st Lien, Secured Term Loan B	244	-	-	-	-	244	63	-	-
Equity (72% of class)	-	-	-	-	-	-	-	-	-
	<u>1,050</u>	<u>574</u>	<u>1,061</u>	<u>-</u>	<u>-</u>	<u>563</u>	<u>98</u>	<u>12</u>	<u>-</u>
PE Facility Solutions, LLC									
1st Lien, Secured Term Loan B	819	-	516	-	14	317	-	-	-
Equity (87% of class)	-	-	-	-	-	-	-	-	-
	<u>819</u>	<u>-</u>	<u>516</u>	<u>-</u>	<u>14</u>	<u>317</u>	<u>-</u>	<u>-</u>	<u>-</u>
Prestige Capital Corporation									
Equity (80% of class)	7,726	-	-	-	130	7,856	-	-	880
Totals	<u>\$ 9,595</u>	<u>\$ 574</u>	<u>\$ 1,577</u>	<u>\$ -</u>	<u>\$ 144</u>	<u>\$ 8,736</u>	<u>\$ 98</u>	<u>\$ 12</u>	<u>\$ 880</u>

- (1) Non-unitized equity investments are disclosed with percentage ownership in lieu of quantity.
- (2) Gross additions include increases resulting from new or additional portfolio investments, capitalized PIK income, accretion of discounts and the exchange of one or more existing securities for one or more new securities.
- (3) Gross reductions include decreases resulting from principal collections related to investment repayments or sales and the exchange of one or more existing securities for one or more new securities.
- (4) Income amounts include accrued PIK income.

10. SUBSEQUENT EVENTS

On July 15, 2020, the Company distributed 164,614 shares in connection with the June 30, 2020 distribution.

In July 2020:

- the Company purchased 800,000 preferred shares in Crestwood Equity Partners LP for approximately \$5,000.
- the Company purchased \$3,000 in par value of First Brands Group, LLC 1st lien term loan at 94% of par value.
- the Company purchased \$2,752 in par value of Tensar Corp. 2nd lien term loan at 76% of par value.

On July 30, 2020, California Pizza Kitchen, Inc. ("CPK") filed for bankruptcy. As of June 30, 2020, the Company held \$9,897 in par value of CPK 1st lien secured loan and \$4,300 in par value of CPK 2nd lien secured loan. In connection with the bankruptcy filing, CPK has entered into a restructuring support agreement with certain of its lenders, including the Company.

In August 2020, the Company purchased \$4,201 in par value of CPK debtor-in-possession term loan at 85% of par value.

The Board declared monthly distributions for the fourth quarter of 2020 at an annual rate of approximately 19.5% of the Company's June 30, 2020 NAV, which equates to \$0.083 per month. All of the monthly distributions are from net investment income. The schedule of distribution payments will be established by GECC pursuant to authority granted by the Board. The distributions will be paid in cash or shares of the Company's common stock at the election of shareholders, although the total amount of cash to be distributed to all shareholders will be limited to approximately 10% of the total distributions to be paid to all shareholders. The remainder of the distributions (approximately 90%) will be paid in the form of shares of the Company's common stock, in accordance with applicable law and the indentures governing the Company's outstanding notes.

Certification of Chief Executive Officer

I, Peter A. Reed, Chief Executive Officer of Great Elm Capital Corp., a Maryland corporation (the “Registrant”) certify that:

1. I have reviewed this quarterly report on Form 10-Q of the Registrant;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and
5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Dated: August 7, 2020

/s/ Peter A. Reed
Peter A. Reed
Chief Executive Officer
(Principal Executive Officer)

Certification of Chief Financial Officer

I, Keri A. Davis, Chief Financial Officer of Great Elm Capital Corp., a Maryland corporation (the “Registrant”) certify that:

1. I have reviewed this quarterly report on Form 10-Q of the Registrant;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and
5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Dated: August 7, 2020

/s/ Keri A. Davis

Keri A. Davis

Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)

Certification of Chief Executive Officer and Chief Financial Officer
Pursuant to
18 U.S.C. 1350, as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with this Quarterly Report on Form 10-Q of Great Elm Capital Corp., a Maryland corporation (the "Registrant"), for the three months ended June 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Peter A. Reed, as Chief Executive Officer of the Registrant, and Keri A. Davis, as Chief Financial Officer of the Registrant, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of each of the undersigned's knowledge:

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

Dated: August 7, 2020

/s/ Peter A. Reed

Peter A. Reed
Chief Executive Officer
(Principal Executive Officer)

/s/ Keri A. Davis

Keri A. Davis
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)