

Apollo Tactical Income Fund Inc.  
Form N-CSR  
February 28, 2014  
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT**

**INVESTMENT COMPANIES**

Investment Company Act file number 811-22591

Apollo Tactical Income Fund Inc.

(Exact name of registrant as specified in charter)

9 West 57th Street

New York, New York 10019

(Address of principal executive offices) (Zip code)

Joseph Moroney, President

9 West 57th Street

New York, New York 10019

(Name and address of agent for service)

Registrant's telephone number, including area code: (212) 515-3200

Date of fiscal year end: December 31

Date of reporting period: December 31, 2013

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**Item 1. Reports to Stockholders.**

The Report to Shareholders is attached herewith.

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Apollo Senior Floating Rate Fund Inc. (NYSE: AFT)

Apollo Tactical Income Fund Inc. (NYSE: AIF)

Annual Report

December 31, 2013

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Economic and market conditions change frequently.

There is no assurance that the trends described in this report will continue or commence.

**This report, including the financial information herein, is transmitted to shareholders of the Funds for their information. It is not a prospectus. Past performance results shown in this report should not be considered a representation of future performance. Statements and other information herein are as dated and are subject to change.**

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**Apollo Senior Floating Rate Fund Inc.**

**Apollo Tactical Income Fund Inc.**

**Manager Commentary (unaudited)**

**As of December 31, 2013**

Dear Shareholders,

We would like to start by saying thank you for your interest in the Apollo Senior Floating Rate Fund Inc. and the Apollo Tactical Income Fund Inc. (the Funds). We appreciate the trust and confidence you have placed with us through your investment in the Funds.

In 2013, we saw several records broken and witnessed several improbabilities become realities. In terms of the records broken, total leveraged loan issuance hit \$605.0 billion and institutional issuance hit \$454.9 billion for the year, exceeding prior records of \$535.2 billion and \$386.6 billion, respectively, in 2007. The driver for the significant issuance was primarily refinancings, which were 47% of issuance for the year. Issuers took advantage of robust capital markets and low rates to address upcoming maturities or opportunistically remove covenants and reprice their loans. The next record broken was retail inflows, which were \$70 billion for the year. Demand for floating rate income-oriented investments by retail investors grew as the possibility of a higher rate environment became evident amid talks of a less accommodative central bank. The demand from retail investors was met with a nominal increase in new supply into the market during the first half of 2013, but became more balanced in the second half of the year. The supply, primarily in the second half of 2013, resulted in the loan market growing from \$551.8 billion to \$680.9 billion during the year. The other notable development was the resurgence in the collateralized loan obligation (CLO) market where issuance hit \$81.8 billion for the year, the most since \$97.0 billion in 2006. The CLO market was wide open for most of the year as issuers executed a total of 172 deals, which helped absorb new issue supply and drove spreads tighter.

Fundamentally, we saw a benign environment during 2013. Default rates for the year ended at 2.11% by principal amount and 1.61% by number of loans. This compares to a long-term average of 3.24% and 3.07% over the last 15 years. While use of leverage increased during the year, fixed charge coverage, which represents a company's ability to service their interest expense and capital expenditures, remained strong, largely due to low interest expense. Structures were weaker during the year with a majority of loan issuers executing covenant-lite financings, although history suggests covenant-lite issuers do not exhibit worse default characteristics than loans with covenants.

Based on historical trends, we did not anticipate that 2013 would be a coupon-clipping year. However, it appears that 2013 was an exception where the market earned 5.29% versus a beginning-of-2013 yield of 5.59%. This is the first time in 7 years that this has happened. As we break down the year, we did see significant spread compression during the first quarter of 2013 as supply was insufficient to meet demand, resulting in a wave of repricings. As the year progressed, we saw more stability in supply and demand dynamics, and spreads stabilized. We ended 2013 with spreads on the leveraged loan index of 4.66%, compared to the beginning of the year at 5.29%.

As we head into 2014, market strategists generally are forecasting, in classic fashion, more of the same. Default rates are expected to remain muted, loan issuance is expected to be robust, and new issue CLO and retail demand are expected to be strong. Loans are expected to have another coupon year. While we could offer a safe outlook with many of the same thoughts as the strategists, a tenet of Apollo is to always look for a contrarian view. Some of our views are as follows:

Our key contrarian prediction is that loans have the potential to see much more technical volatility in 2014 than 2013, creating opportunities for investors that are patient and capital-rich. The open-ended mutual fund investor was primarily responsible for driving demand for loans and causing spreads to tighten significantly in 2013, as noted above. We believe that retail demand will be more erratic in 2014 as the debate over quantitative easing continues. Loans have seen 81 consecutive weeks of positive inflows, and we believe that we are due for a pause or a temporary reversal that could cause a rise in spreads (and a reduction in prices). We look at 2011 to see the impact of a reversal in loan retail flows on prices. During a 5-week period in the summer of 2011, the loan market declined by 5.02% as retail outflows hit \$5.5 billion. At that time, retail investors were \$80.7 billion, or 15.6%, of the market. Today, retail investors are \$161.0 billion, or 23.7%, of the market. Our view is that a reversal in loan mutual fund flows, even a modest one, could result in a relatively large decline in prices. Notably, we believe this decline in prices will be temporary but may result in loans underachieving their coupons for the year.

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**Apollo Senior Floating Rate Fund Inc.**

**Apollo Tactical Income Fund Inc.**

**Manager Commentary (unaudited) (continued)**

**As of December 31, 2013**

While we expect that defaults in 2014 should remain low, we also believe defaults may rise to a level closer to long-term averages over the next few years. We saw an increase in the amount of weak third quarter earnings reports compared to previous quarters, resulting in price declines for underperformers. While there were few themes across earnings, it is clearly becoming a credit picker's market, as companies across a variety of sectors missed numbers due to poor execution and a lack of cost-cutting opportunities. We do not currently foresee any significant catalysts to cause a broad pick-up in defaults in 2014, given lack of maturities, lack of covenants and low rates, but we do think the shadow interest rate will pick-up in 2014 and result in more defaults in 2015 and 2016.

We appreciate your interest and support in the Funds and hope you have a happy and prosperous new year. If you have any questions about the Funds, please call 1-888-301-3838, or go to our website at [www.agmfunds.com](http://www.agmfunds.com).

Sincerely,

Apollo Credit Management, LLC

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**Table of Contents****Apollo Senior Floating Rate Fund Inc.****Financial Data**

As of December 31, 2013 (unaudited)

**Portfolio Composition (as % of Current Market****Value of Investment Securities)**

First Lien Senior Secured Loans	83.5%
Senior Secured Bonds	1.1%
Second Lien Secured Loans	9.0%
Second Lien Secured Bonds	0.4%
Senior Unsecured Bonds	5.5%
Equity/Other	0.5%

**Portfolio Characteristics (a)**

Weighted Average Floating-Rate Spread	4.95%
Weighted Average Fixed-Rate Coupon	9.56%
Weighted Average Days to Reset (floating assets)	57
Weighted Average Modified Duration in years (fixed assets)	3.59
Average Position Size	\$ 2,155,151
Number of Positions	199
Weighted Average Rating	B

**Credit Quality (b)**

BBB- or Higher	0.3%
BB	6.3%
B	84.1%
CCC+ or Lower	7.0%
Not Rated	2.3%

**Top 5 Industries (as % of Current Market Value of****Investment Securities) (c)**

Banking, Finance, Insurance and Real Estate	15.5%
Services: Business	11.1%
Healthcare & Pharmaceuticals	7.9%
Telecommunications	7.4%
Media: Broadcasting & Subscription	7.0%
<b>Total</b>	<b>48.9%</b>

**Top 10 Issuers (as % of Current Market Value of****Investment Securities) (d)**

First Data Corp.	2.7%
Intelsat Jackson Holdings, S.A.	1.4%
Tervita Corp.	1.3%
Drillships Financing Holding Inc.	1.3%
Hyperion Insurance Group	1.2%
Onex Carestream Finance L.P.	1.2%
WideOpenWest Finance, LLC	1.2%
National Financial Partners Corp.	1.2%
HGIM Corp.	1.2%

Bats Global Markets, Inc.	1.2%
<b>Total</b>	<b>13.9%</b>

<b>Performance Comparison</b>	<b>Year Ended December 31, 2013</b>	<b>Since Inception on February 23, 2011 to December 31, 2013</b>
AFT - Stock Price	3.14%(e)	3.41%(e)(f)
AFT - NAV	9.19%(e)	7.13%(e)(f)
S&P/LSTA Leveraged Loan Index	5.29%	4.81%(f)

- (a) Averages based on par value of investment securities, except for the weighted average modified duration, which is based on market value.
- (b) Credit quality is calculated as a percentage of fair value of investment securities at December 31, 2013. The quality ratings reflected were issued by Standard & Poor's Ratings Group (Standard & Poor's), a nationally recognized statistical rating organization. Credit quality ratings reflect the rating agency's opinion of the credit quality of the underlying positions in the Fund's portfolio and not that of the Fund itself. Credit quality ratings are subject to change.
- (c) The industry classifications reported are from widely recognized market indexes or rating group indexes, and/or as defined by Fund management, with the primary source being Moody's Investors Service (Moody's), a nationally recognized statistical rating organization.
- (d) Holdings are subject to change and are provided for informational purposes only.
- (e) Performance reflects total return assuming all distributions were reinvested at the dividend reinvestment rate. Past performance does not necessarily indicate how the Fund will perform in the future. The performance information provided does not reflect the deduction of taxes that a shareholder would pay on distributions received from the Fund.
- (f) Annualized.



**Table of Contents****Apollo Tactical Income Fund Inc.****Financial Data**

As of December 31, 2013 (unaudited)

**Portfolio Composition (as % of Current Market****Value of Investment Securities)**

First Lien Senior Secured Loans	46.0%
Senior Secured Bonds	11.5%
Second Lien Secured Loans	11.2%
Second Lien Secured Bonds	2.7%
Senior Unsecured Bonds	18.0%
Junior Subordinated Bonds	1.6%
Asset-Backed Securities	9.0%

**Portfolio Characteristics (a)**

Weighted Average Floating-Rate Spread	5.72%
Weighted Average Fixed-Rate Coupon	8.87%
Weighted Average Days to Reset (floating assets)	54
Weighted Average Modified Duration in years (fixed assets)	3.93
Average Position Size	\$ 2,817,015
Number of Positions	143
Weighted Average Rating	B

**Credit Quality (b)**

BB	12.3%
B	71.8%
CCC+ or Lower	14.6%
Not Rated	1.3%

**Top 5 Industries (as % of Current Market Value of****Investment Securities) (c)**

Banking, Finance, Insurance and Real Estate	17.2%
Structured Finance	9.0%
Healthcare & Pharmaceuticals	8.4%
Energy: Oil & Gas	7.3%
Services: Business	7.0%
<b>Total</b>	<b>48.9%</b>

**Top 10 Issuers (as % of Current Market Value of****Investment Securities) (d)**

First Data Corp.	2.8%
Tervita Corp.	2.6%
Avaya, Inc.	2.5%
Stonemor Partners L.P.	2.0%
Molycorp, Inc.	2.0%
InVentiv Health, Inc.	1.9%
Sidewinder Drilling, Inc.	1.8%
Atlas Senior Loan Fund Ltd.	1.7%
Land O Lakes Capital Trust I	1.6%

TPC Group, LLC	1.6%
<b>Total</b>	<b>20.5%</b>

**Performance Comparison**

	<b>Since Inception on February 25, 2013 to December 31, 2013</b>
AIF - Stock Price	(4.90)%(e)(f)
AIF - NAV	7.94%(e)(f)
S&P/LSTA Leveraged Loan Index	4.00%(f)

- (a) Averages based on par value of investment securities, except for the weighted average modified duration, which is based on market value.
- (b) Credit quality is calculated as a percentage of fair value of investment securities at December 31, 2013. The quality ratings reflected were issued by Standard & Poor's, a nationally recognized statistical rating organization. Credit quality ratings reflect the rating agency's opinion of the credit quality of the underlying positions in the Fund's portfolio and not that of the Fund itself. Credit quality ratings are subject to change.
- (c) The industry classifications reported are from widely recognized market indexes or rating group indexes, and/or as defined by Fund management, with the primary source being Moody's, a nationally recognized statistical rating organization.
- (d) Holdings are subject to change and are provided for informational purposes only.
- (e) Performance reflects total return assuming all distributions were reinvested at the dividend reinvestment rate. Past performance does not necessarily indicate how the Fund will perform in the future. The performance information provided does not reflect the deduction of taxes that a shareholder would pay on distributions received from the Fund.
- (f) Not annualized.

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**Table of Contents****Apollo Senior Floating Rate Fund Inc.****Schedule of Investments****December 31, 2013**

	Principal Amount (\$)	Value (\$)
<b>Senior Loans (a) - 135.1%</b>		
<b>AEROSPACE &amp; DEFENSE - 7.5%</b>		
Camp International Holding Co.		
2013 First Lien Replacement Term Loan, 4.75%, 05/31/19	1,306,800	1,322,044
2013 Second Lien Replacement Term Loan, 8.25%, 11/29/19 Deltek, Inc.	1,000,000	1,021,875
First Lien Term Loan, 5.00%, 10/10/18	2,297,624	2,310,065
Second Lien Term Loan, 10.00%, 10/10/19 ILC Industries, LLC	1,091,000	1,112,820
First Lien Term Loan, 8.00%, 07/11/18 Photonis USA Pennsylvania, Inc.	4,625,861	4,637,426
Term Loan, 8.50%, 09/18/19 Scitor Corp.	3,930,000	3,910,350
Term Loan, 5.00%, 02/15/17 (b) Sequa Corp.	1,925,710	1,901,638
Initial Term Loan, 5.25%, 06/19/17 SI Organization, Inc., The	960,300	940,575
New Tranche B Term Loan, 5.50%, 11/22/16 SRA International, Inc.	244,375	240,404
Term Loan, 6.50%, 07/20/18 WP CPP Holdings, LLC	3,785,551	3,790,283
First Lien Term Loan, 4.75%, 12/28/19	1,169,547	1,181,242
		22,368,722
<b>AUTOMOTIVE - 1.2%</b>		
Fram Group Holdings Inc./Prestone Holdings, Inc.		
Second Lien Term Loan, 10.50%, 01/29/18 Metaldyne, LLC	2,000,000	1,906,670
USD Term Loan, 5.00%, 12/18/18 Transtar Holding Co.	1,530,353	1,549,964
First Lien Term Loan, 5.50%, 10/09/18 (b)	189,600	186,756
		3,643,390
<b>BANKING, FINANCE, INSURANCE AND REAL ESTATE - 18.1%</b>		
Alliant Holdings I, LLC		
Initial Term Loan, 4.25%, 12/20/19 Amwins Group	1,414,710	1,422,229
First Lien New Term Loan, 5.00%, 09/06/19 Asurion, LLC	1,738,931	1,752,338
Incremental Tranche B-1 Term Loan, 4.50%, 05/24/19 Bats Global Markets, Inc.	4,557,743	4,565,035
Term Loan, 7.00%, 12/19/18 (b) Compass Investors, Inc.	5,100,000	5,131,875
Initial Term Loan, 5.00%, 12/27/19	4,325,392	4,352,426
	Principal Amount (\$)	Value (\$)
<b>BANKING, FINANCE, INSURANCE AND REAL ESTATE (continued)</b>		
EZE Software Group, LLC		

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First Lien Initial Term Loan, 4.50%, 04/06/20	671,625	677,082
Second Lien Initial Term Loan, 8.50%, 04/05/21	500,000	509,582
Hamilton Lane Advisors, LLC		
Term Loan, 5.25%, 02/28/18 (b)	862,907	869,379
HUB International Ltd.		
Term Loan B, 4.75%, 10/02/20	4,788,000	4,853,835
Hyperion Finance S.A.R.L. (United Kingdom)		
Term Loan, 5.75%, 10/17/19 (c)	5,400,000	5,389,875
ION Trading Technologies S.A.R.L. (Luxembourg)		
First Lien Term Loan, 4.50%, 05/22/20 (c)	1,086,540	1,096,216
KCG Holdings, Inc. (Knight Capital)		
Term Loan B, 5.75%, 12/05/17	323,729	325,348
Medical Card System, Inc.		
Term Loan, 11.72%, 09/17/15 (b)	4,928,256	4,878,973
MMM Holdings, Inc.		
MMM Term Loan, 9.75%, 12/12/17	793,045	799,322
MSO of Puerto Rico, Inc.		
MSO Term Loan, 9.75%, 12/12/17	576,760	581,325
National Financial Partners Corp.		
Term Loan B, 5.25%, 07/01/20	5,164,050	5,226,458
Sedgwick Claims Management Services, Inc.		
Second Lien Additional Term Loan B, 8.00%, 12/12/18	389,000	396,294
SG Acquisition, Inc.		
First Lien Initial Term Loan, 7.25%, 12/21/18 (b)	2,621,464	2,631,295
VFH Parent, LLC		
Term Loan, 5.75%, 11/08/19	3,931,167	3,967,196
Walter Investment Management Corp.		
Tranche B Term Loan, 12/18/20 (d)	4,331,458	4,348,784
		53,774,867
 <b>BEVERAGE, FOOD &amp; TOBACCO - 3.6%</b>		
AdvancePierre Foods, Inc.		
First Lien Term Loan, 5.75%, 07/10/17	705,696	698,639
Second Lien Term Loan, 9.50%, 10/10/17 (b)	1,013,158	982,763
ARG IH Corp.		
Term Loan, 5.00%, 11/15/20	1,920,000	1,933,805
Arysta LifeScience SPC, LLC		
First Lien Initial Term Loan, 4.50%, 05/29/20	1,200,965	1,210,164
Second Lien Term Loan, 8.25%, 11/30/20	1,028,000	1,046,941
Del Monte Foods Co.		
Term Loan B, 01/26/21 (d)	1,020,000	1,027,012

See accompanying Notes to Financial Statements. | 7

**Table of Contents****Apollo Senior Floating Rate Fund Inc.****Schedule of Investments (continued)****December 31, 2013**

	Principal Amount (\$)	Value (\$)
<b>Senior Loans (a) (continued)</b>		
<b>BEVERAGE, FOOD &amp; TOBACCO (continued)</b>		
Dole Food Co., Inc.		
Tranche B Term Loan, 4.50%, 11/01/18	2,353,333	2,366,571
Performance Food Group, Inc.		
Initial Term Loan, 6.25%, 11/14/19	1,544,240	1,555,822
		10,821,717
<b>CAPITAL EQUIPMENT - 1.6%</b>		
Air Distribution Technologies, Inc.		
Second Lien Initial Term Loan, 9.25%, 05/11/20	1,600,000	1,634,000
Tank Holding Corp. (Roto Acquisition Corp.)		
Term Loan 1, 4.25%, 07/09/19 (b)	3,264,839	3,260,757
		4,894,757
<b>CHEMICALS, PLASTICS, &amp; RUBBER - 4.9%</b>		
Al Chem & Cy S.C.A. (Luxembourg)		
Tranche B-1 Term Loan, 4.50%, 10/04/19 (c)	429,091	433,652
Tranche B-2 Term Loan, 4.50%, 10/04/19 (c)	222,634	225,001
Arizona Chemicals Holdings Corp.		
Term Loan, 5.25%, 12/22/17	865,571	872,712
Cyanco Intermediate Corp.		
Term Loan, 5.50%, 05/01/20 (d)	4,681,134	4,704,540
Flash Dutch 2 B.V. & U.S. Coatings Acquisition, Inc.		
Initial Term Loan B, 4.75%, 02/01/20	4,037,490	4,072,616
OCI Beaumont LLC		
Term Loan B-2, 08/20/19 (b) (d)	1,643,932	1,666,536
Tronox Pigments B. V. (Netherlands)		
New Term Loan, 4.50%, 03/19/20 (c)	740,280	751,199
Univar, Inc.		
Term Loan B, 5.00%, 06/30/17	1,873,064	1,861,489
		14,587,745
<b>CONSUMER GOODS: DURABLE - 1.7%</b>		
Bluestem Brands		
Term Loan B, 12/06/18 (b) (d)	1,245,857	1,233,399
Britax U.S. Holdings, Inc.		
First Lien Term Loan B, 4.50%, 10/15/20	988,523	994,286
FGI Operating Company, LLC		
Term Loan B, 5.50%, 04/19/19	2,816,479	2,837,603
		5,065,288
<b>CONSUMER GOODS: NON-DURABLE - 5.0%</b>		
Allflex Holdings III, Inc.		
Second Lien Initial Term Loan, 8.00%, 07/19/21	2,400,000	2,436,600

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	Principal Amount (\$)	Value (\$)
<b>CONSUMER GOODS: NON-DURABLE (continued)</b>		
Fender Musical Instruments Corp. Initial Term Loan, 5.75%, 04/03/19	447,500	455,193
Herff Jones, Inc. Term Loan B, 5.50%, 06/25/19	3,791,569	3,838,963
Insight Pharmaceuticals, LLC First Lien Term Loan, 6.25%, 08/25/16 (b)	3,227,429	3,223,395
Polyconcept Investments B.V. Term Loan, 6.00%, 06/28/19	2,521,407	2,530,862
Topps Co., Inc., The Term Loan, 7.25%, 10/02/18	2,530,000	2,536,325
		15,021,338
<b>CONTAINERS, PACKAGING AND GLASS - 2.7%</b>		
Berlin Packaging LLC Term Loan B, 4.75%, 04/02/19	497,500	502,167
Pelican Products, Inc. First Lien Repriced Term Loan, 6.25%, 07/11/18	4,770,613	4,797,448
Reynolds Group Holdings, Inc. Incremental U.S. Term Loan, 4.00%, 12/01/18	2,613,083	2,640,691
		7,940,306
<b>ENERGY: OIL &amp; GAS - 8.3%</b>		
Atlas Energy, L.P. Term Loan, 6.50%, 07/31/19	1,256,850	1,291,413
Azure Midstream Energy, LLC Term Loan, 6.50%, 11/15/18	898,618	905,357
BBTS Borrower LP Term Loan, 7.75%, 06/04/19	3,737,265	3,772,302
Bennu Oil & Gas, LLC Term Loan, 10.25%, 11/01/18 (b)	915,129	924,280
Drillships Financing Holding, Inc. Tranche B-2 Term Loan, 5.50%, 07/15/16	5,586,000	5,674,454
EMG Utica, LLC Term Loan, 4.75%, 03/27/20 (b)	1,553,000	1,562,706
HGIM Corp. Term Loan A, 5.00%, 06/18/18 (b)	5,158,577	5,190,818
Pacific Drilling S.A. Term Loan, 4.50%, 06/03/18	1,275,590	1,290,744
Power Buyer, LLC First Lien Delayed Draw Term Loan, 1.85%, 05/06/20 (c)	50,209	49,665
First Lien Initial Term Loan, 4.25%, 05/06/20	918,724	908,770
Sprint Industrial Holdings, Inc. First Lien Term Loan, 7.00%, 05/14/19 (b)	1,791,000	1,813,388
W3 Co. First Lien Term Loan, 5.75%, 03/13/20	1,256,505	1,262,002
		24,645,899

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**Table of Contents****Apollo Senior Floating Rate Fund Inc.****Schedule of Investments (continued)****December 31, 2013**

	Principal Amount (\$)	Value (\$)
<b>Senior Loans (a) (continued)</b>		
<b>ENVIRONMENTAL INDUSTRIES - 1.8%</b>		
EnergySolutions, LLC (aka Envirocare of Utah, LLC) Term Loan, 7.25%, 08/15/16 Tervita Corp. (Canada) Term Loan, 6.25%, 05/15/18 (c)	3,138,879	3,178,115
	2,197,395	2,210,788
		5,388,903
<b>FOREST PRODUCTS &amp; PAPER - 0.6%</b>		
Caraustar Industries, Inc. Term Loan, 7.50%, 05/01/19	1,796,963	1,853,119
<b>HEALTHCARE &amp; PHARMACEUTICALS - 10.4%</b>		
ABB/Con-Cise Optical Group, LLC Term Loan B-1, 4.50%, 02/06/19.	1,529,443	1,532,318
Amneal Pharmaceuticals, LLC Term Loan B, 5.75%, 11/01/19	2,254,350	2,271,258
Ardent Medical Services, Inc. First Lien Term Loan, 6.75%, 07/02/18	2,513,610	2,530,376
ATI Holdings, Inc. Term Loan, 5.00%, 12/20/19	1,090,980	1,097,122
ConvaTec, Inc. New Term Loan B, 4.00%, 12/22/16	558,172	562,529
DJO Finance, LLC (ReAble Therapeutics Finance, LLC) Tranche B Term Loan, 4.75%, 09/15/17	673,200	681,548
Healogics, Inc. First Lien Term Loan B, 5.25%, 02/05/19	1,028,230	1,038,188
InVentiv Health, Inc. Consolidated Term Loan, 7.50%, 08/04/16	2,387,546	2,365,163
Term Loan B-3, 7.75%, 05/15/18.	685,221	679,437
Medpace Intermediateco, Inc. Term Loan B, 5.25%, 06/19/17 (b)	3,509,105	3,509,105
Opal Acquisition, Inc. First Lien Term Loan, 11/27/20 (d)	4,110,000	4,120,296
Sheridan Holdings, Inc. Term Loan, 4.50%, 06/29/18	327,419	329,056
Term Loan B, 06/29/18 (d)	2,001,131	2,011,767
Smile Brands Group, Inc. Term Loan, 7.50%, 08/16/19	3,990,000	3,945,112
Steward Health Care System, LLC Term Loan, 6.75%, 04/10/20 (b)	1,520,360	1,520,816
U.S. Renal Care, Inc. Second Lien Term Loan, 10.25%, 01/03/20	818,000	836,916
Tranche B-2 First Lien Term Loan, 4.25%, 07/03/19	1,769,565	1,778,413
		30,809,420
		<b>Value (\$)</b>

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	Principal Amount (\$)	
<b>HIGH TECH INDUSTRIES - 9.6%</b>		
Active Network, Inc., The (Lanyon, Inc.) First Lien Term Loan, 5.50%, 11/13/20	2,447,000	2,465,352
Digital Insight Corp. First Lien Term Loan, 4.75%, 10/16/19	1,299,000	1,301,845
Freescale Semiconductor, Inc. Tranche B5 Term Loan, 5.00%, 01/15/21	1,945,125	1,969,955
Infor (US), Inc. Tranche B-2 Term Loan, 5.25%, 04/05/18	2,470,139	2,482,231
Kronos, Inc. First Lien Incremental Term Loan, 4.50%, 10/30/19	4,715,506	4,765,631
Landslide Holdings, Inc. (Crimson Acquisition Corp.) Initial Term Loan, 5.25%, 08/09/19	2,945,200	2,969,130
Open Link Financial, Inc. Initial Term Loan, 7.75%, 10/30/17	2,122,680	2,135,066
Shield Finance Co. S.à r.l. (Luxemburg) Term Loan B, 6.50%, 05/10/19 (c)	1,885,290	1,894,716
Sophia, L.P. Term Loan B, 4.50%, 07/19/18	1,587,238	1,598,650
Vision Solutions, Inc. First Lien Term Loan, 6.00%, 07/23/16 (b)	4,220,355	4,236,181
Wall Street Systems Delaware, Inc. First Lien Term Loan, 5.75%, 10/25/19	1,293,930	1,302,444
Second Lien Term Loan, 9.25%, 10/25/20	1,400,000	1,413,545
		28,534,746
<b>HOTEL, GAMING &amp; LEISURE - 1.6%</b>		
Centaur Acquisition, LLC First Lien Term Loan, 5.25%, 02/20/19	600,463	608,968
Second Lien Term Loan, 8.75%, 02/20/20	826,000	850,780
Mohegan Tribal Gaming Authority Term Loan B, 5.50%, 11/19/19	1,105,200	1,124,773
Peppermill Casinos, Inc. Term Loan B, 7.25%, 11/09/18 (b)	1,980,000	2,029,500
		4,614,021
<b>MEDIA: ADVERTISING, PRINTING &amp; PUBLISHING - 6.2%</b>		
Cenveo Corp. Term Loan B, 6.25%, 02/13/17	249,141	251,218
F & W Media, Inc. Term Loan, 7.75%, 06/30/19	3,184,000	3,072,560
Information Resources, Inc. Term Loan, 4.75%, 09/30/20	2,916,289	2,936,951

See accompanying Notes to Financial Statements. | 9



**Table of Contents****Apollo Senior Floating Rate Fund Inc.****Schedule of Investments (continued)****December 31, 2013**

	Principal Amount (\$)	Value (\$)
<b>Senior Loans (a) (continued)</b>		
<b>MEDIA: ADVERTISING, PRINTING &amp; PUBLISHING (continued)</b>		
Merrill Communications, LLC Term Loan, 03/08/18 (d)	4,040,746	4,129,966
Reader s Digest Association, Inc., The Term Loan, 12.50%, 09/30/15 (b)	3,004,805	2,929,685
Springer SBM Two GMBH (Germany) Initial Term Loan B2, 5.00%, 08/14/20 (c)	5,035,380	5,065,265
		18,385,645
<b>MEDIA: BROADCASTING &amp; SUBSCRIPTION - 8.3%</b>		
Granite Broadcasting Corp. First Lien Tranche B Term Loan, 6.75%, 05/23/18	2,554,020	2,573,175
Gray Television, Inc. Initial Term Loan, 4.75%, 10/11/19	463,249	466,723
Hargray Communications Group, Inc. (HCP Acquisition, LLC) Term Loan B, 4.75%, 06/26/19	2,287,505	2,307,521
Hemisphere Media Holdings, LLC (Intermedia Espanol, Inc.) Term Loan B, 6.25%, 07/30/20 (b)	2,338,250	2,355,787
Hubbard Radio, LLC Tranche 1 Term Loan, 4.50%, 04/29/19	670,951	675,705
Learfield Communications, Inc. First Lien Initial Term Loan, 5.00%, 10/09/20 (b)	1,250,000	1,265,625
SESAC Holdco II, LLC First Lien Term Loan, 5.00%, 02/07/19	553,410	557,215
Telecommunications Management, LLC Term Loan 1, 5.00%, 04/30/20 (b)	964,145	965,355
Term Loan 2, 9.00%, 10/30/20 (b)	573,483	584,952
TWCC Holding Corp. Second Lien Term Loan, 7.00%, 06/26/20	4,120,000	4,243,621
Univision Communications Inc. 2013 Converted Extended First Lien Term Loan, 4.50%, 03/01/20	3,459,488	3,481,386
WideOpenWest Finance, LLC Term Loan B, 4.75%, 04/01/19	5,196,938	5,232,017
		24,709,082
<b>MEDIA: DIVERSIFIED &amp; PRODUCTION - 1.2%</b>		
Tech Finance & Co. S.C.A. (France) New Term Loan B, 7.25%, 07/11/20 (c)	3,652,763	3,692,559
<b>METALS &amp; MINING - 1.1%</b>		
FMG Resources (August 2006) Pty Ltd. (FMG America Finance, Inc.) (Australia) Term Loan, 4.25%, 06/30/19 (c)	698,250	708,287
Oxbow Carbon, LLC (Oxbow Calcining, LLC) Term Loan B, 8.00%, 01/19/20	2,000,000	2,041,260
Waupaca Foundry, Inc.		

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Term Loan, 4.50%, 06/29/17	477,666	478,860
		3,228,407
<b>RETAIL - 6.9%</b>		
99¢ Only Stores		
Tranche B-2 Term Loan, 4.50%, 01/11/19	3,816,885	3,851,713
Charming Charlie, Inc.		
Term Loan B, 12/18/19 (b) (d)	1,161,000	1,161,000
Evergreen Acqco 1 LP		
New Term Loan, 5.00%, 07/09/19	3,841,477	3,861,280
Gymboree Corp., The		
Term Loan 2011, 5.00%, 02/23/18	1,945,591	1,823,991
HMK Intermediate Holdings, LLC		
Term Loan, 5.75%, 03/30/19 (b)	1,129,875	1,136,937
Neiman Marcus Group Inc., The		
Term Loan, 5.00%, 10/25/20	1,520,000	1,541,219
Sears Roebuck Acceptance Corp. (KMART Corp.)		
Term Loan, 5.50%, 06/30/18	3,020,000	3,044,900
Smart & Final, Inc.		
First Lien Term Loan, 4.75%, 11/15/19	3,183,229	3,182,433
Vince, LLC (Vince Intermediate Holding, LLC)		
Term Loan B, 6.00%, 11/27/19	1,060,000	1,071,925
		20,675,398
<b>SERVICES: BUSINESS - 16.2%</b>		
ARC Document Solutions, Inc.		
Term Loan B, 12/19/18 (d)	2,490,000	2,483,775
Brock Holdings III, Inc.		
First Lien Term Loan, 6.00%, 03/16/17	1,608,202	1,616,493
Second Lien Initial Term Loan, 10.00%, 03/16/18	3,000,000	3,056,250
EIG Investors Corp.		
Term Loan, 5.00%, 11/09/19	3,322,744	3,346,119
GCA Services Group, Inc.		
Initial Term Loan, 5.25%, 11/01/19	939,819	943,343
Second Lien Initial Term Loan, 9.25%, 11/01/20	834,400	848,873
Global Cash Access, Inc.		
Term Loan, 4.00%, 03/01/16	1,471,429	1,480,014
Infogroup, Inc.		
Term Loan B, 05/26/18 (b) (d)	3,189,447	2,607,373
Lineage Logistics, LLC		
Term Loan, 4.50%, 04/26/19	3,536,230	3,540,650

10 | See accompanying Notes to Financial Statements.

**Table of Contents****Apollo Senior Floating Rate Fund Inc.****Schedule of Investments (continued)****December 31, 2013**

	Principal Amount (\$)	Value (\$)
<b>Senior Loans (a) (continued)</b>		
<b>SERVICES: BUSINESS (continued)</b>		
Mirror Bidco Corp. Term Loan, 5.25%, 12/28/19	931,590	938,582
Onex Carestream Finance LP First Lien 2013 Term Loan, 5.00%, 06/07/19	4,218,825	4,278,416
Second Lien Term Loan, 9.50%, 12/07/19	1,000,000	1,021,250
Patheon, Inc. (Canada) Initial Term Loan, 7.25%, 12/14/18 (c)	2,309,670	2,336,624
SGS Cayman, L.P. (Cayman Islands) Term Loan, 7.25%, 03/06/19 (b) (c)	1,483,448	1,487,157
SMG First Lien Term Loan, 5.50%, 06/07/18 (b)	1,474,887	1,478,574
Second Lien Term Loan, 10.75%, 12/07/18 (b)	1,000,000	1,005,000
SNL Financial LC Term Loan, 5.50%, 10/23/18	979,040	983,935
Stafford Logistics, Inc. (dba Custom Ecology, Inc.) Term Loan, 6.75%, 06/26/19 (b)	2,532,275	2,544,936
Sutherland Global Services, Inc. U.S. Tranche Term Loan, 7.25%, 03/06/19 (b)	3,284,777	3,292,989
TransFirst Holdings, Inc. First Lien Term Loan B-1, 4.75%, 12/27/17	1,331,575	1,335,903
Second Lien Initial Term Loan, 11.00%, 06/27/18	2,500,000	2,536,462
TriNet HR Corp. Term Loan B-2, 5.00%, 08/20/20.	3,999,975	4,039,975
Washington Inventory Service First Lien U.S. Term Loan, 5.75%, 12/20/18 (b)	903,870	909,524
		48,112,217
<b>SERVICES: CONSUMER - 0.7%</b>		
Laureate Education, Inc. New Series 2018 Extended Term Loan, 06/15/18 (d)	2,069,682	2,084,346
<b>TELECOMMUNICATIONS - 9.6%</b>		
Avaya, Inc. Term Loan B-3, 4.74%, 10/26/17.	2,403,349	2,357,685
Fibertech Networks, LLC Term Loan, 4.50%, 12/18/19	3,126,420	3,153,792
Global Tel*Link Corp. First Lien Term Loan, 5.00%, 05/23/20	4,301,381	4,214,020
Grande Communications Networks, LLC Term Loan B, 4.50%, 05/29/20	5,021,249	5,028,580
Integra Telecom Holdings, Inc. Replacement Term Loan, 5.25%, 02/22/19	1,067,930	1,083,949
	<b>Principal Amount (\$)</b>	<b>Value (\$)</b>
<b>TELECOMMUNICATIONS (continued)</b>		
LTS Buyer LLC (Sidera Networks, Inc.) Second Lien Term Loan, 8.00%, 04/12/21	722,000	730,426
Securus Technologies Holdings, Inc.		

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First Lien Initial Term Loan, 4.75%, 04/30/20	1,580,040	1,566,704
Second Lien New Term Loan 2, 9.00%, 04/30/21 (d)	2,800,000	2,785,132
U.S. TelePacific Corp.		
Term Loan, 5.75%, 02/23/17	4,876,675	4,896,182
Zayo Group LLC (Zayo Capital, Inc.)		
Term Loan, 4.00%, 07/02/19	2,885,248	2,891,971
		28,708,441
 <b>TRANSPORTATION: CARGO - 1.8%</b>		
American Petroleum Tankers Parent, LLC		
Term Loan, 4.75%, 10/02/19	490,650	492,490
Commercial Barge Line Co.		
First Lien Initial Term Loan, 7.50%, 09/22/19	1,126,488	1,127,896
YRC Worldwide, Inc.		
Term Loan B, 11.75%, 09/30/14	3,665,625	3,700,009
		5,320,395
 <b>TRANSPORTATION: CONSUMER - 3.5%</b>		
Landmark Aviation FBO Canada, Inc. (Canada)		
Canadian Term Loan, 4.75%, 10/25/19 (c)	188,568	190,101
First Lien Initial Term Loan, 4.75%, 10/25/19	2,795,092	2,817,816
Sabre, Inc.		
Term Loan B, 5.25%, 02/19/19	1,686,838	1,702,129
Travel Leaders Group, LLC		
Term Loan B, 7.00%, 12/05/18	1,221,429	1,206,161
Travelport, LLC		
New Term Loan B, 6.25%, 06/26/19	3,202,905	3,290,985
U.S. Airways Group, Inc.		
Tranche B-1 Term Loan, 4.00%, 05/23/19	1,234,000	1,243,872
		10,451,064
 <b>UTILITIES: ELECTRIC - 1.0%</b>		
La Frontera Generation, LLC		
Term Loan, 4.50%, 09/30/20	1,594,561	1,613,998
Panda Sherman Power, LLC		
Construction Term Loan Advances, 9.00%, 09/14/18 (b)	1,200,000	1,236,000
		2,849,998
 Total Senior Loans (Cost \$396,107,475)		 <b>402,181,790</b>

See accompanying Notes to Financial Statements. | 11

**Table of Contents****Apollo Senior Floating Rate Fund Inc.****Schedule of Investments (continued)****December 31, 2013**

	Principal Amount (\$)	Value (\$)
<b>Corporate Notes and Bonds - 10.1%</b>		
<b>BANKING, FINANCE, INSURANCE AND REAL ESTATE - 4.5%</b>		
First Data Corp. 12.63%, 01/15/21	10,000,000	11,787,500
KCG Holdings, Inc. (Knight Capital) 8.25%, 06/15/18 (b) (f)	1,667,000	1,762,852
		13,550,352
<b>ENVIRONMENTAL INDUSTRIES - 1.2%</b>		
Tervita Corp. (Canada) 8.00%, 11/15/18 (c) (f)	1,000,000	1,037,500
9.75%, 11/01/19 (c) (f)	2,604,000	2,564,940
		3,602,440
<b>HEALTHCARE &amp; PHARMACEUTICALS - 1.2%</b>		
Valeant Pharmaceuticals International, Inc. (Canada)		
7.50%, 07/15/21 (c) (f)	3,200,000	3,528,000
<b>MEDIA: BROADCASTING &amp; SUBSCRIPTION - 2.0%</b>		
Intelsat Jackson Holdings S.A. (Luxembourg) 5.50%, 08/01/23 (c) (f)	5,000,000	4,775,000
7.75%, 06/01/21 (c) (f)	1,000,000	1,076,250
		5,851,250
<b>METALS &amp; MINING - 0.1%</b>		
Murray Energy Corp. 8.63%, 06/15/21 (f)	300,000	312,000
<b>TELECOMMUNICATIONS - 1.1%</b>		
Avanti Communications Group PLC (United Kingdom) 10.00%, 10/01/19 (c) (f)	3,333,000	3,366,330
Total Corporate Notes and Bonds (Cost \$28,650,756)		<b>30,210,372</b>

	Shares Amount	Value (\$)
<b>Common Stocks - 0.7%</b>		
<b>MEDIA: ADVERTISING, PRINTING &amp; PUBLISHING - 0.7%</b>		
Reader s Digest Association, Inc., The (b)	50,210	2,058,610
Total Common Stocks		

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(Cost \$5,212,858)		2,058,610
<b>Warrants - 0.0%</b>		
<b>BANKING, FINANCE, INSURANCE AND REAL ESTATE - 0.0%</b>		
Medical Card System, Inc. 07/26/18 (b)	54,913	8,237
Total Warrants (Cost \$ )		8,237
<b>Total Investments-145.9%</b>		
(Cost of \$429,971,089)		434,459,009
<b>Other Assets &amp; Liabilities, Net-5.6%</b>		
<b>Loan Outstanding-(41.2)%</b>		16,656,479
<b>Series A Preferred Shares-(10.3)%</b>		(122,704,615)
		(30,680,000)
<b>Net Assets (Applicable to Common Shares)-100.0%</b>		297,730,873

- (a) Senior Loans are senior, secured loans made to companies whose debt is rated below investment grade and investments with similar characteristics. Senior Loans typically hold a first lien priority and pay interest at rates that are determined periodically on the basis of a floating base lending rate plus a spread. Unless otherwise identified, all Senior Loans carry a variable rate of interest. These base lending rates are primarily the London Interbank Offered Rate ( LIBOR ) and secondarily the prime rate offered by one or more major U.S. banks and the certificate of deposit rate used by commercial lenders. The rates shown represent the weighted average rate at December 31, 2013. Senior Loans are generally not registered under the Securities Act of 1933 (the 1933 Act ) and often contain certain restrictions on resale and cannot be sold publicly. Senior Loans often require prepayments from excess cash flow or permit the borrower to repay at its election. The degree to which borrowers repay, whether as a contractual requirement or at their election, cannot be predicted with accuracy. As a result, the actual maturity may be substantially less than the stated maturity shown.
- (b) Fair Value Level 3 security. All remaining securities are categorized as Level 2.
- (c) Foreign issuer traded in U.S. dollars.
- (d) All or a portion of this position has not settled. Full contract rates do not take effect until settlement date.
- (e) Senior Loan assets have additional unfunded loan commitments. As of December 31, 2013, the Fund had unfunded loan commitments, which could be extended at the option of the borrower, pursuant to the following loan agreements:

<b>Borrower</b>	<b>Unfunded Loan Commitment</b>
Power Buyer, LLC	\$ 64,505

- (f) Securities exempt from registration pursuant to Rule 144A under the 1933 Act. These securities may only be resold in transactions exempt from registration to qualified institutional buyers. At December 31, 2013, these securities amounted to \$18,422,872, or 6.2% of net assets.

12 | See accompanying Notes to Financial Statements.

**Table of Contents****Apollo Tactical Income Fund Inc.****Schedule of Investments****December 31, 2013**

	Principal Amount (\$)	Value (\$)
<b>Senior Loans (a) - 82.2%</b>		
<b>AEROSPACE &amp; DEFENSE - 4.9%</b>		
Camp International Holding Co. 2013 Second Lien Replacement Term Loan, 11/29/19 (b)	1,350,000	1,379,531
ILC Industries, LLC 11.50%, 07/11/19 (c)	4,000,000	3,840,000
Photonis USA Pennsylvania, Inc. Term Loan, 8.50%, 09/18/19	3,930,000	3,910,350
SRA International, Inc. Term Loan, 6.50%, 07/20/18	3,099,163	3,103,037
WP CPP Holdings, LLC Second Lien Term Loan B-1, 8.75%, 04/30/21	1,435,000	1,463,700
		13,696,618
<b>BANKING, FINANCE, INSURANCE AND REAL ESTATE - 14.9%</b>		
Bats Global Markets, Inc. Term Loan, 7.00%, 12/19/18 (c)	2,550,000	2,565,938
EZE Software Group, LLC Second Lien Initial Term Loan, 8.50%, 04/05/21	736,000	750,105
First Data Corp. 2018 Dollar Term Loan, 4.17%, 03/23/18	4,000,000	4,013,040
HUB International Ltd. Term Loan B, 4.75%, 10/02/20	4,788,000	4,853,835
Hyperion Finance S.A.R.L. (United Kingdom) Term Loan, 5.75%, 10/17/19 (d)	5,400,000	5,389,875
ION Trading Technologies S.A.R.L. (Luxemburg) Second Lien Term Loan, 8.25%, 05/22/21 (d)	1,487,000	1,519,536
KCG Holdings, Inc. (Knight Capital) Term Loan B, 5.75%, 12/05/17	323,729	325,348
Medical Card System, Inc. Term Loan, 11.72%, 09/17/15 (c)	4,549,159	4,503,668
MMM Holdings, Inc. MMM Term Loan, 9.75%, 12/12/17	1,367,024	1,377,844
MSO of Puerto Rico, Inc. MSO Term Loan, 9.75%, 12/12/17	994,200	1,002,069
National Financial Partners Corp. Term Loan B, 5.25%, 07/01/20	5,164,050	5,226,458
Nuveen Investments, Inc. Tranche B First Lien Term Loan, 4.17%, 05/13/17	2,286,000	2,280,285
Sedgwick Claims Management Services, Inc. Second Lien Additional Term Loan B, 8.00%, 12/12/18	1,169,000	1,190,919
VFH Parent, LLC Term Loan, 5.75%, 11/08/19	4,405,377	4,445,752
	Principal Amount (\$)	Value (\$)
<b>BANKING, FINANCE, INSURANCE AND REAL ESTATE (continued)</b>		
Walter Investment Management Corp. Tranche B Term Loan, 12/18/20 (b)	2,557,697	2,567,928
		42,012,600

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### BEVERAGE, FOOD & TOBACCO - 1.9%

ARG IH Corp. Term Loan, 5.00%, 11/15/20	1,920,000	1,933,805
Arysta LifeScience SPC, LLC Second Lien Term Loan, 8.25%, 11/30/20	1,028,000	1,046,941
Del Monte Foods Co. Term Loan, 07/26/21 (b)	1,520,000	1,539,000
Dole Food Co., Inc. Tranche B Term Loan, 4.50%, 11/01/18	853,333	858,133
		5,377,879

### CHEMICALS, PLASTICS, & RUBBER - 1.7%

Cyanco Intermediate Corp. Term Loan, 05/01/20 (b)	3,187,362	3,203,299
OCI Beaumont LLC Term Loan B-2, 08/20/19 (b) (c)	1,643,932	1,666,536
		4,869,835

### CONSUMER GOODS: DURABLE - 0.6%

Bluestem Brands Term Loan B, 12/06/18 (b) (c)	1,245,857	1,233,399
FGI Operating Company, LLC Term Loan B, 5.50%, 04/19/19	498,739	502,480
		1,735,879

### CONSUMER GOODS: NON-DURABLE - 4.7%

Allflex Holdings III, Inc. Second Lien Initial Term Loan, 8.00%, 07/19/21	2,400,000	2,436,600
Fender Musical Instruments Corp. Initial Term Loan, 5.75%, 04/03/19	447,500	455,193
Herff Jones, Inc. Term Loan B, 5.50%, 06/25/19	3,791,569	3,838,963
Insight Pharmaceuticals, LLC First Lien Term Loan, 6.25%, 08/25/16 (c)	500,000	499,375
Polyconcept Investments B.V. Term Loan, 6.00%, 06/28/19	3,361,876	3,374,483
Topps Co., Inc., The Term Loan, 7.25%, 10/02/18	2,530,000	2,536,325
		13,140,939

### ENERGY: OIL & GAS - 6.1%

Atlas Energy, L.P. Term Loan, 6.50%, 07/31/19	1,256,850	1,291,413
Azure Midstream Energy, LLC Term Loan, 6.50%, 11/15/18	898,618	905,357
BBTS Borrower LP Term Loan, 7.75%, 06/04/19	2,742,278	2,767,986

See accompanying Notes to Financial Statements. | 13



**Table of Contents****Apollo Tactical Income Fund Inc.****Schedule of Investments (continued)****December 31, 2013**

	Principal Amount (\$)	Value (\$)
<b>Senior Loans (a) (continued)</b>		
<b>ENERGY: OIL &amp; GAS (continued)</b>		
Bennu Oil & Gas, LLC Term Loan, 10.25%,  11/01/18 (c) Drillships Financing Holding, Inc. Tranche B-2 Term Loan, 5.50%,	915,129	924,280
07/15/16 EMG Utica, LLC Term Loan, 4.75%, 03/27/20 (c) HGIM Corp. Term Loan A, 5.00%,	5,586,000 1,553,000	5,674,454 1,562,706
06/18/18 (c) Sprint Industrial Holdings, Inc. First Lien Term Loan, 7.00%,	768,275	773,077
05/14/19 (c) W3 Co. First Lien Term Loan, 5.75%,	1,791,000	1,813,388
03/13/20	1,507,608	1,514,203
		17,226,864
<b>ENVIRONMENTAL INDUSTRIES - 1.1%</b>		
Tervita Corp. (Canada) Term Loan, 6.25%, 05/15/18 (d)	2,977,500	2,995,648
<b>FOREST PRODUCTS &amp; PAPER - 0.8%</b>		
Caraustar Industries, Inc. Term Loan, 7.50%, 05/01/19	2,155,975	2,223,350
<b>HEALTHCARE &amp; PHARMACEUTICALS - 6.7%</b>		
Amneal Pharmaceuticals, LLC Term Loan B, 5.75%, 11/01/19 InVentiv Health, Inc. Consolidated Term Loan, 7.50%,	2,254,350	2,271,258
08/04/16 Medpace Intermediateco, Inc. Term Loan B, 5.25%,	446,030	441,848
06/19/17 (c) Opal Acquisition, Inc. First Lien Term Loan,	1,541,768 4,110,000	1,541,768 4,120,296

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11/27/20 (b) Sheridan Holdings, Inc. Second Lien Term Loan,		
12/20/21 (b) Smile Brands Group, Inc. Term Loan, 7.50%, 08/16/19	1,365,000	1,377,804
Steward Health Care System, LLC Term Loan, 6.75%, 04/10/20 (c)	3,990,000	3,945,112
U.S. Renal Care, Inc. New Term Loan 2, 8.50%,	1,520,360	1,520,816
07/03/20 Tranche B-2 First Lien  Term Loan,  4.25%, 07/03/19	1,010,000	1,025,150
	2,660,022	2,673,322
		18,917,374
<b>HIGH TECH INDUSTRIES - 2.9%</b> Active Network, Inc., The (Lanyon, Inc.) First Lien Term Loan, 5.50%,		
11/13/20	978,000	985,335
	<b>Principal Amount (\$)</b>	<b>Value (\$)</b>
<b>HIGH TECH INDUSTRIES (continued)</b> Second Lien Term Loan,		
9.50%, 11/15/21 Digital Insight Corp. First Lien Term Loan, 4.75%,	2,820,000	2,876,400
10/16/19 Landslide Holdings, Inc. (Crimson Acquisition Corp.) Initial Term Loan, 5.25%,	1,299,000	1,301,845
08/09/19	2,945,200	2,969,130
		8,132,710
<b>HOTEL, GAMING &amp; LEISURE - 2.6%</b> Centaur Acquisition, LLC First Lien Term Loan, 5.25%,		
02/20/19 Second Lien Term Loan, 8.75%,	992,500	1,006,559
02/20/20 Mohegan Tribal Gaming Authority Term Loan B, 5.50%, 11/19/19	3,000,000	3,090,000
Peppermill Casinos, Inc. Term Loan B, 7.25%,	1,105,200	1,124,773
11/09/18 (c)	1,984,962	2,034,586
		7,255,918
<b>MEDIA: ADVERTISING, PRINTING &amp; PUBLISHING - 4.7%</b> Cenveo Corp. Term Loan B, 6.25%, 02/13/17		
	299,194	301,688

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F & W Media, Inc. Term Loan, 7.75%, 06/30/19	3,184,000	3,072,560
Information Resources, Inc. Term Loan, 4.75%, 09/30/20	1,075,213	1,082,831
Merrill Communications, LLC Term Loan, 03/08/18 (b)	4,720,622	4,824,854
Springer SBM Two GMBH (Germany) Initial Term Loan B2, 5.00%,  08/14/20 (d)	   4,037,880	   4,061,845
		13,343,778
 <b>MEDIA: BROADCASTING &amp; SUBSCRIPTION - 3.8%</b>		
Hargray Communications Group, Inc. (HCP Acquisition, LLC) Term Loan B, 4.75%, 06/26/19	  2,287,505	  2,307,521
Hemisphere Media Holdings, LLC (Intermedia Espanol, Inc.) Term Loan B, 6.25%,  07/30/20 (c)	   2,338,250	   2,355,787
Learfield Communications, Inc. First Lien Initial Term Loan,  5.00%, 10/09/20 (c)	   1,250,000	   1,265,625
Telecommunications Management, LLC Term Loan 1, 5.00%,  04/30/20 (c)	   964,145	   965,355
Term Loan 2, 9.00%,  10/30/20 (c)	   860,224	   877,429
TWCC Holding Corp. Second Lien Term Loan, 7.00%, 06/26/20	 2,870,000	 2,956,114
		10,727,831

14 | See accompanying Notes to Financial Statements.

**Table of Contents****Apollo Tactical Income Fund Inc.****Schedule of Investments (continued)****December 31, 2013**

	Principal Amount (\$)	Value (\$)
<b>Senior Loans (a) (continued)</b>		
<b>MEDIA: DIVERSIFIED &amp; PRODUCTION - 1.3%</b>		
Tech Finance & Co. S.C.A. (France)		
New Term Loan B, 7.25%,		
07/11/20 (d)	3,652,763	3,692,559
<b>METALS &amp; MINING - 1.1%</b>		
Oxbow Carbon, LLC (Oxbow Calcining, LLC)		
Term Loan B, 8.00%, 01/19/20	3,000,000	3,061,890
<b>RETAIL - 2.4%</b>		
Charming Charlie, Inc.		
Term Loan B, 12/18/19 (b) (c)	1,161,000	1,161,000
Neiman Marcus Group Inc., The		
Term Loan, 5.00%, 10/25/20	1,520,000	1,541,219
Sears Roebuck Acceptance Corp. (KMART Corp.)		
Term Loan, 5.50%, 06/30/18	3,020,000	3,044,900
Vince, LLC (Vince Intermediate Holding, LLC)		
Term Loan B, 6.00%, 11/27/19	1,060,000	1,071,925
		6,819,044
<b>SERVICES: BUSINESS - 10.0%</b>		
Applied Systems, Inc.		
Second Lien Term Loan, 8.25%, 06/08/17	3,000,000	3,018,750
ARC Document Solutions, Inc.		
Term Loan B, 12/19/18 (b)	2,490,000	2,483,775
EIG Investors Corp.		
Term Loan, 5.00%, 11/09/19	2,122,860	2,137,795
Infogroup, Inc.		
Term Loan B, 05/26/18 (b) (c)	3,078,071	2,516,323
Onex Carestream Finance LP		
Second Lien Term Loan, 9.50%,		
12/07/19	5,639,588	5,759,429
SGS Cayman, L.P. (Cayman Islands)		
Term Loan, 7.25%, 03/06/19 (c) (d)	1,791,776	1,796,255
Stafford Logistics, Inc. (dba Custom Ecology, Inc.)		
Term Loan, 6.75%, 06/26/19 (c)	2,532,275	2,544,936
Sutherland Global Services, Inc.		
U.S. Tranche Term Loan, 7.25%,		
03/06/19 (c)	3,967,503	3,977,422
TriNet HR Corp.		
Term Loan B2, 5.00%, 08/20/20	3,999,975	4,039,975
		28,274,660

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### SERVICES: CONSUMER - 1.2%

Laureate Education, Inc.  
New Series 2018 Extended Term

Loan, 5.00%, 06/15/18	3,435,771	3,460,113
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### TELECOMMUNICATIONS - 5.5%

Avaya, Inc.

Term Loan B-5, 8.00%, 03/31/18.	3,953,850	4,019,089
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	Principal Amount (\$)	Value (\$)
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### TELECOMMUNICATIONS (continued)

Global Tel\*Link Corp.

First Lien Term Loan, 5.00%,

05/23/20 LTS Buyer LLC (Sidera Networks, Inc.) Second Lien Term Loan,	2,718,771	2,663,553
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8.00%, 04/12/21 Securus Technologies Holdings, Inc. Second Lien New	1,444,000	1,460,852
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Term Loan 2, 04/30/21 (b) U.S. TelePacific Corp.	5,000,000	4,973,450
---	-----------	-----------

Term Loan, 5.75%, 02/23/17	2,517,594	2,527,664
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15,644,608

### TRANSPORTATION: CARGO - 0.6%

Commercial Barge Line Co.

First Lien Initial Term Loan,

7.50%, 09/22/19	1,689,235	1,691,347
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### TRANSPORTATION: CONSUMER - 2.7%

Sabre, Inc.

Term Loan B, 5.25%, 02/19/19	1,493,437	1,506,975
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Travel Leaders Group, LLC

Term Loan B, 7.00%, 12/05/18	1,221,429	1,206,161
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Travelport, LLC

New Term Loan B, 6.25%,

06/26/19	4,716,300	4,845,998
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7,559,134

Total Senior Loans

(Cost \$228,304,366)

**231,860,578**

### Corporate Notes and Bonds - 48.6%

#### AEROSPACE & DEFENSE - 0.3%

DynCorp International, Inc.

10.38%, 07/01/17	750,000	770,625
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#### BANKING, FINANCE, INSURANCE AND REAL ESTATE - 9.9%

First Data Corp.

10.63%, 06/15/21 (e)	5,000,000	5,443,750
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11.25%, 01/15/21 (e)

11.25%, 01/15/21 (e)	1,800,000	1,995,750
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Jefferies Finance LLC / JFIN Co-Issuer Corp.

7.38%, 04/01/20 (c) (e)	5,500,000	5,747,500
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KCG Holdings, Inc. (Knight Capital)

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8.25%, 06/15/18 (c) (e) Nationstar Mortgage, LLC	5,667,000	5,992,852
6.50%, 07/01/21 SquareTwo Financial Corp	3,860,000	3,695,950
11.63%, 04/01/17	4,782,000	4,967,302
		27,843,104
<b>BEVERAGE, FOOD &amp; TOBACCO - 4.4%</b>		
Chiquita Brands International, Inc., LLC		
7.88%, 02/01/21 (e)	5,400,000	5,859,000
Land O Lakes Capital Trust I		
7.45%, 03/15/28 (e)	6,719,000	6,517,430
		12,376,430

See accompanying Notes to Financial Statements. | 15

**Table of Contents****Apollo Tactical Income Fund Inc.****Schedule of Investments (continued)****December 31, 2013**

	Principal Amount (\$)	Value (\$)
<b>Corporate Notes and Bonds (continued)</b>		
<b>CHEMICALS, PLASTICS, &amp; RUBBER - 5.4%</b>		
Magnetation, LLC / Mag Finance Corp. 11.00%, 05/15/18 (e)	3,600,000	3,942,000
Rentech Nitrogen Partners LP / Rentech Nitrogen Finance Corp. 6.50%, 04/15/21 (e)	5,000,000	4,850,000
TPC Group, LLC 8.75%, 12/15/20 (e)	6,000,000	6,405,000
		15,197,000
<b>CONSUMER GOODS: NON-DURABLE - 1.8%</b>		
American Greetings Corp. 7.38%, 12/01/21 (c)	5,000,000	5,037,500
<b>ENERGY: OIL &amp; GAS - 4.4%</b>		
Sidewinder Drilling, Inc. 9.75%, 11/15/19 (c) (e)	8,000,000	7,120,000
Summit Midstream Holdings LLC / Summit Midstream Finance Corp. 7.50%, 07/01/21 (c) (e)	5,000,000	5,250,000
		12,370,000
<b>ENVIRONMENTAL INDUSTRIES - 2.6%</b>		
Tervita Corp. (Canada) 8.00%, 11/15/18 (d) (e)	2,000,000	2,075,000
9.75%, 11/01/19 (d) (e)	3,800,000	3,743,000
10.88%, 02/15/18 (d) (e)	1,585,000	1,618,681
		7,436,681
<b>HEALTHCARE &amp; PHARMACEUTICALS - 5.3%</b>		
CRC Health Corp. 10.75%, 02/01/16	4,000,000	4,017,500
InVentiv Health, Inc. 11.00%, 08/15/18 (e)	7,000,000	6,230,000
11.00%, 08/15/18 (c) (e)	1,255,000	1,113,812
Valeant Pharmaceuticals International, Inc. (Canada) 7.50%, 07/15/21 (d) (e)	3,200,000	3,528,000
		14,889,312
<b>HOTEL, GAMING &amp; LEISURE - 1.8%</b>		
Diamond Resorts Corp. 12.00%, 08/15/18	2,622,000	2,910,420
DreamWorks Animation SKG, Inc. 6.88%, 08/15/20 (e)	2,000,000	2,125,000
		5,035,420

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### **MEDIA: BROADCASTING & SUBSCRIPTION - 3.4%**

Intelsat Jackson Holdings S.A. (Luxembourg)		
5.50%, 08/01/23 (d) (e)	5,000,000	4,775,000
Nara Cable Funding Ltd. (Ireland)		
8.88%, 12/01/18 (d) (e)	2,625,000	2,835,000
Ono Finance II PLC (Ireland)		
10.88%, 07/15/19 (d) (e)	1,800,000	1,980,000
		9,590,000

	Principal Amount (\$)	Value (\$)
<b>METALS &amp; MINING - 3.0%</b>		
Molycorp, Inc.		
10.00%, 06/01/20	8,000,000	7,980,000
SunCoke Energy Partners, L.P.		
7.38%, 02/01/20 (c) (e)	606,000	636,299
		8,616,299
<b>SERVICES: CONSUMER - 2.9%</b>		
StoneMor Partners LP / Cornerstone Family Services of WV		
7.88%, 06/01/21 (e)	7,921,000	8,277,445
<b>TELECOMMUNICATIONS - 3.4%</b>		
Avanti Communications Group PLC (United Kingdom)		
10.00%, 10/01/19 (d) (e)	3,333,000	3,366,330
Avaya, Inc.		
9.00%, 04/01/19 (e)	6,000,000	6,300,000
		9,666,330
Total Corporate Notes and Bonds (Cost \$135,959,301)		<b>137,106,146</b>

### **Asset-Backed Securities (f) - 13.0%**

Ares CLO Ltd. (Cayman Islands)		
Series 2012-2X, Class E, 5.97%, 10/12/23 (d) (g)	5,000,000	4,894,750
Atlas Senior Loan Fund Ltd. (Cayman Islands)		
Series 2012-1A, Class B2L, 6.49%, 08/15/24 (d) (e) (g)	2,000,000	1,994,900
Series 2012-1A, Class B3L, 7.74%, 08/15/24 (c) (d) (e) (g)	5,000,000	5,000,000
Avalon IV Capital, Ltd. (Cayman Islands)		
Series 2012-1A, Class E, 6.34%, 04/17/23 (d) (e) (g)	4,500,000	4,478,175
Battalion CLO III Ltd. (Cayman Islands)		
Series 2012-3A, Class D, 5.55%, 01/18/25 (d) (e) (g)	1,650,000	1,576,822
Cent CLO 17 (Cayman Islands)		
Series 2013-17A, Class D, 6.24%, 01/30/25 (c) (d) (e) (g)	4,000,000	3,942,000
Cent CLO LP (Cayman Islands)		
Series 2012-16X, Class D, 6.24%, 08/01/24 (d) (g)	2,000,000	1,977,867
CIFC Funding Ltd. (Cayman Islands)		
Series 2012-1X, Class B2L, 7.24%, 08/14/24 (c) (d) (g)	2,000,000	2,005,000
Series 2012-2X, Class B2L, 6.24%, 12/05/24 (c) (d) (g)	3,000,000	2,964,000
Dryden XXIV Senior Loan Fund (Cayman Islands)		
Series 2012-24A, Class E, Collateralized Loan Obligation, 6.14%, 11/15/23 (d) (e) (g)	1,000,000	984,750

16 | See accompanying Notes to Financial Statements.



**Table of Contents****Apollo Tactical Income Fund Inc.****Schedule of Investments (continued)****December 31, 2013**

	Principal Amount (\$)	Value (\$)
<b>Asset-Backed Securities (f) (continued)</b>		
JFIN CLO 2012 Ltd. (Cayman Islands) Series 2012-1A, Class D, 5.74%,  07/20/23 (d) (e) (g) Marea CLO Ltd. (Cayman Islands) Series 2012-1A, Class E, 6.34%,	3,000,000	2,874,150
10/16/23 (c) (d) (e) (g)	4,000,000	4,002,800
Total Asset-Backed Securities (Cost \$36,386,373)		<b>36,695,214</b>
<b>Warrants - 0.0%</b>		
<b>BANKING, FINANCE, INSURANCE AND REAL ESTATE - 0.0%</b>		
Medical Card System, Inc. 07/26/18 (c)	50,689	7,603
Total Warrants (Cost \$ )		<b>7,603</b>
<b>Total Investments-143.8%</b> (Cost of \$400,650,040)		<b>405,669,541</b>
<b>Other Assets &amp; Liabilities, Net-5.1%</b>		<b>14,507,388</b>
<b>Loan Outstanding-(48.9)%</b>		<b>(138,000,000)</b>
<b>Net Assets -100.0%</b>		<b>282,176,929</b>

- (a) Senior Loans are senior, secured loans made to companies whose debt is rated below investment grade and investments with similar characteristics. Senior Loans typically hold a first lien priority and pay interest at rates that are determined periodically on the basis of a floating base lending rate plus a spread. Unless otherwise identified, all Senior Loans carry a variable rate of interest. These base lending rates are primarily the London Interbank Offered Rate (LIBOR) and secondarily the prime rate offered by one or more major U.S. banks and the certificate of deposit rate used by commercial lenders. The rates shown represent the weighted average rate at December 31, 2013. Senior Loans are generally not registered under the Securities Act of 1933 (the 1933 Act) and often contain certain restrictions on resale and cannot be sold publicly. Senior Loans often require prepayments from excess cash flow or permit the borrower to repay at its election. The degree to which borrowers repay, whether as a contractual requirement or at their election, cannot be predicted with accuracy. As a result, the actual maturity may be substantially less than the stated maturity shown.
- (b) All or a portion of this position has not settled. Full contract rates do not take effect until settlement date.
- (c) Fair Value Level 3 security. All remaining securities are categorized as Level 2.
- (d) Foreign issuer traded in U.S. dollars.
- (e) Securities exempt from registration pursuant to Rule 144A under the 1933 Act. These securities may only be resold in transactions exempt from registration to qualified institutional buyers. At December 31, 2013, these securities amounted to \$132,580,446, or 47.0% of net assets.
- (f) Asset-backed securities include collateralized loan obligations (CLOs). A CLO typically takes the form of a financing company (generally called a special purpose vehicle or SPV), created to reapportion the risk and return characteristics of a pool of assets. While the assets underlying CLOs are often Senior

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Loans or corporate notes and bonds, the assets may also include (i) subordinated loans; (ii) debt tranches of other CLOs; and (iii) equity securities incidental to investments in Senior Loans. The Fund may invest in lower tranches of CLOs, which typically experience a lower recovery, greater risk of loss or deferral or non-payment of interest than more senior tranches of the CLO. A key feature of the CLO structure is the prioritization of the cash flows from a pool of debt securities among the several classes of the CLO. The SPV is a company founded for the purpose of securitizing payment claims arising out of this asset pool. On this basis, marketable securities are issued by the SPV which, due to the diversification of the underlying risk, generally represent a lower level of risk than the original assets. The redemption of the securities issued by the SPV typically takes place at maturity out of the cash flow generated by the collected claims.

(g) Floating rate asset. The interest rate shown reflects the rate in effect at December 31, 2013.

See accompanying Notes to Financial Statements. | 17

**Table of Contents****Apollo Senior Floating Rate Fund Inc.****Apollo Tactical Income Fund Inc.****Statements of Assets and Liabilities**

December 31, 2013

	<b>Apollo</b>	<b>Apollo</b>
	<b>Senior</b>	<b>Tactical</b>
	<b>Floating Rate</b>	<b>Income</b>
	<b>Fund Inc.</b>	<b>Fund Inc.</b>
<b>Assets:</b>		
Investment securities at fair value (cost \$429,971,089 and \$400,650,040, respectively)	\$ 434,459,009	\$ 405,669,541
Cash and cash equivalents	21,698,530	19,484,678
Interest receivable	2,879,408	4,711,831
Receivable for investment securities sold	7,416,647	7,723,116
Deferred financing costs	433,556	141,959
Prepaid expenses	55,055	55,055
Total Assets	\$ 466,942,205	\$ 437,786,180
<b>Liabilities:</b>		
Borrowings under credit facility (Note 8)	\$ 122,704,615	\$ 138,000,000
Payable for investment securities purchased	14,024,801	16,006,339
Interest payable	516,887	220,841
Unrealized depreciation on unfunded transactions (Note 9)	381	
Distributions payable to common shareholders	114,242	140,754
Investment advisory fee payable	383,179	356,509
Accumulated distribution payable to preferred shareholders	168,440	
Other payables and accrued expenses due to affiliates	273,185	578,231
Other payables and accrued expenses (Note 9)	345,602	306,577
Total Liabilities	138,531,332	155,609,251
<b>Net Assets including Series A Preferred Shares</b>	<b>\$ 328,410,873</b>	<b>\$ 282,176,929</b>
<b>Series A Preferred Shares</b>		
(\$0.001 par value, 1,534 authorized and issued with liquidation preference of \$20,000 per share)	\$ 30,680,000	\$
<b>Net Assets (Applicable to Common Shareholders)</b>	<b>\$ 297,730,873</b>	<b>\$ 282,176,929</b>

Net Assets Consist of:

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Par value of common shares (\$0.001 par value, 999,998,466 and 1,000,000,000 shares authorized, respectively, and 15,573,061 and 14,464,026 issued and outstanding, respectively) (Note 6)	\$ 15,573	\$ 14,464
Paid-in capital in excess of par value of common shares	296,698,465	275,641,114
Undistributed net investment income	1,543,192	1,106,712
Accumulated net realized (loss)/gain from investments	(5,013,896)	395,138
Net unrealized appreciation on investments and unfunded transactions	4,487,539	5,019,501
<b>Net Assets (Applicable to Common Shareholders)</b>	<b>\$ 297,730,873</b>	<b>\$ 282,176,929</b>
<b>Number of Common Shares outstanding</b>	<b>15,573,061</b>	<b>14,464,026</b>
<b>Net Asset Value, per Common Share</b>	<b>\$ 19.12</b>	<b>\$ 19.51</b>

18 | See accompanying Notes to Financial Statements.

**Table of Contents****Apollo Senior Floating Rate Fund Inc.****Apollo Tactical Income Fund Inc.****Statements of Operations****For the Year or Period Ended December 31, 2013**

	<b>Apollo Senior Floating Rate Fund Inc.</b>	<b>Apollo Tactical Income Fund Inc.*</b>
<b>Investment Income:</b>		
Interest	\$ 29,687,494	\$ 20,821,740
<b>Total Investment Income</b>	<b>29,687,494</b>	<b>20,821,740</b>
<b>Expenses:</b>		
Investment advisory fee (Note 3)	4,493,778	3,178,782
Interest and commitment fee expense (Note 8)	2,087,659	1,273,485
Audit and legal fees	470,371	337,420
Administrative services of the Adviser (Note 3)	560,969	407,768
Insurance expense	386,906	303,784
Amortization of deferred financing costs (Note 8)	349,561	73,937
Board of Directors fees (Note 3)	90,604	103,736
Other operating expenses (Note 3)	451,058	326,722
<b>Total Expenses</b>	<b>8,890,906</b>	<b>6,005,634</b>
Expense reimbursement waived by Adviser (Note 3)		(59,351)
<b>Net Expenses</b>	<b>8,890,906</b>	<b>5,946,283</b>
<b>Net Investment Income</b>	<b>20,796,588</b>	<b>14,875,457</b>
<b>Net Realized and Unrealized Gain/(Loss) on Investments</b>		
Net realized (loss)/gain on investments	(3,951,563)	569,675
Net change in unrealized appreciation/(depreciation) on investments and on unfunded transactions (Note 9)	9,536,604	5,019,501
<b>Net realized and unrealized gain on investments</b>	<b>5,585,041</b>	<b>5,589,176</b>

**Distributions to Preferred Shareholders:**

From net investment income	(677,510)
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**Net increase in net assets, available to common shareholders, resulting from operations**

\$ 25,704,119	\$ 20,464,633
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\* For the period from February 25, 2013 (commencement of operations) to December 31, 2013.

See accompanying Notes to Financial Statements. | 19

**Table of Contents****Apollo Senior Floating Rate Fund Inc.****Statements of Changes in Net Assets**

	Year	Year
	Ended December 31, 2013	Ended December 31, 2012
<b>Increase in Net Assets:</b>		
<b>From Operations</b>		
Net investment income	\$ 20,796,588	\$21,470,829
Net realized loss on investments	(3,951,563)	(1,019,683)
Net change in unrealized appreciation/(depreciation) on investments and unfunded transactions	9,536,604	17,887,503
Distributions to preferred shareholders	(677,510)	(738,358)
Net increase in net assets from operations	25,704,119	37,600,291
<b>Distributions to Common Shareholders</b>		
From net investment income	(19,606,326)	(21,312,205)
From realized gain on investments		(137,220)*
Total distributions to common shareholders	(19,606,326)	(21,449,425)
<b>Capital Transactions from Common Shares</b>		
Reinvestment of dividends	811,136	1,021,185
Net increase in net assets from share transactions	811,136	1,021,185
Total increase in net assets	\$ 6,908,929	\$17,172,051
<b>Net Assets Applicable to Common Shares</b>		
Beginning of year	290,821,944	273,649,893
End of year	\$ 297,730,873	\$290,821,944
Undistributed net investment income	\$ 1,543,192	\$999,427

\* Amount stated reflects the nature of the underlying short-term investment transactions.

20 | See accompanying Notes to Financial Statements.



**Table of Contents****Apollo Tactical Income Fund Inc.****Statement of Changes in Net Assets**

	<b>Period</b>
	<b>Ended December 31, 2013*</b>
<b>Increase in Net Assets:</b>	
<b>From Operations</b>	
Net investment income	\$ 14,875,457
Net realized gain on investments	569,675
Net change in unrealized appreciation/(depreciation) on investments	5,019,501
Net increase in net assets from operations	20,464,633
<b>Distributions to Common Shareholders</b>	
From net investment income	(13,797,712)
From realized gain on investments	(174,537)
Total distributions to common shareholders	(13,972,249)
<b>Capital Transactions from Common Shares</b>	
Proceeds from sale of common shares	276,162,889
Offering costs (Note 6)	(578,352)
Net increase in net assets from share transactions	275,584,537
Total increase in net assets	\$ 282,076,921
<b>Net Assets Applicable to Common Shares</b>	
Beginning of period**	100,008
End of period	\$ 282,176,929
Undistributed net investment income	\$ 1,106,712

\* For the period from February 25, 2013 (commencement of operations) to December 31, 2013.

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\*\* Represents initial seed capital invested by Apollo Credit Management, LLC.

See accompanying Notes to Financial Statements. | 21

**Table of Contents****Apollo Senior Floating Rate Fund Inc.****Statement of Cash Flows**

For the Year Ended December 31, 2013

**Cash Flows From Operating Activities**

Net increase in net assets from operations excluding distributions to preferred shareholders \$ 26,381,629

**Adjustments to Reconcile Net Increase in Net Assets from Operations Excluding Distributions to Preferred Shareholders to Net Cash Flows Provided by Operating Activities**

Net realized loss on investments	3,951,563
Net change in unrealized (appreciation)/depreciation on investments and on unfunded transactions	(9,536,604)
Net amortization/(accretion) of premium/(discount)	(849,056)
Purchase of investment securities	(334,865,170)
Proceeds from disposition of investment securities	326,291,753
Amortization of deferred financing costs	349,561
<b>Changes in operating assets and liabilities</b>	
Decrease in interest receivable	242,909
Increase in prepaid expenses	(15,794)
Decrease in interest payable	(35,089)
Increase in investment advisory fee payable	7,132
Decrease in other payables and accrued expenses due to affiliates	(74,445)
Decrease in directors fees payable	(22,750)
Increase in other payables and accrued expenses	81,608

Net cash flows provided by operating activities 11,907,247

**Cash Flows From Financing Activities**

Distributions paid to common shareholders	(18,680,948)
Distributions paid to preferred shareholders	(686,284)

Net cash flows used in financing activities (19,367,232)

**Net decrease in cash and cash equivalents (7,459,985)**

Cash and cash equivalents, beginning of year 29,158,515

Cash and cash equivalents, end of year \$ 21,698,530

**Supplemental Disclosure of Cash Flow Information**

Cash paid during the period for interest \$ 2,122,748

**Supplemental Disclosure of Non-Cash Financing Activity**

Value of common shares issued as reinvestment of dividends to common shareholders \$ 811,136

22 | See accompanying Notes to Financial Statements.

**Table of Contents****Apollo Tactical Income Fund Inc.****Statement of Cash Flows****For the Period from February 25, 2013 (commencement of operations) to December 31, 2013****Cash Flows From Operating Activities**

Net increase in net assets from operations \$ 20,464,633

**Adjustments to Reconcile Net Increase in Net Assets from Operations to Net Cash Flows Used in Operating Activities**

Net realized gain on investments (569,675)

Net change in unrealized (appreciation)/depreciation on investments (5,019,501)

Net amortization/(accretion) of premium/(discount) (191,885)

Purchase of investment securities (653,484,085)

Proceeds from disposition of investment securities 261,878,828

Amortization of deferred financing costs 73,937

**Changes in operating assets and liabilities**

Increase in interest receivable (4,711,831)

Increase in prepaid expenses (55,055)

Increase in interest payable 220,841

Increase in investment advisory fee payable 356,509

Increase in other payables and accrued expenses due to affiliates 578,231

Increase in other payables and accrued expenses 306,577

Net cash flows used in operating activities (380,152,476)

**Cash Flows From Financing Activities**

Proceeds from borrowings under the credit facility 138,000,000

Deferred financing costs (215,896)

Proceeds from capital stock issued 276,262,897

Offering costs (578,352)

Distributions paid to common shareholders (13,831,495)

Net cash flows provided by financing activities 399,637,154

**Net increase in cash and cash equivalents 19,484,678**

Cash and cash equivalents, beginning of period

Cash and cash equivalents, end of period \$ 19,484,678

**Supplemental Disclosure of Cash Flow Information**

Cash paid during the period for interest \$ 1,052,645



**Table of Contents****Apollo Senior Floating Rate Fund Inc.****Financial Highlights**

For a Common Share outstanding throughout the period

	For the Year  Ended December 31, 2013	For the Year  Ended December 31, 2012	For the Period  Ended December 31, 2011(a)
<b>Common Shares Per Share Operating Performance:</b>			
Net Asset Value, Beginning of Period	\$ 18.73	\$ 17.68	\$ 19.10 <sup>(b)</sup>
<b>Income from Investment Operations:</b>			
Net investment income	1.34	1.39	1.00
Net realized and unrealized gain/(loss) on investments	0.35	1.10	(1.46)
Distributions from net investment income to Series A Preferred Shareholders	(0.04)	(0.05)	(0.02)
Total from investment operations	1.65	2.44	(0.48)
<b>Less Distributions Paid to Common Shareholders from:</b>			
Net investment income	(1.26)	(1.38)	(0.88)
Net realized gain on investments		(0.01)	(0.02)
Total distributions paid to Common Shareholders	(1.26)	(1.39)	(0.90)
Common Share offering charges to paid-in capital			(0.04)
<b>Net Asset Value, End of Period</b>	<b>\$ 19.12</b>	<b>\$ 18.73</b>	<b>\$ 17.68</b>
<b>Market Value, End of Period</b>	<b>\$ 18.10</b>	<b>\$ 18.77</b>	<b>\$ 16.01</b>
Total return based on net asset value <sup>(c)</sup>	9.19%	14.23%	(2.43)% <sup>(d)</sup>
Total return based on market value <sup>(c)</sup>	3.14%	26.41%	(15.62)% <sup>(d)</sup>
<b>Ratios to Average Net Assets available to Common Shareholders:</b>			
Ratio of total expenses to average net assets	3.00%	3.21%	2.99% <sup>(e)</sup>
Ratio of net expenses to average net assets	3.00%	3.18%	2.88% <sup>(e)</sup>
Ratio of net investment income to average net assets <sup>(f)</sup>	7.03%	7.51%	6.49% <sup>(e)</sup>
Ratio of net investment income to average net assets net of distributions to Series A Preferred Shareholders	6.80%	7.25%	6.33% <sup>(e)</sup>
<b>Supplemental Data:</b>			
Portfolio turnover rate	72.0%	66.6%	41.5% <sup>(d)</sup>
Net assets at end of period (000 s)	\$ 297,731	\$ 290,822	\$ 273,650
<b>Senior Securities:</b>			
Total Series A Preferred Shares outstanding	1,534	1,534	1,534
Liquidation and market value per Series A Preferred Shares	\$ 20,000	\$ 20,000	\$ 20,000
Asset coverage per share <sup>(g)</sup>	\$ 294,078	\$ 289,574	\$ 278,380
Loan outstanding (in 000 s)	\$ 122,705	\$ 122,705	\$ 122,705
Asset coverage per \$1,000 of loan outstanding <sup>(h)</sup>	\$ 3,676	\$ 3,620	\$ 3,480

(a) From February 23, 2011 (commencement of operations) to December 31, 2011.

(b) Net of sales load of \$0.90 per share of initial offering.

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- (c) Total return based on net asset value and total return based on market value assuming all distributions reinvested at reinvestment rate.
- (d) Not annualized.
- (e) Annualized.
- (f) Net investment income ratio does not reflect payment to preferred shareholders.
- (g) Calculated by subtracting the Fund's total liabilities (not including the Series A Preferred Shares and borrowings outstanding) from the Fund's total assets, and dividing this by the number of Series A Preferred Shares outstanding.
- (h) Calculated by subtracting the Fund's total liabilities (not including the Series A Preferred Shares and borrowings outstanding) from the Fund's total assets, and dividing this by the amount of borrowings outstanding.

24 | See accompanying Notes to Financial Statements.



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