

Apollo Tactical Income Fund Inc.  
Form N-CSRS  
August 29, 2014

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

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Apollo Tactical Income Fund Inc.

(Exact name of registrant as specified in charter)

9 West 57th Street

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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: June 30, 2014

**Item 1. Reports to Stockholders.**

The Report to Shareholders is attached herewith.

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

Apollo Tactical Income Fund Inc. (NYSE: AIF)

Semi-Annual Report

June 30, 2014

(unaudited)



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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.**

**Apollo Senior Floating Rate Fund Inc.**

**Apollo Tactical Income Fund Inc.**

**Manager Commentary (unaudited)**

**As of June 30, 2014**

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.

The first half of 2014 was an ideal environment for credit investors. Economic growth was just right strong enough to inspire confidence in some, not strong enough to give the Fed the confidence to accelerate tapering or consider raising rates earlier than expected. This in turn kept treasury rates low (and in fact drove them slightly lower), providing a backdrop for strong performance from fixed income asset classes and a lack of volatility. The result was a high-yield bond market trading at all-time low yields and a leveraged loan market that saw spreads compress as demand for floating-rate product exceeded supply (again!).

Fundamentally, the benign environment seen during 2013 continued, as the default rate by number of issuers for the 12-month period ended June 30, 2014 was 0.83% for leveraged loans and by principal amount was 1.08% (excluding Energy Future Holdings Corp., formerly known as TXU Corp.). Of note, we saw zero defaults for the Funds portfolio holdings over that period. This compares to long-term averages of 3.9% for high-yield bonds (as referenced in the J.P. Morgan High-Yield Default Monitor) and 3.4% for leveraged loans (as measured by the J.P. Morgan Leveraged Loan Index) since 1998. The downside of this benign credit risk environment is that while the cycle churns forward and excess demand abounds, structures and lending terms tend to suffer. Leverage, particularly for new issue loans backing leveraged buyouts, has continued to increase throughout the first six months of the year, with an increasing number of transactions levered 6-7 times. The offset to this negative trend is that fixed charge coverage, which represents a company's ability to service their interest expense and capital expenditures, remained strong at a record 3.2 times during the first half of 2014.

Year-to-date June 30, 2014, the levered loan market returned 2.6% (as measured by the S&P/LSTA Leveraged Loan Index), and the high-yield bond market returned 5.6% (as measured by the BofA Merrill Lynch High-Yield Master II Index), and appear to be trending toward a second rare coupon-clipping performance. However, given the lack of volatility and interest rate performance mentioned above, loans and high-yield bonds have underperformed other asset classes with the 10-year treasury gaining 6.13%, investment grade bonds gaining 5.94% (as measured by the BofA Merrill Lynch U.S. Corporate Master Index), and the S&P 500 gaining 6.97% through June 30, 2014.

That performance was a little surprising to us since coming into 2014 we were expecting more volatility than we have seen thus far. While we were right on one of our key predictions, that the string of strong inflows to loan mutual funds would reverse, we did not anticipate the new issuance of collateralized loan obligations (CLOs) to grow as much as it has, more than absorbing the loss of demand from retail funds and depriving our prediction of a key source of kindling for potential volatility. In fact, CLOs are likely one of the top stories in the leveraged finance world thus far in 2014, as their \$61 billion of issuance through June 30, 2014 has far surpassed expectations and shows no signs of slowing down, serving to keep demand for loans, and by extension prices and spreads, steady and tight.

As the credit cycle continues to progress, it seems reasonable to assume that increasing leverage, rising interest rates and tepid economic growth will conspire to cause a gradual increase in defaults and distress over the next 1 to 2 years,

pushing default rates closer to their long-term averages. That said, given the strong current tone in the market, we do not expect a material increase in defaults for the remainder of 2014.

We appreciate your interest and support in the Funds. 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

**Apollo Senior Floating Rate Fund Inc.****Financial Data**

As of June 30, 2014 (unaudited)

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

Loans	92.0%
High-Yield Bonds	6.6%
Equity/Other	1.4%

**Portfolio Characteristics <sup>(a)</sup>**

Weighted Average Floating-Rate Spread	4.81%
Weighted Average Fixed-Rate Coupon	10.25%
Weighted Average Days to Reset (floating assets)	62
Weighted Average Modified Duration (in years) (fixed assets)	2.55
Average Position Size	\$ 2,214,846
Number of Positions	192
Weighted Average Rating	B

**Credit Quality <sup>(b)</sup>**

BBB- or Higher	0.2%
BB	5.2%
B	84.5%
CCC+ or Lower	6.2%
Not Rated	3.9%

**Top 5 Industries (as % of Current Market Value of Investment Securities) <sup>(c)</sup>**

Banking, Finance, Insurance & Real Estate	13.5%
Services: Business	10.9%
Healthcare & Pharmaceuticals	10.3%
Telecommunications	8.0%
Media: Broadcasting & Subscription	7.0%
<b>Total</b>	<b>49.7%</b>

**Top 10 Issuers (as % of Current Market Value of Investment Securities) <sup>(d)</sup>**

First Data Corp.	2.8%
Opal Acquisition, Inc.	1.8%
Global Tel*Link Corp.	1.7%
Asurion, LLC	1.4%



Securus Technologies Holdings, Inc.	1.3%
Hyperion Finance S.a.r.l.	1.3%
Charming Charlie, LLC	1.2%
Premier Dental Services, Inc.	1.2%
WideOpenWest Finance, LLC	1.2%
National Financial Partners Corp.	1.2%
<b>Total</b>	<b>15.1%</b>

### Performance Comparison

	Six Months Ended June 30, 2014	Since Inception on February 23, 2011 to June 30, 2014
AFT - Stock Price	3.00% <sup>(e)</sup>	3.81% <sup>(e)(f)</sup>
AFT - NAV	3.66% <sup>(e)</sup>	7.18% <sup>(e)(f)</sup>
S&P/LSTA Leveraged Loan Index <sup>(g)</sup>	2.60%	4.88% <sup>(f)</sup>

- (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 June 30, 2014. The quality ratings reflected were issued by Standard & Poor's Ratings Group (S&P), 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.
- (g) The S&P/LSTA Leveraged Loan Index is a broad index designed to reflect the performance of the U.S. Dollar facilities in the leveraged loan market.

**Apollo Tactical Income Fund Inc.****Financial Data**

As of June 30, 2014 (unaudited)

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

Loans	61.1%
High-Yield Bonds	29.0%
Structured Credit	8.9%
Equity/Other	1.0%

**Portfolio Characteristics <sup>(a)</sup>**

Weighted Average Floating-Rate Spread	5.60%
Weighted Average Fixed-Rate Coupon	8.75%
Weighted Average Days to Reset (floating assets)	58
Weighted Average Modified Duration (in years) (fixed assets)	3.12
Average Position Size	\$ 2,588,918
Number of Positions	156
Weighted Average Rating	B

**Credit Quality <sup>(b)</sup>**

BB	11.2%
B	71.9%
CCC+ or Lower	12.5%
Not Rated	4.4%

**Top 5 Industries (as % of Current Market Value of Investment Securities) <sup>(c)</sup>**

Banking, Finance, Insurance & Real Estate	13.0%
Structured Finance	8.9%
Services: Business	8.4%
Healthcare & Pharmaceuticals	7.6%
Consumer Goods: Non-Durable	6.5%
<b>Total</b>	<b>44.4%</b>

**Top 10 Issuers (as % of Current Market Value of Investment Securities) <sup>(d)</sup>**

StoneMor Partners, L.P. / Cornerstone Family Services of West Virginia	2.0%
First Data Corp.	1.9%
Molycorp, Inc.	1.8%

Atlas Senior Loan Fund Ltd.	1.7%
Land O Lakes Capital Trust I	1.7%
TPC Group, Inc.	1.6%
Sidewinder Drilling, Inc.	1.5%
Securus Technologies Holdings, Inc.	1.5%
InVentiv Health, Inc.	1.5%
Jefferies Finance, LLC / JFIN Co-Issuer Corp.	1.5%
<b>Total</b>	<b>16.7%</b>

### Performance Comparison

	Six Months Ended June 30, 2014	Since Inception on February 25, 2013 to June 30, 2014
AIF - Stock Price	5.98% <sup>(e)</sup>	0.59% <sup>(e)(f)</sup>
AIF - NAV	6.04% <sup>(e)</sup>	10.58% <sup>(e)(f)</sup>
S&P/LSTA Leveraged Loan Index <sup>(g)</sup>	2.60%	4.93% <sup>(f)</sup>

- (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 June 30, 2014. The quality ratings reflected were issued by S&P, 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) Annualized.
- (g) The S&P/LSTA Leveraged Loan Index is a broad index designed to reflect the performance of the U.S. Dollar facilities in the leveraged loan market.

**Apollo Senior Floating Rate Fund Inc.****Schedule of Investments****June 30, 2014 (unaudited)**

	<u>Principal Amount (\$)</u>	<u>Value (\$)</u>
<b>Senior Loans (a) - 132.9%</b>		
<b>AEROSPACE &amp; DEFENSE - 9.3%</b>		
Camp International Holding Co. 2013 First Lien Replacement Term Loan, 4.75%, 05/31/19	1,300,215	1,307,795
2013 Second Lien Replacement Term Loan, 8.25%, 11/29/19	1,000,000	1,027,500
Deltek, Inc. First Lien Term Loan, 10/10/18 (b)	3,498,442	3,526,867
Second Lien Term Loan, 10.00%, 10/10/19	1,091,000	1,116,229
ILC Industries, LLC First Lien Term Loan, 8.00%, 07/11/18	4,422,112	4,433,167
Photonis Technologies SAS Term Loan, 8.50%, 09/18/19	3,910,350	3,929,902
The SI Organization, Inc. (c) First Lien Term Loan, 11/23/19 (b)	662,383	665,284
Second Lien Term Loan, 05/23/20 (b)	606,000	607,897
SRA International, Inc. Term Loan, 6.50%, 07/20/18	3,573,772	3,591,659
TASC, Inc. First Lien Term Loan, 6.50%, 05/22/20	1,570,000	1,542,525
Second Lien Term Loan, 12.00%, 05/23/21 (d)	2,339,943	2,316,544
U.S. Joiner Holding Co. Term Loan, 7.00%, 04/16/20 (e)	2,493,750	2,487,516
WP CPP Holdings, LLC First Lien Term Loan, 4.75%, 12/28/19	1,163,640	1,170,185
		27,723,070
<b>AUTOMOTIVE - 1.2%</b>		

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American Tire Distributors, Inc.		
Delayed Draw Term Loan, 06/01/18 (b)	139,429	140,561
Initial Term Loan, 06/01/18 (b)	1,249,440	1,259,591
Fram Group Holdings Inc./Prestone Holdings Inc.		
Second Lien Term Loan, 10.50%, 01/29/18	2,000,000	1,910,000
Transtar Holding Co.		
First Lien Term Loan, 5.75%, 10/09/18	186,536	186,711
		3,496,863

**BANKING, FINANCE, INSURANCE & REAL ESTATE - 14.0%**

Amwins Group, LLC		
First Lien New Term Loan, 5.00%, 09/06/19	1,729,304	1,735,789

<b>Principal</b>
<b><u>Amount (\$)</u></b>
<b><u>Value (\$)</u></b>

**BANKING, FINANCE, INSURANCE & REAL ESTATE (continued)**

Asurion, LLC		
Incremental Tranche B-1 Term Loan, 5.00%, 05/24/19	4,458,483	4,492,390
Second Lien Term Loan, 8.50%, 03/03/21	1,562,000	1,623,504
Hub International Ltd.		
Initial Term Loan, 4.25%, 10/02/20	2,769,060	2,777,713
Hyperion Finance S.a.r.l. (United Kingdom)		
Term Loan, 5.75%, 10/17/19 (f)	5,373,000	5,408,811
Institutional Shareholder Services Inc.		
First Lien Term Loan, 4.75%, 04/30/21 (e)	3,250,000	3,258,125
Medical Card System, Inc.		
Term Loan, 12.00%, 09/17/15 (e) (g)	4,788,268	4,716,444
MMM Holdings, Inc.		
MMM Term Loan, 9.75%, 12/12/17	750,223	756,787
MSO of Puerto Rico, Inc.		
MSO Term Loan, 9.75%, 12/12/17	545,432	550,204
National Financial Partners Corp.		
Term Loan B, 5.25%, 07/01/20	5,138,118	5,175,369
SG Acquisition, Inc.		
First Lien Initial Term Loan, 7.25%, 12/21/18 (e)	2,607,224	2,620,260
USI, Inc.		
Initial Term Loan, 4.25%, 12/27/19	4,835,372	4,850,990
VFH Parent LLC		
Term Loan, 5.75%, 11/08/19	691,685	688,226
Walter Investment Management Corp.		
Tranche B Term Loan, 4.75%, 12/18/20	3,320,640	3,288,479

41,943,091

**BEVERAGE, FOOD & TOBACCO - 5.0%**

AdvancePierre Foods, Inc. First Lien Term Loan, 5.75%, 07/10/17	702,132	703,666
ARG IH Corp. Term Loan, 5.00%, 11/15/20	1,910,400	1,924,718
Arysta LifeScience SPC, LLC First Lien Initial Term Loan, 4.50%, 05/29/20	1,194,929	1,199,411
Second Lien Term Loan, 8.25%, 11/30/20 (e)	1,028,000	1,048,560
Dole Food Co., Inc. Tranche B Term Loan, 4.50%, 11/01/18	2,325,878	2,332,658
Hearthside Group Holdings, LLC Term Loan, 4.50%, 06/02/21	1,642,000	1,655,005
Performance Food Group, Inc. Second Lien Term Loan, 6.25%, 11/14/19	1,038,993	1,051,336

See accompanying Notes to Financial Statements. | 7

**Apollo Senior Floating Rate Fund Inc.****Schedule of Investments (continued)****June 30, 2014 (unaudited)**

	<u>Principal Amount (\$)</u>	<u>Value (\$)</u>
<b>Senior Loans (a) (continued)</b>		
<b>BEVERAGE, FOOD &amp; TOBACCO (continued)</b>		
PFS Holding Corp. First Lien Term Loan, 4.50%, 01/31/21	2,803,973	2,761,913
Shearer's Foods, LLC First Lien Term Loan, 06/19/21 (b)	791,666	794,389
Winebow Holdings, Inc. (The Vintner Group, Inc.) First Lien Term Loan, 07/01/21 (b)	699,029	701,650
Second Lien Term Loan, 01/02/22 (b)	744,897	746,759
		14,920,065
<b>CAPITAL EQUIPMENT - 1.0%</b>		
Tank Holding Corp. (Roto Acquisition Corp.) First Lien Term Loan, 4.25%, 07/09/19	3,059,244	3,063,068
<b>CHEMICALS, PLASTICS &amp; RUBBER - 2.2%</b>		
AI Chem & Cy S.C.A. (Luxembourg) Tranche B-1 Term Loan, 4.50%, 10/03/19 (f)	426,909	429,577
Tranche B-2 Term Loan, 4.50%, 10/03/19 (f)	221,503	222,887
Cyanco Intermediate Corp. Term Loan, 5.50%, 05/01/20	2,774,611	2,782,935
Kronos Worldwide, Inc. Initial Term Loan, 4.75%, 02/18/20	628,425	635,891

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Tronox Pigments B. V. (Netherlands) New Term Loan, 4.00%, 03/19/20 (f)	736,557	738,999
Univar Inc. Term Loan B, 5.00%, 06/30/17	1,728,052	1,737,634
		6,547,923

**CONSUMER GOODS: DURABLE - 0.5%**

Bluestem Brands, Inc. Term Loan, 7.50%, 12/06/18	1,024,371	1,032,054
Britax U.S. Holdings Inc. First Lien Term Loan B, 4.50%, 10/15/20	581,668	554,038
		1,586,092

**CONSUMER GOODS: NON-DURABLE - 8.9%**

ABG Intermediate Holdings 2 LLC First Lien Term Loan, 5.50%, 05/27/21	3,541,125	3,563,256
Allflex Holdings III, Inc. Second Lien Initial Term Loan, 8.00%, 07/19/21	2,400,000	2,427,000
BRG Sports, Inc. First Lien Term Loan, 6.50%, 04/15/21 (e)	2,140,000	2,164,075

<b>Principal</b>	
<b><u>Amount (\$)</u></b>	<b><u>Value (\$)</u></b>

**CONSUMER GOODS: NON-DURABLE (continued)**

Fender Musical Instruments Corp. Initial Term Loan, 5.75%, 04/03/19	445,000	449,450
Herff Jones, Inc. Term Loan B, 5.50%, 06/25/19	3,660,577	3,693,742
Insight Pharmaceuticals LLC First Lien Term Loan, 6.26%, 08/25/16 (e)	3,132,937	3,138,811
The Men's Wearhouse, Inc. Tranche B Term Loan, 4.50%, 06/18/21	2,430,000	2,446,961
Nine West Holdings, Inc. Initial Term Loan, 4.75%, 10/08/19	1,320,000	1,328,705
Unsecured Initial Term Loan, 6.25%, 01/08/20	1,000,000	1,005,935
Polyconcept Investments B.V.		



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Term Loan, 06/28/19 (b) The Topps Co., Inc.	3,800,897	3,791,395
Term Loan, 7.25%, 10/02/18 (e)	2,517,350	2,492,176
		26,501,506

**CONTAINERS, PACKAGING & GLASS - 1.2%**

Berlin Packaging LLC Term Loan B, 4.75%, 04/02/19	495,000	499,178
Devix Topco (France) First Lien Term Loan B, 4.25%, 05/03/21 (f)	1,525,000	1,530,726
Pelican Products, Inc. First Lien Term Loan, 5.25%, 04/10/20	1,536,150	1,551,512
		3,581,416

**ENERGY: OIL & GAS - 8.4%**

Atlas Energy, L.P. Term Loan, 6.50%, 07/31/19 (e)	1,250,550	1,270,090
Azure Midstream Energy LLC Term Loan, 6.50%, 11/15/18	876,152	885,461
BBTS Borrower L.P. Term Loan, 7.75%, 06/04/19	4,282,127	4,328,695
Chief Exploration & Development LLC Second Lien Term Loan, 05/16/21 (b) (e)	2,380,000	2,439,500
Drillships Financing Holding Inc. Tranche B-1 Term Loan, 6.00%, 03/31/21	3,258,037	3,317,105
EMG Utica, LLC Term Loan, 4.75%, 03/27/20 (e)	1,553,000	1,558,824
HGIM Corp. Term Loan A, 5.00%, 06/18/18 (e)	5,027,980	5,040,550
McDermott Finance LLC Term Loan, 5.25%, 04/16/19	837,000	846,420
Pacific Drilling S.A. (Luxembourg) Term Loan, 4.50%, 06/03/18 (f)	1,269,180	1,275,526

8 | See accompanying Notes to Financial Statements.

**Apollo Senior Floating Rate Fund Inc.****Schedule of Investments (continued)****June 30, 2014 (unaudited)**

	<b>Principal</b>	
	<u>Amount (\$)</u>	<u>Value (\$)</u>
<b>Senior Loans (a) (continued)</b>		
<b>ENERGY: OIL &amp; GAS (continued)</b>		
Power Buyer, LLC		
First Lien Delayed Draw Term Loan, 4.25%, 05/06/20 (e)	48,565	47,593
First Lien Initial Term Loan, 4.25%, 05/06/20 (e)	914,108	895,826
Sprint Industrial Holdings, Inc.		
First Lien Term Loan, 7.00%, 05/14/19	2,173,870	2,190,174
W3 Co.		
First Lien Term Loan, 5.75%, 03/13/20 (e)	927,195	914,446
		25,010,210
<b>ENVIRONMENTAL INDUSTRIES - 1.3%</b>		
Environmental Resources Management (United Kingdom)		
Term Loan, 05/09/21 (b) (f)	3,920,000	3,900,420
<b>FOREST PRODUCTS &amp; PAPER - 0.8%</b>		
Caraustar Industries, Inc.		
Term Loan, 7.50%, 05/01/19	2,327,529	2,360,999
<b>HEALTHCARE &amp; PHARMACEUTICALS - 13.7%</b>		

ABB/Con-Cise Optical Group LLC		
Term Loan B-1, 4.50%, 02/06/19	1,516,034	1,516,033
Amneal Pharmaceuticals LLC		
Term Loan B, 5.75%, 11/01/19	2,243,050	2,258,942
Ardent Medical Services, Inc.		
First Lien Term Loan, 6.75%, 07/02/18	2,915,784	2,936,428
ATI Holdings, Inc.		
Term Loan, 5.00%, 12/20/19	1,085,470	1,099,038
Dialysis Newco, Inc. (dba DSI Renal)		
First Lien Term Loan B, 4.75%, 04/23/21	2,330,000	2,337,771
Healogics, Inc.		
First Lien Term Loan B, 5.25%, 02/05/19	1,023,050	1,027,684
InVentiv Health, Inc.		
Consolidated Term Loan, 7.50%, 08/04/16	2,387,546	2,403,220
Term Loan B-3, 7.75%, 05/15/18	729,448	731,271
Opal Acquisition, Inc.		
First Lien Term Loan, 5.00%, 11/27/20	7,541,968	7,571,419
Premier Dental Services, Inc.		
First Lien Term Loan, 6.00%, 11/01/18	5,228,804	5,257,118
Sheridan Holdings, Inc.		
2013 First Lien Initial Term Loan, 4.50%, 06/29/18	1,319,340	1,321,319
Smile Brands Group Inc.		
Term Loan, 08/16/19 (b)	4,367,000	4,257,825
Steward Health Care System LLC		
Term Loan, 6.75%, 04/10/20 (e)	3,274,272	3,241,529

**Principal**Amount (\$)Value (\$)**HEALTHCARE & PHARMACEUTICALS (continued)**

U.S. Renal Care, Inc.		
First Lien Tranche B-2 Term Loan, 4.25%, 07/03/19	4,133,181	4,151,904
Second Lien Term Loan, 10.25%, 01/03/20 (e)	818,000	832,315
		40,943,816

**HIGH TECH INDUSTRIES - 6.8%**

The Active Network, Inc. (Lanyon, Inc.)		
First Lien Term Loan, 5.50%, 11/13/20	1,573,284	1,568,375
Flexera Software LLC		

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First Lien Term Loan, 4.50%, 04/02/20 Freescale Semiconductor, Inc.	1,290,000	1,292,148
Tranche B5 Term Loan, 5.00%, 01/15/21 GTCR Valor Companies, Inc. (c)	1,935,375	1,947,316
First Lien Term Loan, 05/30/21 (b) Kronos Inc.	1,149,846	1,146,253
First Lien Incremental Term Loan, 4.50%, 10/30/19 Landesk Group, Inc.	4,715,506	4,759,714
First Lien New Term Loan, 5.00%, 02/25/20	3,426,013	3,438,843
Second Lien Term Loan, 8.25%, 02/25/21 MSC Software Corp.	563,000	566,285
First Lien Initial Term Loan, 5.00%, 05/29/20 Vision Solutions, Inc.	1,790,000	1,805,662
First Lien Term Loan, 6.00%, 07/23/16 (e)	3,803,384	3,803,384
		20,327,980

**HOTEL, GAMING & LEISURE - 2.4%**

Centaur Acquisition, LLC		
Second Lien Term Loan, 8.75%, 02/20/20	826,000	842,520
Deluxe Entertainment Services Group Inc. Initial Term Loan, 6.50%, 02/28/20	1,033,299	1,033,299
Diamond Resorts Corp. Term Loan, 5.50%, 05/09/21 (e)	909,000	916,954
Mohegan Tribal Gaming Authority Term Loan B, 5.50%, 11/19/19	1,099,674	1,120,183
Peppermill Casinos, Inc. Term Loan B, 7.25%, 11/09/18 (e)	1,969,965	2,021,676
Planet Fitness Holdings, LLC Term Loan, 4.75%, 03/31/21	1,336,650	1,345,004
		7,279,636

**MEDIA: ADVERTISING, PRINTING & PUBLISHING - 6.4%**

F & W Media, Inc. Term Loan, 7.75%, 06/30/19 (e)	4,206,365	4,206,365
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See accompanying Notes to Financial Statements. | 9

**Apollo Senior Floating Rate Fund Inc.****Schedule of Investments (continued)****June 30, 2014 (unaudited)**

	<b>Principal</b>	
	<u>Amount (\$)</u>	<u>Value (\$)</u>

**Senior Loans (a) (continued)****MEDIA: ADVERTISING, PRINTING & PUBLISHING (continued)**

Information Resources, Inc. Term Loan, 4.75%, 09/30/20	2,901,671	2,927,061
Merrill Communications LLC Term Loan, 5.75%, 03/08/18	3,892,541	3,965,526
The Reader s Digest Association, Inc. Term Loan, 12.50%, 09/30/15 (e)	3,004,805	2,895,881
Springer SBM Two GMBH (Germany) Initial Term Loan B2, 5.00%, 08/14/20 (f)	5,010,140	5,026,598
		19,021,431

**MEDIA: BROADCASTING & SUBSCRIPTION - 8.7%**

CCO Holdings, LLC Term Loan E, 3.00%, 07/01/20	511,918	504,774
Emmis Communications Corp. Term Loan B, 06/10/21 (b)	2,000,000	2,015,000
Granite Broadcasting Corp. First Lien Tranche B Term Loan, 6.75%, 05/23/18 (e)	1,085,478	1,086,157
Hargray Communications Group, Inc. (HCP Acquisition LLC) Term Loan B, 4.75%, 06/26/19	2,276,010	2,289,530
Hemisphere Media Holdings, LLC (Intermedia Espanol, Inc.) Term Loan B, 6.25%, 07/30/20	2,326,500	2,361,398
Hubbard Radio, LLC Tranche 1 Term Loan, 4.50%, 04/29/19	638,341	640,470
Learfield Communications, Inc.		

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2014 First Lien Replacement Term Loan, 4.50%, 10/09/20 Numericable U.S. LLC	1,243,750	1,256,188
Dollar Denominated Tranche B-1 Term Loan, 4.50%, 05/21/20	1,597,738	1,609,849
Dollar Denominated Tranche B-2 Term Loan, 4.50%, 05/21/20 SESAC Holdco II LLC	1,382,262	1,392,739
First Lien Term Loan, 5.00%, 02/07/19 Telecommunications Management, LLC	920,684	929,320
First Lien Initial Term Loan, 4.75%, 04/30/20	1,018,869	1,027,784
Second Lien Initial Term Loan, 9.00%, 10/30/20 WideOpenWest Finance, LLC	710,475	718,467
Term Loan B, 4.75%, 04/01/19 William Morris Endeavor Entertainment, LLC (IMG Worldwide Holdings, LLC)	5,170,757	5,193,379
First Lien Term Loan, 5.25%, 05/06/21	5,050,000	5,094,188
		26,119,243

**Principal**

Amount (\$)

Value (\$)

**MEDIA: DIVERSIFIED & PRODUCTION - 1.4%**

Tech Finance & Co. S.C.A. (Luxembourg) U.S. Term Loan, 5.50%, 07/11/20 (f)	4,239,288	4,297,599
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**METALS & MINING - 0.7%**

Oxbow Carbon LLC (Oxbow Calcining LLC) Term Loan B, 8.00%, 01/19/20	2,000,000	2,052,500
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**RETAIL - 6.1%**

99¢ Only Stores Tranche B-2 Term Loan, 4.50%, 01/11/19	1,807,778	1,820,432
Charming Charlie, LLC Initial Term Loan, 9.00%, 12/24/19	5,335,531	5,402,226
Evergreen Acqco 1 L.P. New Term Loan, 5.00%, 07/09/19	3,337,587	3,335,501
HMK Intermediate Holdings LLC Term Loan, 5.00%, 03/30/19 (e)	1,127,000	1,127,000

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Sears Roebuck Acceptance Corp. (Kmart Corp.) Term Loan, 5.50%, 06/30/18	3,004,900	3,042,461
Smart & Final, Inc. First Lien Term Loan, 4.75%, 11/15/19	2,681,435	2,692,160
Vince, LLC (Vince Intermediate Holding, LLC) Term Loan B, 6.00%, 11/27/19	726,857	736,851
		18,156,631

**SERVICES: BUSINESS - 15.8%**

Applied Systems, Inc. First Lien Initial Term Loan, 4.25%, 01/25/21	2,019,850	2,029,475
Aptean, Inc. First Lien Term Loan, 5.25%, 02/26/20	3,514,193	3,536,156
ARC Document Solutions, Inc. Term Loan B, 6.25%, 12/20/18	2,334,375	2,373,768
Brock Holdings III, Inc. First Lien Term Loan, 6.00%, 03/16/17	1,599,448	1,604,935
Catalent Pharma Solutions, Inc. Dollar Term Loan, 05/20/21 (b)	2,400,000	2,416,932
EIG Investors Corp. Term Loan, 5.00%, 11/09/19	3,306,088	3,317,114
Evergreen Skills Lux S.a.r.l. (Luxembourg) First Lien Initial Term Loan, 4.50%, 04/28/21 (f)	2,540,000	2,543,975
GCA Services Group, Inc. First Lien Replacement Term Loan, 4.25%, 11/01/19	923,407	924,368
Second Lien Initial Term Loan, 9.25%, 11/01/20	834,400	846,394

10 | See accompanying Notes to Financial Statements.

**Apollo Senior Floating Rate Fund Inc.****Schedule of Investments (continued)****June 30, 2014 (unaudited)**

	<b>Principal</b>	
	<u>Amount (\$)</u>	<u>Value (\$)</u>
<b>Senior Loans (a) (continued)</b>		
<b>SERVICES: BUSINESS (continued)</b>		
Genex Holdings, Inc. First Lien Term Loan, 05/28/21 (b)	993,000	1,001,068
Infogroup Inc. Term Loan B, 7.50%, 05/26/18	3,887,309	3,671,097
Mirror Bidco Corp. Term Loan B, 4.25%, 12/28/19	1,013,626	1,015,314
Nord Anglia Education Finance LLC Initial Term Loan, 4.50%, 03/31/21	2,080,000	2,084,555
Onex Carestream Finance L.P. First Lien 2013 Term Loan, 5.00%, 06/07/19	4,110,650	4,123,496
Second Lien Term Loan, 9.50%, 12/07/19	1,000,000	1,023,750
SGS Cayman, L.P. (Cayman Islands) Term Loan, 7.25%, 03/06/19 (f)	1,444,917	1,455,754
SNL Financial LC New Term Loan, 4.50%, 10/23/18	946,246	950,684
Stafford Logistics, Inc. (dba Custom Ecology, Inc.) Term Loan, 6.75%, 06/26/19 (e)	2,519,550	2,533,722
Sutherland Global Services Inc. U.S. Tranche Term Loan, 7.25%, 03/06/19	3,199,458	3,223,454
Transfirst Holdings, Inc. Second Lien Term Loan B-1, 7.50%, 06/27/18	2,500,000	2,521,088
TriNet HR Corp. Term Loan B2, 5.00%, 08/20/20	3,979,925	3,979,925
		47,177,024

**SERVICES: CONSUMER - 1.7%**



Laureate Education, Inc. 2018 New Series Extended Term Loan, 5.00%, 06/15/18	5,242,493	5,137,644
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**TELECOMMUNICATIONS - 10.4%**

Avaya Inc. Term Loan B-3, 4.73%, 10/26/17	2,256,579	2,214,268
Global Tel*Link Corp. First Lien Term Loan, 05/23/20 (b)	7,394,836	7,376,349
Grande Communications Networks LLC Term Loan B, 4.50%, 05/29/20	4,057,188	4,053,394
Integra Telecom Holdings, Inc. Replacement Term Loan, 5.25%, 02/22/19	1,062,550	1,071,050
LTS Buyer LLC (Sidera Networks, Inc.) Second Lien Term Loan, 8.00%, 04/12/21	456,665	463,137
Ntelos Inc. Term Loan B, 11/09/19 (b)	4,049,609	4,059,733

**Principal**

Amount (\$)

Value (\$)

**TELECOMMUNICATIONS (continued)**

Securus Technologies Holdings, Inc. First Lien Initial Term Loan, 4.75%, 04/30/20	2,569,609	2,583,523
Second Lien New Term Loan, 9.00%, 04/30/21	2,800,000	2,846,088
The TelX Group, Inc. Second Lien Initial Term Loan, 7.50%, 04/09/21	600,000	602,376
Term Loan B, 4.50%, 04/09/20	890,000	892,114
U.S. TelePacific Corp. Term Loan, 5.75%, 02/23/17	4,854,253	4,905,853
		31,067,885

**TRANSPORTATION: CARGO - 1.2%**

Carrix, Inc. Term Loan, 01/07/19 (b) Commercial Barge Line Co.	2,500,000	2,359,375
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First Lien Initial Term Loan, 7.50%, 09/22/19 (e)	1,120,813	1,129,219
		3,488,594

**TRANSPORTATION: CONSUMER - 2.6%**

Landmark Aviation FBO Canada, Inc. (Canada) Canadian Term Loan, 4.75%, 10/25/19 (f)	187,616	188,132
LM U.S. Member LLC (LM U.S. Corp. Acquisition Inc.) Term Loan B, 10/25/19 (b)	500,000	501,375
First Lien Initial Term Loan, 4.75%, 10/25/19	2,780,997	2,788,645
Travel Leaders Group, LLC Tranche B Term Loan, 7.00%, 12/05/18 (e)	1,190,893	1,193,126
Travelport LLC New Term Loan B, 6.25%, 06/26/19	3,186,810	3,265,285
		7,936,563

**UTILITIES: ELECTRIC - 1.2%**

Energy Future Intermediate Holding Co. LLC (EFIH Finance Inc.) Term Loan, 4.25%, 06/19/16	2,240,000	2,255,803
Panda Sherman Power, LLC Construction Term Loan Advances, 9.00%, 09/14/18 (e)	1,200,000	1,232,250
		3,488,053

**Total Senior Loans  
(Cost \$391,805,610)**

**397,129,322**

**Corporate Notes and Bonds - 9.5%**

**BANKING, FINANCE, INSURANCE & REAL ESTATE - 4.1%**

First Data Corp. 12.63%, 01/15/21	10,000,000	12,337,500
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**Apollo Senior Floating Rate Fund Inc.****Schedule of Investments (continued)****June 30, 2014 (unaudited)**

	<u>Principal Amount (\$)</u>	<u>Value (\$)</u>
<b>Corporate Notes and Bonds (continued)</b>		
<b>ENVIRONMENTAL INDUSTRIES - 0.7%</b>		
Tervita Corp. (Canada) 9.75%, 11/01/19 (f) (h)	2,142,000	2,088,450
<b>HEALTHCARE &amp; PHARMACEUTICALS - 1.2%</b>		
Valeant Pharmaceuticals International, Inc. (Canada) 7.50%, 07/15/21 (f) (h)	3,200,000	3,556,000
<b>MEDIA: BROADCASTING &amp; SUBSCRIPTION - 1.3%</b>		
Columbus International Inc. (Barbados) 7.38%, 03/30/21 (f) (h)	1,285,000	1,389,406
Intelsat Jackson Holdings S.A. (Luxembourg) 5.50%, 08/01/23 (f)	1,000,000	998,750
Radio One Inc. 9.25%, 02/15/20 (h)	1,484,000	1,613,850
		4,002,006
<b>MEDIA: DIVERSIFIED &amp; PRODUCTION - 0.9%</b>		

SiTV Inc. 10.38%, 07/01/19 (h)	2,493,000	2,567,790
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**METALS & MINING - 0.1%**

Murray Energy Corp. 8.63%, 06/15/21 (h)	300,000	326,250
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**TELECOMMUNICATIONS - 1.2%**

Avanti Communications Group PLC (United Kingdom) 10.00%, 10/01/19 (f) (h)	3,333,000	3,549,645
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**Total Corporate Notes and Bonds****(Cost \$25,837,520)****28,427,641**

<u>Share Amount</u>	<u>Value (\$)</u>
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**Common Stock - 0.7%****MEDIA: ADVERTISING, PRINTING & PUBLISHING - 0.7%**

The Reader's Digest Association, Inc. (e) (i)	50,210	2,146,478
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**Total Common Stock****(Cost \$5,212,858)****2,146,478****Preferred Stock - 1.3%****BANKING, FINANCE, INSURANCE & REAL ESTATE - 1.3%**

Watford Holdings Ltd. (Bermuda) 8.50% (e) (f)	160,000	3,920,000
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<b>Total Preferred Stock</b> (Cost \$3,920,000)		<b>3,920,000</b>
<b>Warrants - 0.0%</b>		
<b>BANKING, FINANCE, INSURANCE &amp; REAL ESTATE - 0.0%</b>		
Medical Card System, Inc. 07/26/18 (e)	54,913	10,983
<b>Total Warrants</b> (Cost \$ )		<b>10,983</b>
<b>Total Investments-144.4%</b> (Cost of \$426,775,988)		<b>431,634,424</b>
<b>Other Assets &amp; Liabilities, Net-5.5%</b>		<b>16,532,708</b>
<b>Loan Outstanding-(49.9)%</b>		<b>(149,269,000)</b>
<b>Net Assets (Applicable to Common Shares)-100.0%</b>		<b>298,898,132</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 June 30, 2014. Senior Loans are generally not registered under 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) Senior Loan assets have additional unfunded loan commitments. As of June 30, 2014, 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 Commitments</b>
GTCR Valor Companies, Inc.	\$867,435

The SI Organization, Inc. 88,001

Total unfunded loan commitments \$955,436

- (d) Fixed rate asset.
- (e) Fair Value Level 3 security. All remaining securities are categorized as Level 2.
- (f) Foreign issuer traded in U.S. dollars.
- (g) Represents a payment-in-kind security which may pay interest in additional principal amount.
- (h) 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 June 30, 2014, these securities amounted to \$15,091,391, or 5.05% of net assets.
- (i) Non income-producing asset.

12 | See accompanying Notes to Financial Statements.

**Apollo Tactical Income Fund Inc.****Schedule of Investments****June 30, 2014 (unaudited)**

	<u>Principal Amount (\$)</u>	<u>Value (\$)</u>
<b>Senior Loans (a) - 86.9%</b>		
<b>AEROSPACE &amp; DEFENSE - 7.8%</b>		
Camp International Holding Co. 2013 Second Lien Replacement Term Loan, 8.25%, 11/29/19	1,350,000	1,387,125
Deltek, Inc. First Lien Term Loan, 10/10/18 (b)	1,212,423	1,222,274
ILC Industries, LLC Term Loan 2, 11.50%, 07/11/19 (c)	4,000,000	3,940,000
Photonis Technologies SAS Term Loan, 8.50%, 09/18/19	3,910,350	3,929,902
The SI Organization, Inc. (d) First Lien Term Loan, 11/23/19 (b) Second Lien Term Loan,  05/23/20 (b)	662,383	665,284
SRA International, Inc. Term Loan, 6.50%, 07/20/18	606,000	607,897
TASC, Inc. First Lien Term Loan, 6.50%, 05/22/20 Second Lien Term Loan,  12.00%, 05/23/21 (e)	2,925,783	2,940,427
U.S. Joiner Holding Co. Term Loan, 7.00%, 04/16/20 (c)	1,570,000	1,542,525
WP CPP Holdings, LLC Second Lien Term Loan B-1, 8.75%, 04/30/21	2,339,943	2,316,544
	2,493,750	2,487,516
	1,435,000	1,451,831
		22,491,325



**BANKING, FINANCE, INSURANCE & REAL ESTATE - 8.6%**

Asurion, LLC		
Second Lien Term Loan, 8.50%, 03/03/21	3,124,000	3,247,008
Hyperion Finance S.a.r.l. (United Kingdom)		
Term Loan, 5.75%, 10/17/19 (f)	5,373,000	5,408,811
Institutional Shareholder		
Services Inc.		
First Lien Term Loan, 4.75%, 04/30/21 (c)	3,250,000	3,258,125
Medical Card System, Inc.		
Term Loan, 12.00%,		
09/17/15 (c) (g)	4,419,939	4,353,640
MMM Holdings, Inc.		
MMM Term Loan, 9.75%, 12/12/17	1,293,209	1,304,524
MSO of Puerto Rico, Inc.		
MSO Term Loan, 9.75%, 12/12/17	940,197	948,424
National Financial Partners Corp.		
Term Loan B, 5.25%, 07/01/20	5,138,118	5,175,369
Nuveen Investments, Inc.		
Tranche B First Lien Term Loan, 4.16%, 05/13/17	286,000	286,874
VFH Parent, LLC		
Term Loan, 5.75%, 11/08/19	775,586	771,708
		24,754,483

<b>Principal</b>
<b>Amount (\$)</b>

<b>Value (\$)</b>
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**BEVERAGE, FOOD & TOBACCO - 2.7%**

ARG IH Corp.		
Term Loan, 5.00%, 11/15/20	1,910,400	1,924,718
Arysta LifeScience SPC, LLC		
Second Lien Term Loan, 8.25%, 11/30/20 (c)	1,028,000	1,048,560
Hearthside Group Holdings, LLC		
Term Loan, 4.50%, 06/02/21	1,642,000	1,655,005
PFS Holding Corp.		
Second Lien Term Loan, 8.25%, 01/31/22 (c)	714,000	697,935
Shearer s Foods, LLC		
First Lien Term Loan,		
06/19/21 (b)	791,666	794,389
Winebow Holdings, Inc.		
(The Vintner Group, Inc.)		
First Lien Term Loan, 07/01/21 (b)	699,029	701,650
Second Lien Term Loan,		
01/02/22 (b)	989,795	992,269

7,814,526

**CHEMICALS, PLASTICS & RUBBER - 0.9%**

Cyanco Intermediate Corp. Term Loan, 5.50%, 05/01/20	1,889,220	1,894,887
Kronos Worldwide, Inc. Initial Term Loan, 4.75%, 02/18/20	628,425	635,891
		2,530,778

**CONSUMER GOODS: DURABLE - 0.4%**

Bluestem Brands, Inc. Term Loan, 7.50%, 12/06/18	1,024,371	1,032,054
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**CONSUMER GOODS: NON-DURABLE - 7.4%**

ABG Intermediate Holdings 2 LLC First Lien Term Loan, 5.50%, 05/27/21	3,541,125	3,563,257
Allflex Holdings III, Inc. Second Lien Initial Term Loan, 8.00%, 07/19/21	2,400,000	2,427,000
BRG Sports, Inc. First Lien Term Loan, 6.50%, 04/15/21 (c)	2,140,000	2,164,075
Fender Musical Instruments Corp. Initial Term Loan, 5.75%, 04/03/19	445,000	449,450
Herff Jones, Inc. Term Loan B, 5.50%, 06/25/19	3,660,577	3,693,742
Insight Pharmaceuticals, LLC First Lien Term Loan, 6.26%, 08/25/16 (c)	485,361	486,271
Nine West Holding Corp. Unsecured Initial Term Loan, 6.25%, 01/08/20	2,744,518	2,760,807
Polyconcept Investments B.V. Term Loan, 6.00%, 06/28/19	3,334,977	3,326,640
The Topps Company, Inc. Term Loan, 7.25%, 10/02/18 (c)	2,517,350	2,492,176
		21,363,418

See accompanying Notes to Financial Statements. | 13

**Apollo Tactical Income Fund Inc.****Schedule of Investments (continued)****June 30, 2014 (unaudited)**

	<b>Principal Amount (\$)</b>	<b>Value (\$)</b>
<b>Senior Loans (a) (continued)</b>		
<b>CONTAINERS, PACKAGING &amp; GLASS - 0.5%</b>		
Pelican Products, Inc. First Lien Term Loan, 5.25%, 04/10/20	1,536,150	1,551,512
<b>ENERGY: OIL &amp; GAS - 4.9%</b>		
Atlas Energy, L.P. Term Loan, 6.50%, 07/31/19 (c)	1,250,550	1,270,090
Azure Midstream Energy, LLC Term Loan, 6.50%, 11/15/18	876,152	885,461
Chief Exploration & Development LLC Second Lien Term Loan, 05/16/21 (b) (c)	3,570,000	3,659,250
Drillships Financing Holding, Inc. Tranche B-1 Term Loan, 6.00%, 03/31/21	3,258,037	3,317,105
HGIM Corp. Term Loan A, 5.00%, 06/18/18 (c)	748,825	750,697
McDermott Finance LLC Term Loan, 5.25%, 04/16/19	837,000	846,420
Sprint Industrial Holdings, Inc. First Lien Term Loan, 7.00%, 05/14/19	2,173,870	2,190,174
W3 Co. First Lien Term Loan, 5.75%, 03/13/20 (c)	1,112,487	1,097,191
		14,016,388
<b>ENVIRONMENTAL INDUSTRIES - 1.3%</b>		
	3,920,000	3,900,420

Environmental Resources Management (United Kingdom) 05/09/21 (b) (f)

**FOREST PRODUCTS & PAPER - 1.0%**

Caraustar Industries, Inc. Term Loan, 7.50%, 05/01/19	2,792,541	2,832,698
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**HEALTHCARE & PHARMACEUTICALS - 7.6%**

Amneal Pharmaceuticals LLC Term Loan B, 5.75%, 11/01/19	2,243,050	2,258,942
Ardent Medical Services, Inc. First Lien Term Loan, 6.75%, 07/02/18	815,018	820,788
Dialysis Newco, Inc. (dba DSI Renal) First Lien Term Loan B, 4.75%, 04/23/21	2,330,000	2,337,771
InVentiv Health, Inc. Consolidated Term Loan, 7.50%, 08/04/16	446,030	448,958
Opal Acquisition, Inc. First Lien Term Loan, 5.00%, 11/27/20	5,417,387	5,438,542
Premier Dental Services, Inc. First Lien Term Loan, 6.00%, 11/01/18	3,719,596	3,739,737
Smile Brands Group, Inc. Term Loan, 08/16/19 (b)	4,367,000	4,257,825

<b>Principal</b>		
<b>Amount (\$)</b>		<b>Value (\$)</b>

**HEALTHCARE & PHARMACEUTICALS (continued)**

Steward Health Care System, LLC Term Loan, 6.75%, 04/10/20 (c)	1,512,720	1,497,593
U.S. Renal Care, Inc. Incremental Tranche B-1 Second Lien Term Loan 2, 8.50%, 07/03/20	1,212,000	1,230,180
		22,030,336

**HIGH TECH INDUSTRIES - 4.3%**

The Active Network, Inc. (Lanyon, Inc.) First Lien Term Loan, 5.50%, 11/13/20	628,799	626,837
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Second Lien Term Loan,

9.50%, 11/15/21 GTCR Valor Companies, Inc. (d) First Lien Term Loan, 05/30/21 (b) Landesk Group, Inc. First Lien New Term Loan, 5.00%, 02/25/20 Second Lien Term Loan,	2,584,195	2,593,885
8.25%, 02/25/21 MSC Software Corp. First Lien Initial Term Loan, 5.00%, 05/29/20 Second Lien Term Loan,	1,149,846	1,146,253
8.50%, 05/28/21 (c)	3,426,013	3,438,843
	1,682,000	1,691,814
	901,000	908,884
	2,050,000	2,070,500
		12,477,016

**HOTEL, GAMING & LEISURE - 3.3%**

Centaur Acquisition, LLC Second Lien Term Loan, 8.75%, 02/20/20 Deluxe Entertainment Services Group, Inc. Initial Term Loan, 6.50%, 02/28/20 Diamond Resorts Corp. Term Loan, 5.50%, 05/09/21 (c) Mohegan Tribal Gaming Authority Term Loan B, 5.50%, 11/19/19 Peppermill Casinos, Inc. Term Loan B, 7.25%, 11/09/18 (c) Planet Fitness Holdings LLC Term Loan, 4.75%, 03/31/21	3,000,000	3,060,000
	1,033,299	1,033,299
	909,000	916,954
	1,099,674	1,120,183
	1,974,902	2,026,743
	1,336,650	1,345,004
		9,502,183

**MEDIA: ADVERTISING, PRINTING & PUBLISHING - 4.5%**

F & W Media, Inc. Term Loan, 7.75%, 06/30/19 (c) Merrill Communications, LLC Term Loan, 5.75%, 03/08/18 Springer SBM Two GMBH (Germany) Initial Term Loan B2, 5.00%, 08/14/20 (f)	4,206,365	4,206,365
	4,547,481	4,632,746
	4,017,640	4,030,839
		12,869,950

14 | See accompanying Notes to Financial Statements.

**Apollo Tactical Income Fund Inc.****Schedule of Investments (continued)****June 30, 2014 (unaudited)**

	<b>Principal Amount (\$)</b>	<b>Value (\$)</b>
<b>Senior Loans (a) (continued)</b>		
<b>MEDIA: BROADCASTING &amp; SUBSCRIPTION - 5.0%</b>		
Emmis Communications Corp. Term Loan B, 06/10/21 (b)	2,000,000	2,015,000
Hargray Communications Group, Inc. (HCP Acquisition LLC) Term Loan B, 4.75%, 06/26/19	2,276,010	2,289,530
Hemisphere Media Holdings, LLC (Intermedia Espanol, Inc.) Term Loan B, 6.25%, 07/30/20	2,326,500	2,361,398
SESAC Holdco II LLC First Lien Term Loan, 5.00%, 02/07/19	403,976	407,765
Telecommunications Management, LLC First Lien Initial Term Loan, 4.75%, 04/30/20	1,018,869	1,027,784
Second Lien Initial Term Loan, 9.00%, 10/30/20	1,065,712	1,077,701
William Morris Endeavor Entertainment, LLC (IMG Worldwide Holdings, LLC) First Lien Term Loan, 5.25%, 05/06/21	5,050,000	5,094,188
		14,273,366
<b>MEDIA: DIVERSIFIED &amp; PRODUCTION - 1.5%</b>		
Tech Finance & Co. S.C.A. (Luxembourg) U.S. Term Loan, 5.50%, 07/11/20 (f)	4,239,288	4,297,599
<b>METALS &amp; MINING - 1.1%</b>		
	3,000,000	3,078,750



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Oxbow Carbon, LLC (Oxbow Calcining, LLC)  
Term Loan B, 8.00%, 01/19/20

**RETAIL - 0.7%**

Charming Charlie, LLC Initial Term Loan, 9.00%, 12/24/19	1,226,940	1,242,276
Vince, LLC (Vince Intermediate Holding, LLC) Term Loan B, 6.00%, 11/27/19	726,857	736,851
		1,979,127

**SERVICES: BUSINESS - 11.9%**

Applied Systems, Inc. Second Lien Initial Term Loan, 7.50%, 01/24/22	1,090,600	1,114,866
Aptean, Inc. First Lien Term Loan, 5.25%, 02/26/20	1,519,193	1,528,687
ARC Document Solutions, Inc. Term Loan B, 6.25%, 12/20/18	2,334,375	2,373,768
EIG Investors Corp. Term Loan, 5.00%, 11/09/19	2,112,219	2,119,264
Genex Holdings, Inc. First Lien Term Loan, 05/28/21 (b)	993,000	1,001,068

<b>Principal</b>
<b>Amount (\$)</b>
<b>Value (\$)</b>

**SERVICES: BUSINESS (continued)**

Infogroup, Inc. Term Loan B, 7.50%, 05/26/18	3,751,564	3,542,902
Nord Anglia Education Finance, LLC Initial Term Loan, 4.50%, 03/31/21	2,080,000	2,084,555
Onex Carestream Finance L.P. Second Lien Term Loan, 9.50%, 12/07/19	5,639,588	5,773,528
SGS Cayman, L.P. (Cayman Islands) Term Loan, 7.25%, 03/06/19 (f)	1,745,236	1,758,325
Stadium Management (SMG) Second Lien Term Loan, 9.25%, 02/27/21 (c)	2,490,000	2,533,575
Stafford Logistics, Inc. (dba Custom Ecology, Inc.) Term Loan, 6.75%, 06/26/19 (c)	2,519,550	2,533,722
	3,864,451	3,893,434

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Sutherland Global Services, Inc. U.S. Tranche Term Loan, 7.25%, 03/06/19 TriNet HR Corp. Term Loan B2, 5.00%, 08/20/20	3,979,925	3,979,925
		34,237,619

**SERVICES: CONSUMER - 1.3%**

Laureate Education, Inc. New Series 2018 Extended Term Loan, 5.00%, 06/15/18	3,877,442	3,799,893
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**TELECOMMUNICATIONS - 5.7%**

Global Tel*Link Corp. First Lien Term Loan, 05/23/20 (b)	3,005,649	2,998,134
Ntelos Inc. Term Loan B, 11/09/19 (b)	4,049,609	4,059,733
Securus Technologies Holdings, Inc. First Lien Initial Term Loan, 4.75%, 04/30/20 Second Lien New Term Loan, 9.00%, 04/30/21	997,488	1,002,889
	5,000,000	5,082,300
The TelX Group, Inc. Second Lien Initial Term Loan B, 7.50%, 04/09/21	600,000	602,376
U.S. TelePacific Corp. Term Loan, 5.75%, 02/23/17	2,506,018	2,532,657
		16,278,089

**TRANSPORTATION: CARGO - 1.4%**

Carrix, Inc. Term Loan, 01/07/19 (b)	2,500,000	2,359,375
Commercial Barge Line Co. First Lien Initial Term Loan, 7.50%, 09/22/19 (c)	1,680,725	1,693,330
		4,052,705

**TRANSPORTATION: CONSUMER - 2.3%**

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LM U.S. Member LLC (LM U.S. Corp. Acquisition Inc.) Term Loan B, 10/25/19 (b)	651,515	653,307
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See accompanying Notes to Financial Statements. | 15

**Apollo Tactical Income Fund Inc.****Schedule of Investments (continued)****June 30, 2014 (unaudited)**

	<u>Principal Amount (\$)</u>	<u>Value (\$)</u>
<b>Senior Loans (a) (continued)</b>		
<b>TRANSPORTATION: CONSUMER (continued)</b>		
Travel Leaders Group, LLC Tranche B Term Loan, 7.00%,  12/05/18 (c)	1,190,893	1,193,126
Travelport, LLC New Term Loan B, 6.25%, 06/26/19	4,692,600	4,808,155
		6,654,588
<b>UTILITIES: ELECTRIC - 0.8%</b>		
Energy Future Intermediate Holding Co. LLC (EFIH Finance Inc.) Term Loan, 4.25%, 06/19/16	2,240,000	2,255,803
<b>Total Senior Loans (Cost \$245,823,777)</b>		<b>250,074,626</b>

**Corporate Notes and Bonds - 41.3%****BANKING, FINANCE, INSURANCE & REAL ESTATE - 8.5%**

First Data Corp.

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10.63%, 06/15/21	5,000,000	5,850,000
11.25%, 01/15/21	1,800,000	2,106,000
Jefferies Finance, LLC / JFIN Co-Issuer Corp.		
7.38%, 04/01/20 (h)	5,500,000	5,802,500
KCG Holdings, Inc. (Knight Capital)		
8.25%, 06/15/18 (h)	3,934,000	4,194,628
Nationstar Mortgage, LLC		
6.50%, 07/01/21	3,860,000	3,888,950
SquareTwo Financial Corp.		
11.63%, 04/01/17	2,684,000	2,603,480
		24,445,558

**BEVERAGE, FOOD & TOBACCO - 4.4%**

Chiquita Brands International Inc. / Chiquita Brands LLC		
7.88%, 02/01/21	5,256,000	5,742,180
Land O Lakes Capital Trust I		
7.45%, 03/15/28 (h)	6,719,000	6,802,988
		12,545,168

**CAPITAL EQUIPMENT - 0.4%**

Waterjet Holdings, Inc.		
7.63%, 02/01/20 (h)	1,043,000	1,110,795

**CHEMICALS, PLASTICS & RUBBER - 5.1%**

Magnetation, LLC / Mag Finance Corp.		
11.00%, 05/15/18 (h)	2,600,000	2,853,500
Rentech Nitrogen Partners, L.P./Rentech Nitrogen Finance Corp.		
6.50%, 04/15/21 (h)	5,000,000	5,075,000
TPC Group, Inc. 8.75%, 12/15/20 (h)	6,000,000	6,675,000
		14,603,500

**CONSUMER GOODS: NON-DURABLE - 1.9%**

American Greetings Corp. 7.38%, 12/01/21	5,000,000	5,331,250
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	<u>Principal Amount (\$)</u>	<u>Value (\$)</u>
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**ENERGY: OIL & GAS - 4.0%**

Sidewinder Drilling, Inc. 9.75%, 11/15/19 (c) (h)	6,000,000	6,120,000
Summit Midstream Holdings, LLC / Summit Midstream Finance Corp. 7.50%, 07/01/21	5,000,000	5,475,000
		11,595,000

**HEALTHCARE & PHARMACEUTICALS - 3.2%**

InVentiv Health, Inc. 11.00%, 08/15/18 (h)	5,750,000	5,520,000
Valeant Pharmaceuticals International, Inc. (Canada) 7.50%, 07/15/21 (f) (h)	3,200,000	3,556,000
		9,076,000

**HOTEL, GAMING & LEISURE - 0.7%**

DreamWorks Animation SKG, Inc. 6.88%, 08/15/20 (h)	2,000,000	2,165,000
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**MEDIA: BROADCASTING & SUBSCRIPTION - 2.7%**

Columbus International, Inc. (Barbados) 7.38%, 03/30/21 (f) (h)	1,285,000	1,389,406
	2,625,000	2,815,312

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Nara Cable Funding Ltd. (Ireland)		
8.88%, 12/01/18 (f) (h)		
Ono Finance II PLC (Ireland)		
10.88%, 07/15/19 (f) (h)	1,800,000	1,975,500
Radio One, Inc.		
9.25%, 02/15/20 (h)	1,484,000	1,613,850
		7,794,068

**MEDIA: DIVERSIFIED & PRODUCTION - 0.9%**

SiTV Inc.		
07/01/19 (b) (h)	2,493,000	2,567,790

**METALS & MINING - 3.5%**

Molycorp, Inc.		
10.00%, 06/01/20	8,000,000	7,400,000
SunCoke Energy, Inc.		
7.38%, 02/01/20 (h)	2,000,000	2,145,000
7.38%, 02/01/20 (h)	606,000	649,935
		10,194,935

**SERVICES: CONSUMER - 2.9%**

StoneMor Partners, L.P./		
Cornerstone Family Services of West Virginia		
7.88%, 06/01/21 (h)	7,921,000	8,356,655

**TELECOMMUNICATIONS - 3.1%**

Avanti Communications Group PLC		
(United Kingdom) 10.00%, 10/01/19 (f) (h)	3,333,000	3,549,645
Avaya, Inc.		
9.00%, 04/01/19 (h)	5,255,000	5,484,906
		9,034,551

**Total Corporate Notes and  
Bonds**  
(Cost \$114,277,066)

**118,820,270**

16 | See accompanying Notes to Financial Statements.



**Apollo Tactical Income Fund Inc.****Schedule of Investments (continued)****June 30, 2014 (unaudited)**

	<b>Principal Amount (\$)</b>	<b>Value (\$)</b>
<b>Asset-Backed Securities (i) - 12.7%</b>		
Atlas Senior Loan Fund Ltd. (Cayman Islands)		
Series 2012-1A, Class B2L, 6.47%, 08/15/24 (f) (h) (j)	2,000,000	1,996,250
Series 2012-1A, Class B3L, 7.72%, 08/15/24 (c) (f) (h) (j)	5,000,000	5,006,250
Battalion CLO Ltd. (Cayman Islands)		
Series 2012-3A, Class D, 5.53%, 01/18/25 (f) (h) (j)	1,650,000	1,574,678
Cent CLO 17 Ltd. (Cayman Islands)		
Series 2013-17A, Class D, 6.22%, 01/30/25 (c) (f) (h) (j)	4,000,000	3,956,000
Cent CLO L.P. (Cayman Islands)		
Series 2012-16X, Class D, 6.23%, 08/01/24 (f) (j)	2,000,000	1,978,860
CIFC Funding Ltd. (Cayman Islands)		
Series 2012-1X, Class B2L, 7.23%, 08/14/24 (c) (f) (j)	2,000,000	2,000,000
Series 2012-2X, Class B2L, 6.23%, 12/05/24 (c) (f) (j)	3,000,000	2,955,000
Dryden XXIV Senior Loan Fund (Cayman Islands)		
Series 2012-24A, Class E, Collateralized Loan Obligation, 6.12%, 11/15/23 (f) (h) (j)	1,000,000	987,229
JFIN CLO 2012 Ltd. (Cayman Islands)		
Series 2012-1A, Class D, 5.73%, 07/20/23 (f) (h) (j)	3,000,000	2,864,251
Marea CLO Ltd. (Cayman Islands)		
Series 2012-1A, Class E, 6.33%, 10/16/23 (c) (f) (h) (j)	4,000,000	3,966,320
NXT Capital CLO 2014-1, LLC		
5.80%, 04/23/26 (c) (h) (j)	5,000,000	4,652,350
	<b>Principal Amount (\$)</b>	<b>Value (\$)</b>
OCP CLO Ltd. (Cayman Islands)		
Series 2014-5A, Class E, 5.49%, 04/26/26 (c) (f) (h) (j)	3,000,000	2,548,200
Octagon Investment Partners XIV Ltd. (Cayman Islands)		
	2,200,000	2,076,646

Series 2012-1A, Class E, 6.74%, 01/15/24 (c) (f) (h) (j)

<b>Total Asset-Backed Securities</b> (Cost \$36,648,005)	<b>36,562,034</b>
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	<u>Share Amount</u>	<u>Value (\$)</u>
<b>Preferred Stock - 1.4%</b>		
<b>BANKING, FINANCE, INSURANCE &amp; REAL ESTATE - 1.4%</b>		
Watford Holdings Ltd. (Bermuda) 8.50% (c) (f)	160,000	3,920,000
<b>Total Preferred Stock</b> (Cost \$3,920,000)		<b>3,920,000</b>
<b>Warrants - 0.0%</b>		
<b>BANKING, FINANCE, INSURANCE &amp; REAL ESTATE - 0.0%</b>		
Medical Card System, Inc. 07/26/18 (c)	50,689	10,138
<b>Total Warrants</b> (Cost \$ )		<b>10,138</b>
<b>Total Investments-142.3%</b> (Cost of \$400,668,848)		<b>409,387,068</b>
<b>Other Assets &amp; Liabilities,</b> <b>Net-5.7%</b>		<b>16,401,299</b>
<b>Loan Outstanding-(48.0)%</b>		<b>(138,000,000)</b>
<b>Net Assets -100.0%</b>		<b>287,788,367</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 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 June 30, 2014. Senior Loans are generally not registered under 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) Senior Loan assets have additional unfunded loan commitments. As of June 30, 2014, 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 Commitments</b>
GTCR Valor Companies, Inc.	\$867,435
The SI Organization, Inc.	88,001
<b>Total unfunded loan commitments</b>	<b>\$955,436</b>

- (e) Fixed rate asset.
- (f) Foreign issuer traded in U.S. dollars.

See accompanying Notes to Financial Statements. | 17

**Apollo Tactical Income Fund Inc.**

**Schedule of Investments (continued)**

**June 30, 2014 (unaudited)**

- (g) Represents a payment-in-kind security which may pay interest in additional principal amount.
- (h) 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 June 30, 2014, these securities amounted to \$110,051,584, or 38.2% of net assets.
- (i) 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 reappportion the risk and return characteristics of a pool of assets. While the assets underlying CLOs are often Senior 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.
- (j) Floating rate asset. The interest rate shown reflects the rate in effect at June 30, 2014.

18 | See accompanying Notes to Financial Statements.

**Apollo Senior Floating Rate Fund Inc.****Apollo Tactical Income Fund Inc.****Statements of Assets and Liabilities****June 30, 2014 (unaudited)**

	<b>Apollo Senior Floating Rate Fund Inc.</b>	<b>Apollo Tactical Income Fund Inc.</b>
<b>Assets:</b>		
Investment securities at fair value (cost \$426,775,988 and \$400,668,848, respectively)	\$ 431,634,424	\$ 409,387,068
Cash and cash equivalents	35,132,032	31,349,124
Interest and dividends receivable	2,607,586	3,741,237
Receivable for investment securities sold	9,277,838	11,053,062
Unrealized appreciation on unfunded transactions (Note 9)	7,242	7,242
Other receivable	876	876
Deferred financing costs	233,904	88,429
Prepaid expenses	273,943	275,873
Total Assets	\$ 479,167,845	\$ 455,902,911
<b>Liabilities:</b>		
Borrowings under credit facility (Note 8)	\$ 149,269,000	\$ 138,000,000
Payable for investment securities purchased	29,676,787	29,074,829
Interest payable	278,676	215,209
Distributions payable to common shareholders	84,959	96,384
Investment advisory fee payable	368,000	349,519
Other payables and accrued expenses due to affiliates	125,050	155,108
Other payables and accrued expenses	467,241	223,495
Total Liabilities	180,269,713	168,114,544
<b>Net Assets (Applicable to Common Shareholders)</b>	<b>\$ 298,898,132</b>	<b>\$ 287,788,367</b>

**Net Assets Consist of:**

Paid-in capital (\$0.001 par value, 999,998,466 and 1,000,000,000 common shares authorized, respectively, and 15,573,061 and 14,464,026 issued and outstanding, respectively) (Note 6)	\$ 296,705,488	\$ 275,652,326
Undistributed net investment income	1,294,981	1,873,986
Accumulated net realized (loss)/gain from investments	(3,968,015)	1,536,593
Net unrealized appreciation on investments and unfunded transactions	4,865,678	8,725,462
<b>Net Assets (Applicable to Common Shareholders)</b>	<b>\$ 298,898,132</b>	<b>\$ 287,788,367</b>

<b>Number of Common Shares outstanding</b>	15,573,061	14,464,026
<b>Net Asset Value, per Common Share</b>	\$ 19.19	\$ 19.90

See accompanying Notes to Financial Statements. | 19

**Apollo Senior Floating Rate Fund Inc.****Apollo Tactical Income Fund Inc.****Statements of Operations****For the Six Months Ended June 30, 2014 (unaudited)**

	<b>Apollo Senior Floating Rate Fund Inc.</b>	<b>Apollo Tactical Income Fund Inc.</b>
<b>Investment Income:</b>		
Interest	\$ 13,733,137	\$ 14,908,055
Dividends	85,000	85,000
<b>Total Investment Income</b>	<b>13,818,137</b>	<b>14,993,055</b>
<b>Expenses:</b>		
Investment advisory fee (Note 3)	2,234,791	2,101,830
Interest and commitment fee expense (Note 8)	1,028,785	998,433
Audit and legal fees	226,946	208,710
Administrative services of the Adviser (Note 3)	280,000	280,000
Insurance expense	176,480	176,480
Amortization of deferred financing costs (Note 8)	449,653	53,531
Board of Directors fees (Note 3)	59,682	59,682
Other operating expenses (Note 3)	213,846	196,621
<b>Total Expenses</b>	<b>4,670,183</b>	<b>4,075,287</b>
<b>Net Investment Income</b>	<b>9,147,954</b>	<b>10,917,768</b>
<b>Net Realized and Unrealized Gain on Investments</b>		
Net realized gain on investments	1,045,881	1,141,455
Net change in unrealized appreciation/(depreciation) on investments and unfunded transactions (Note 9)	378,139	3,705,961

Net realized and unrealized gain on investments	1,424,020	4,847,416
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**Distributions to Preferred Shareholders:**

From net investment income	(244,641)	
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<b>Net Increase in Net Assets, Applicable to Common Shareholders, Resulting From Operations</b>	<b>\$ 10,327,333</b>	<b>\$ 15,765,184</b>
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20 | See accompanying Notes to Financial Statements.



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

	<b>Six Months Ended June 30,  2014 (unaudited)</b>	<b>Year  Ended December 31, 2013</b>
<b>Increase in Net Assets:</b>		
<b>From Operations</b>		
Net investment income	\$ 9,147,954	\$ 20,796,588
Net realized gain/(loss) on investments	1,045,881	(3,951,563)
Net change in unrealized appreciation/(depreciation) on investments and unfunded transactions	378,139	9,536,604
Distributions to preferred shareholders	(244,641)	(677,510)
<b>Net increase in net assets from operations</b>	<b>10,327,333</b>	<b>25,704,119</b>
<b>Distributions to Common Shareholders</b>		
From net investment income	(9,160,074)	(19,606,326)
Total distributions to common shareholders	(9,160,074)	(19,606,326)
<b>Capital Transactions from Common Shares</b>		
Reinvestment of dividends		811,136
<b>Net increase in net assets from share transactions</b>		<b>811,136</b>
Total increase in net assets	\$ 1,167,259	\$ 6,908,929
<b>Net Assets Applicable to Common Shares</b>		
Beginning of period	297,730,873	290,821,944
End of period	\$ 298,898,132	\$ 297,730,873

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Undistributed net investment income	\$ 1,294,981	\$ 1,543,192
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See accompanying Notes to Financial Statements. | 21

**Apollo Tactical Income Fund Inc.****Statements of Changes in Net Assets**

	<b>Six Months Ended June 30,  2014 (unaudited)</b>	<b>Period  Ended December 31, 2013*</b>
<b>Increase in Net Assets:</b>		
<b>From Operations</b>		
Net investment income	\$ 10,917,768	\$ 14,875,457
Net realized gain on investments	1,141,455	569,675
Net change in unrealized appreciation/(depreciation) on investments and unfunded transactions	3,705,961	5,019,501
Net increase in net assets from operations	15,765,184	20,464,633
<b>Distributions to Common Shareholders</b>		
From net investment income	(10,153,746)	(13,797,712)
From realized gains on investments		(174,537)
Total distributions to common shareholders	(10,153,746)	(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	\$ 5,611,438	\$ 282,076,921
<b>Net Assets Applicable to Common Shares</b>		
Beginning of period	282,176,929	100,008**
End of period	\$ 287,788,367	\$ 282,176,929

Undistributed net investment income	\$ 1,873,986	\$ 1,106,712
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\* For the period from February 25, 2013 (commencement of operations) to December 31, 2013.

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

22 | See accompanying Notes to Financial Statements.

**Apollo Senior Floating Rate Fund Inc.****Statement of Cash Flows****For the Six Months Ended June 30, 2014 (unaudited)****Cash Flows From Operating Activities**

Net increase in net assets from operations excluding distributions to preferred shareholders \$ 10,571,974

**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 gain on investments (1,045,881)

Net change in unrealized (appreciation)/depreciation on investments and unfunded transactions (378,139)

Net amortization/(accretion) of premium/(discount) (406,551)

Purchase of investment securities (163,709,203)

Proceeds from disposition of investment securities 182,147,530

Amortization of deferred financing costs 449,653

Accrued deferred financing costs (211,154)

**Changes in Operating Assets and Liabilities**

Decrease in interest receivable 271,822

Increase in other receivable (876)

Increase in prepaid expenses (218,888)

Decrease in interest payable (238,211)

Decrease in investment advisory fee payable (15,179)

Decrease in other payables and accrued expenses due to affiliates (148,135)

Increase in other payables and accrued expenses 121,639

Net cash flows provided by operating activities 27,190,401

**Cash Flows From Financing Activities**

Proceeds from borrowing under the credit facility 149,269,000

Repayment of the credit facility (122,704,615)

Deferred financing costs (38,846)

Repurchase of Series A Preferred Shares (30,680,000)

Distributions paid to common shareholders (9,189,357)

Distributions paid to preferred shareholders (413,081)

Net cash flows used in financing activities (13,756,899)

**Net Increase in Cash and Cash Equivalents** 13,433,502

Cash and cash equivalents, beginning of period 21,698,530

Cash and cash equivalents, end of period	\$ 35,132,032
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**Supplemental Disclosure of Cash Flow Information**

Cash paid during the period for interest and commitment fees	\$ 1,266,996
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See accompanying Notes to Financial Statements. | 23

**Apollo Tactical Income Fund Inc.****Statement of Cash Flows****For the Six Months Ended June 30, 2014 (unaudited)****Cash Flows From Operating Activities**

Net increase in net assets from operations \$ 15,765,184

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

Net realized gain on investments (1,141,455)

Net change in unrealized (appreciation)/depreciation on investments and unfunded transactions (3,705,961)

Net amortization/(accretion) of premium/(discount) (277,314)

Purchase of investment securities (154,119,176)

Proceeds from disposition of investment securities 165,257,680

Amortization of deferred financing costs 53,531

**Changes in Operating Assets and Liabilities**

Decrease in interest receivable 970,594

Increase in other receivable (876)

Increase in prepaid expenses (220,818)

Decrease in interest payable (5,632)

Decrease in investment advisory fee payable (6,990)

Decrease in other payables and accrued expenses due to affiliates (423,123)

Decrease in other expenses and liabilities (83,082)

Net cash flows provided by operating activities 22,062,562

**Cash Flows From Financing Activities**

Distributions paid to common shareholders (10,198,116)

Net cash flows used in financing activities (10,198,116)

**Net Increase in Cash and Cash Equivalents** 11,864,446

Cash and cash equivalents, beginning of period 19,484,678

Cash and cash equivalents, end of period \$ 31,349,124

**Supplemental Disclosure of Cash Flow Information**

Cash paid during the period for interest	\$ 1,004,065
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24 | See accompanying Notes to Financial Statements.



**Apollo Senior Floating Rate Fund Inc.****Financial Highlights**

For a Common Share outstanding throughout the period

	<b>For the Six Months Ended June 30, 2014 (unaudited)</b>	<b>For the Year Ended December 31, 2013</b>	<b>For the Year Ended December 31, 2012</b>	<b>For the Period Ended December 31, 2011<sup>(a)</sup></b>
<b>Per Common Share Operating Performance:</b>				
<b>Net Asset Value, Beginning of Period</b>	\$ 19.12	\$ 18.73	\$ 17.68	\$ 19.10 <sup>(b)</sup>
<b>Income from Investment Operations:</b>				
Net investment income	0.59	1.34	1.39	1.00
Net realized and unrealized gain/(loss) on investments	0.09	0.35	1.10	(1.46)
Distributions from net investment income to Series A Preferred Shareholders	(0.02)	(0.04)	(0.05)	(0.02)
Total from investment operations	0.66	1.65	2.44	(0.48)
<b>Less Distributions Paid to Common Shareholders from:</b>				
Net investment income	(0.59)	(1.26)	(1.38)	(0.88)
Net realized gain on investments			(0.01)	(0.02)
Total distributions paid to Common Shareholders	(0.59)	(1.26)	(1.39)	(0.90)
Common Share offering charges to paid-in capital				(0.04)
<b>Net Asset Value, End of Period</b>	\$ 19.19	\$ 19.12	\$ 18.73	\$ 17.68
<b>Market Value, End of Period</b>	\$ 18.05	\$ 18.10	\$ 18.77	\$ 16.01
Total return based on net asset value <sup>(c)</sup>	3.66% <sup>(d)</sup>	9.19%	14.23%	(2.43)% <sup>(d)</sup>
Total return based on market value <sup>(c)</sup>	3.00% <sup>(d)</sup>	3.14%	26.41%	(15.62)% <sup>(d)</sup>
<b>Ratios to Average Net Assets Applicable to Common Shareholders:</b>				
Ratio of total expenses to average net assets	3.16% <sup>(e)</sup>	3.00%	3.21%	2.99% <sup>(e)</sup>
Ratio of net expenses to average net assets	3.16% <sup>(e)</sup>	3.00%	3.18%	2.88% <sup>(e)</sup>
Ratio of net investment income to average net assets <sup>(f)</sup>	6.18% <sup>(e)</sup>	7.03%	7.51%	6.49% <sup>(e)</sup>
	6.02% <sup>(e)</sup>	6.80%	7.25%	6.33% <sup>(e)</sup>

Ratio of net investment income to average net assets net of distributions to Series A Preferred Shareholders

**Supplemental Data:**

Portfolio turnover rate	41.2% <sup>(d)</sup>	72.0%	66.6%	41.5% <sup>(d)</sup>
Net assets at end of period (000 s)	\$298,898	\$297,731	\$290,822	\$273,650

**Senior Securities:**

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)	\$149,269	\$122,705	\$122,705	\$122,705
Asset coverage per \$1,000 of loan outstanding	\$ 3,002 <sup>(h)</sup>	\$ 3,676 <sup>(i)</sup>	\$ 3,620 <sup>(i)</sup>	\$ 3,480 <sup>(i)</sup>

(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.

(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 borrowings outstanding) from the Fund's total assets, and dividing this by the amount of borrowings outstanding.

(i) 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.

See accompanying Notes to Financial Statements. | 25

**Apollo Tactical Income Fund Inc.****Financial Highlights**

For a Common Share outstanding throughout the period

	<b>For the Six Months Ended June 30, 2014 (Unaudited)</b>	<b>For the Period Ended December 31, 2013<sup>(a)</sup></b>
<b>Per Common Share Operating Performance:</b>		
<b>Net Asset Value, Beginning of Period</b>	\$ 19.51	\$ 19.10 <sup>(b)</sup>
<b>Income from Investment Operations:</b>		
Net investment income	0.75	1.03
Net realized and unrealized gain on investments	0.34	0.39
<b>Total from investment operations</b>	<b>1.09</b>	<b>1.42</b>
<b>Less Distributions Paid to Common Shareholders from:</b>		
Net investment income	(0.70)	(0.96)
Net realized gain on investments		(0.01)
<b>Total distributions paid to Common Shareholders</b>	<b>(0.70)</b>	<b>(0.97)</b>
Common share offering charges to paid-in capital		(0.04)
<b>Net Asset Value, End of Period</b>	<b>\$ 19.90</b>	<b>\$ 19.51</b>
<b>Market Value, End of Period</b>	<b>\$ 18.35</b>	<b>\$ 18.00</b>
Total return based on net asset value <sup>(c)</sup>	6.04% <sup>(d)</sup>	7.94% <sup>(d)</sup>
Total return based on market value <sup>(c)</sup>	5.98% <sup>(d)</sup>	(4.90)% <sup>(d)</sup>
<b>Ratios to Average Net Assets Applicable to Common Shareholders:</b>		
Ratio of total expenses to average net assets	2.87% <sup>(e)</sup>	2.58% <sup>(e)</sup>
Ratio of net expenses to average net assets	2.87% <sup>(e)</sup>	2.55% <sup>(e)</sup>
Ratio of net investment income to average net assets	7.70% <sup>(e)</sup>	6.38% <sup>(e)</sup>
<b>Supplemental Data:</b>		
Portfolio turnover rate	40.9% <sup>(d)</sup>	72.4% <sup>(d)</sup>
Net assets at end of period (000 s)	\$ 287,788	\$ 282,177
<b>Senior Securities:</b>		
Loan outstanding (in 000 s)	\$ 138,000	\$ 138,000
Asset coverage per \$1,000 of loan outstanding <sup>(f)</sup>	\$ 3,085	\$ 3,045

(a) From February 25, 2013 (commencement of operations) to December 31, 2013.

(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) Calculated by subtracting the Fund's total liabilities (not including the borrowings outstanding) from the Fund's total assets, and dividing this by the amount of borrowings outstanding.

26 | See accompanying Notes to Financial Statements.

**Apollo Senior Floating Rate Fund Inc.**

**Apollo Tactical Income Fund Inc.**

**Notes to Financial Statements**

**June 30, 2014 (unaudited)**

**Note 1. Organization and Operations**

Apollo Senior Floating Rate Fund Inc. ( AFT ) and Apollo Tactical Income Fund Inc. ( AIF ) (individually, a Fund or collectively, the Funds ) are corporations organized under the laws of the State of Maryland and registered with the U.S. Securities and Exchange Commission (the SEC ) under the Investment Company Act of 1940 (the Investment Company Act ) as non-diversified, closed-end management investment companies. AFT and AIF commenced operations on February 23, 2011 and February 25, 2013, respectively. Prior to that, the Funds had no operations other than matters relating to their organization and the sale and issuance of 5,236 shares of common stock in each Fund to Apollo Credit Management, LLC (the Adviser ) at a price of \$19.10 per share. The Adviser serves as the Funds investment adviser and is an affiliate of Apollo Global Management, LLC ( AGM ). The Funds common shares are listed on the New York Stock Exchange ( NYSE ) and trade under the symbols AFT and AIF , respectively.

**Investment Objective**

AFT s investment objective is to seek current income and preservation of capital. AFT will seek to achieve its investment objective by investing primarily in senior, secured loans made to companies whose debt is rated below investment grade ( Senior Loans ) 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. These base lending rates are primarily the London Interbank Offered Rate ( LIBOR ), and secondarily the prime rate offered by one or more major United States banks and the certificate of deposit rate used by commercial lenders. Senior Loans are typically made to U.S. and, to a limited extent, non-U.S. corporations, partnerships and other business entities ( Borrower(s) ) that operate in various industries and geographical regions. AFT seeks to generate current income and preservation of capital through a disciplined approach to credit selection and under normal market conditions will invest at least 80% of its managed assets in floating rate Senior Loans and investments with similar economic characteristics. This policy and AFT s investment objective are not fundamental and may be changed by the board of directors of AFT with at least 60 days prior written notice provided to shareholders. Part of AFT s investment objective is to seek preservation of capital. AFT s ability to achieve capital preservation may be limited by its investment in credit instruments that have speculative characteristics. There can be no assurance that AFT will achieve its investment objective.

AIF s primary investment objective is to seek current income with a secondary objective of preservation of capital. AIF will seek to achieve its investment objectives primarily by allocating its assets among different types of credit instruments based on absolute and relative value considerations and its analysis of the credit markets. This ability to dynamically allocate AIF s assets may result in AIF s portfolio becoming concentrated in a particular type of credit instrument (such as Senior Loans or high-yield corporate bonds) and substantially less invested in other types of credit instruments. Under normal market conditions, at least 80% of AIF s managed assets will be invested in credit instruments and investments with similar economic characteristics. For purposes of this policy, credit instruments will include Senior Loans, subordinated loans, high-yield corporate bonds, notes, bills, debentures, distressed securities, mezzanine securities, structured products (including, without limitation, collateralized debt obligations, collateralized loan obligations ( CLOs ) and asset-backed securities), bank loans, corporate loans, convertible and preferred securities, government and municipal obligations, mortgage-backed securities, repurchase agreements, and other fixed-income instruments of a similar nature that may be represented by derivatives such as options, forwards, futures contracts or

swap agreements. This policy and AIF's investment objectives are not fundamental and may be changed by the board of directors of AIF (together with the board of directors of AFT, the Board of Directors or Board ) with at least 60 days prior written notice provided to shareholders. AIF will seek to preserve capital to the extent consistent with its primary investment objective. AIF's ability to achieve capital preservation may be limited by its investment in credit instruments that have speculative characteristics. There can be no assurance that AIF will achieve its investment objectives.

The Funds are classified as non-diversified under the Investment Company Act. As a result, each Fund can invest a greater portion of its assets in obligations of a single issuer than a diversified fund. Each Fund may therefore be more susceptible than a diversified fund to being adversely affected by any single corporate, economic, political or regulatory occurrence.

## **Note 2. Significant Accounting Policies**

The Funds are investment companies that follow the accounting and reporting guidance of Accounting Standards Codification Topic 946 applicable to investment companies. The Funds' financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ( U.S. GAAP ), which require management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results may differ from those estimates and these differences could be material.

**Apollo Senior Floating Rate Fund Inc.**

**Apollo Tactical Income Fund Inc.**

**Notes to Financial Statements (continued)**

**June 30, 2014 (unaudited)**

**Fund Valuation**

Each Fund's net asset value (NAV) per share will be determined daily generally as of 4:00 pm on each day that the NYSE is open for trading, or at other times as determined by the Board. The NAV of each Fund's common shares is the total assets of the Fund (including all securities, cash and other assets) minus the sum of the Fund's total liabilities (including accrued expenses, dividends payable, borrowings and the liquidation value of any preferred stock) divided by the total number of common shares of the Fund outstanding.

**Security Valuation**

The Funds value their investments primarily using the mean of the bid and ask prices provided by a nationally recognized security pricing service or broker. Senior Loans, corporate notes and bonds, common stock, warrants and asset-backed securities are priced based on valuations provided by an approved independent third-party pricing service or broker, if available. If market or broker quotations are not available, or a price is not available from an independent third-party pricing service or broker, or if the price provided by the independent third-party pricing service or broker is believed to be unreliable, the security will be fair valued pursuant to procedures adopted by the Board. In general, fair value is the amount that the Funds might reasonably expect to receive upon the sale of an asset or pay to transfer a liability in an orderly transaction between willing market participants at the reporting date. Fair value procedures can, but are not obligated to, take into account any factors deemed relevant, which may include, among others, (i) the nature and pricing history of the security, (ii) the liquidity or illiquidity of the market for the particular security, (iii) recent purchases or sales transactions for the particular security or similar securities and (iv) press releases and other information published about the issuer. In these cases, a Fund's NAV will reflect the affected portfolio securities fair value as determined in the judgment of the Board or its designee instead of being determined by the market. Using a fair value pricing methodology to value securities may result in a value that is different from a security's most recent sale price and from the prices used by other investment companies to calculate their NAV. Determination of fair value is uncertain because it involves subjective judgments and estimates. There can be no assurance that a Fund's valuation of a security will not differ from the amount that it realizes upon the sale of such security.

**Fair Value Measurements**

Each Fund has performed an analysis of all existing investments to determine the significance and character of all inputs to their fair value determination. The levels of fair value inputs used to measure the Funds' investments are characterized into a fair value hierarchy. The three levels of the fair value hierarchy are described below:

*Level 1* Quoted unadjusted prices for identical instruments in active markets to which the Funds have access at the date of measurement;

*Level 2* Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, but are valued based on executed trades, broker quotations that constitute an executable price, and alternative pricing sources supported by observable inputs which, in each case, are either directly or

indirectly observable for the asset or liability in connection with market data at the measurement date; and

*Level 3* Model derived valuations in which one or more significant inputs or significant value drivers are unobservable. In certain cases, investments classified within Level 3 may include securities for which the Funds have obtained indicative quotes from broker-dealers that do not necessarily represent prices the broker may be willing to trade on, as such quotes can be subject to material management judgment. Unobservable inputs are those inputs that reflect the Funds' own assumptions that market participants would use to price the asset or liability based on the best available information.

At the end of each reporting period, management evaluates the Level 2 and Level 3 assets, if any, for changes in liquidity, including but not limited to: whether a broker is willing to execute at the quoted price, the depth and consistency of prices from third-party pricing services, and the existence of contemporaneous observable trades in the market.



**Apollo Senior Floating Rate Fund Inc.****Apollo Tactical Income Fund Inc.****Notes to Financial Statements (continued)****June 30, 2014 (unaudited)**

The valuation techniques used by the Funds to measure fair value at June 30, 2014 maximized the use of observable inputs and minimized the use of unobservable inputs. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Transfers in and out of the levels are recognized at the value at the end of the period. Summaries of the Funds' investments categorized in the fair value hierarchy as of June 30, 2014 are as follows:

**Apollo Senior Floating Rate Fund Inc.**

	Fair Value at		Level 2	Level 3
	June 30,	Level 1	Significant Observable	Significant Unobservable
Assets in Fair Value Hierarchy:	2014	Quoted Price	Inputs	Inputs
Cash and Cash Equivalents	\$ 35,132,032	\$ 35,132,032	\$	\$
Senior Loans	397,129,322		336,816,948	60,312,374
Corporate Notes and Bonds	28,427,641		28,427,641	
Common Stock	2,146,478			2,146,478
Preferred Stock	3,920,000			3,920,000
Warrants	10,983			10,983
<b>Total Assets</b>	<b>\$ 466,766,456</b>	<b>\$ 35,132,032</b>	<b>\$ 365,244,589</b>	<b>\$ 66,389,835</b>

AFT did not have any liabilities that were measured at fair value at June 30, 2014. The following is a reconciliation of Level 3 holdings for which significant unobservable inputs were used in determining fair value as of June 30, 2014:

**Apollo Senior Floating  
Rate Fund Inc.**

Fair Value	Senior Loans	Corporate	Common	Preferred	Warrants
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	Notes and Bonds			Stock	Stock	
Fair Value, beginning of period	\$ 75,544,153	\$ 71,714,454	\$ 1,762,852	\$ 2,058,610	\$	\$ 8,237
Purchases	22,192,105	18,272,105			3,920,000	
Sales	(22,807,955)	(21,045,103)	(1,762,852)			
Accretion/(amortization) of discounts/(premiums)	95,979	95,979				
Net realized gain/(loss)	280,075	184,222	95,853			
Change in net unrealized appreciation/(depreciation)	301,792	307,031	(95,853)	87,868		2,746
Transfers into Level 3	15,115,872	15,115,872				
Transfers out of Level 3	(24,332,186)	(24,332,186)				
<b>Total Fair Value, end of period</b>	<b>\$ 66,389,835</b>	<b>\$ 60,312,374</b>	<b>\$</b>	<b>\$ 2,146,478</b>	<b>\$ 3,920,000</b>	<b>\$ 10,983</b>

Investments were transferred into and out of Level 3 and into and out of Level 2 during the six months ended June 30, 2014 due to changes in the quantity and quality of information obtained to support the fair value of each investment as assessed by the Adviser. The net change in unrealized appreciation/(depreciation) attributable to Level 3 investments still held at June 30, 2014 was \$146,215 for AFT.

**Apollo Senior Floating Rate Fund Inc.****Apollo Tactical Income Fund Inc.****Notes to Financial Statements (continued)****June 30, 2014 (unaudited)**

The following table provides quantitative measures used to determine the fair values of the Level 3 investments as of June 30, 2014:

Apollo Senior Floating Rate Fund Inc.					
Assets	Fair Value at June 30, 2014	Valuation Technique(s)	Unobservable Input(s)	Multiple	Weighted Average or Range
Senior Loans	\$ 60,312,374	Third-party pricing service and/or broker quotes	Vendor and/or broker quotes	N/A	N/A
Common Stock	2,146,478	Third-party pricing service and/or broker quotes	Vendor and/or broker quotes	N/A	N/A
Preferred Stock	3,920,000	Cost <sup>(1)</sup>	N/A	N/A	N/A
Warrants	10,983	Third-party pricing service and/or broker quotes	Vendor and/or broker quotes	N/A	N/A
Total Fair Value	\$ 66,389,835				

<sup>(1)</sup> The Fund values its Level 3 investments in accordance with its fair valuation procedures. These investments are generally privately held securities. There may not be a secondary market for these securities, the issuer may be newly formed and/or there may be a limited number of investors seeking to purchase or sell these securities. The value of certain Level 3 securities may be estimated to approximate cost. The value of securities held at cost is reviewed frequently utilizing available market information to determine if the carrying value should be adjusted.

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Such market data may include, but is not limited to, observations of the trading multiples of public companies considered comparable to the private companies being valued, financial or operational information released by the company, and/or news or corporate events that may affect the investment. Valuations may be adjusted to account for company-specific issues, the lack of liquidity inherent in a nonpublic investment and/or the fact that comparable public companies are not identical to the investments being fair valued by the Fund.

**Apollo Tactical Income Fund Inc.**

Assets in Fair Value Hierarchy:	Fair Value at		Level 2	Level 3
	June 30, 2014	Level 1 Quoted Price	Significant Observable Inputs	Significant Unobservable Inputs
Cash and Cash Equivalents	\$ 31,349,124	\$ 31,349,124	\$	\$
Senior Loans	250,074,626		203,697,192	46,377,434
Corporate Notes and Bonds	118,820,270		112,700,270	6,120,000
Asset-Backed Securities	36,562,034		9,401,268	27,160,766
Preferred Stock	3,920,000			3,920,000
Warrants	10,138			10,138
<b>Total Assets</b>	<b>\$ 440,736,192</b>	<b>\$ 31,349,124</b>	<b>\$ 325,798,730</b>	<b>\$ 83,588,338</b>

AIF did not have any liabilities that were measured at fair value at June 30, 2014. The following is a reconciliation of Level 3 holdings for which significant unobservable inputs were used in determining fair value as of June 30, 2014:

**Apollo Tactical Income Fund Inc.**

	Corporate					
	Fair Value	Senior Loans	Notes and Bonds	Asset-Backed Securities	Preferred Stock	Warrants
Fair Value, beginning of period	\$ 90,759,035	\$ 41,939,669	\$ 30,897,963	\$ 17,913,800	\$	\$ 7,603
Purchases	32,169,441	18,822,676		9,426,765	3,920,000	
Sales	(15,124,429)	(10,122,284)	(5,002,145)			
Accretion/(amortization) of discounts/(premiums)	92,604	65,192	2,570	24,842		
Net realized gain/(loss)	134,882	43,473	91,409			
Change in net unrealized appreciation/(depreciation)	2,135,416	754,006	1,583,516	(204,641)		2,535

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Transfers into Level 3	13,000,838	13,000,838				
Transfers out of Level 3	(39,579,449)	(18,126,136)	(21,453,313)			
Total Fair Value, end of period	\$ 83,588,338	\$ 46,377,434	\$ 6,120,000	\$ 27,160,766	\$ 3,920,000	\$ 10,138

Investments were transferred into and out of Level 3 and into and out of Level 2 during the six months ended June 30, 2014 due to changes in the quantity and quality of information obtained to support the fair value of each investment as assessed by the Adviser. The net change in unrealized appreciation/(depreciation) attributable to Level 3 investments still held at June 30, 2014 was \$1,247,856 for AIF.

**Apollo Senior Floating Rate Fund Inc.****Apollo Tactical Income Fund Inc.****Notes to Financial Statements (continued)****June 30, 2014 (unaudited)**

The following table provides quantitative measures used to determine the fair values of the Level 3 investments as of June 30, 2014:

Apollo Tactical Income Fund Inc.					
Assets	Fair Value at June 30, 2014	Valuation Technique(s)	Unobservable Input(s)	Weighted Average or Multiple	Range
Senior Loans	\$ 46,377,434	Third-party pricing service and/or broker quotes	Vendor and/or broker quotes	N/A	N/A
Corporate Notes and Bonds	6,120,000	Third-party pricing service and/or broker quotes	Vendor and/or broker quotes	N/A	N/A
Asset-Backed Securities	27,160,766	Third-party pricing service and/or broker quotes	Vendor and/or broker quotes	N/A	N/A
Preferred Stock	3,920,000	Cost <sup>(1)</sup>	N/A	N/A	N/A
Warrants	10,138	Third-party pricing service and/or broker quotes	Vendor and/or broker quotes	N/A	N/A
<b>Total Fair Value</b>					

\$ 83,588,338

<sup>(1)</sup>The Fund values its Level 3 investments in accordance with its fair valuation procedures. These investments are generally privately held securities. There may not be a secondary market for these securities, the issuer may be newly formed and/or there may be a limited number of investors seeking to purchase or sell these securities. The value of certain Level 3 securities may be estimated to approximate cost. The value of securities held at cost is reviewed frequently utilizing available market information to determine if the carrying value should be adjusted. Such market data may include, but is not limited to, observations of the trading multiples of public companies considered comparable to the private companies being valued, financial or operational information released by the company, and/or news or corporate events that may affect the investment. Valuations may be adjusted to account for company-specific issues, the lack of liquidity inherent in a nonpublic investment and/or the fact that comparable public companies are not identical to the investments being fair valued by the Fund.

### **Cash and Cash Equivalents**

Cash and cash equivalents of the Funds consist of cash held in bank accounts and liquid investments with maturities, at the date of acquisition, not exceeding 90 days. As of June 30, 2014, cash and cash equivalents were comprised of cash deposited with U.S. financial institutions in which carrying value approximated fair value and are considered to be Level 1 in the fair value hierarchy.

### **Industry Classifications**

The industry classifications of the Funds' investments, as presented in the accompanying Schedules of Investments, represent management's belief as to the most meaningful presentation of the classification of such investments. For Fund compliance purposes, the Funds' industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or rating group indexes, with the primary source being Moody's, and/or as defined by the Funds' management. These definitions may not apply for purposes of this report, which may combine industry sub-classifications.

### **Fair Value of Financial Instruments**

The fair value of the Funds' assets and liabilities that qualify as financial instruments under U.S. GAAP approximate the carrying amounts presented in the accompanying Statements of Assets and Liabilities.

### **Securities Transactions and Investment Income**

Securities transactions of the Funds are recorded on the trade date for financial reporting purposes. Cost is determined based on consideration given, and the unrealized appreciation/(depreciation) on investment securities is the difference between fair value determined in compliance with the valuation policy approved by the Board and the cost. Realized gains and losses from securities transactions and foreign currency transactions, if any, are recorded on the basis of identified cost and stated separately in the Statements of Operations. Interest and dividend income is recorded on the accrual basis and includes the accretion of original issue discounts and amortization of premiums where applicable.

### **U.S. Federal Income Tax Status**

The Funds intend to qualify each year as regulated investment companies under Subchapter M of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies and will distribute substantially all of their

net investment income and net capital gains, if any, for their tax years. The Funds may elect to incur excise tax if it is deemed prudent by the Board from a cash management perspective or in the best interest of shareholders due to other facts and



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circumstances. For the year ended December 31, 2013, AFT recorded a U.S. Federal excise tax provision of \$31,013. In 2013, it was deemed prudent for cash management purposes for the Fund to pay a nominal excise tax which is equated to \$0.002 per common share. For the year ended December 31, 2013, AIF recorded a U.S. Federal excise tax provision of \$28,967. In 2013, it was deemed prudent for cash management purposes for the Fund to pay a nominal excise tax which equated to \$0.002 per common share. An additional \$8,550 and \$3,252 was paid during 2014 relating to the 2013 tax year by AFT and AIF, respectively. No federal income tax or excise tax provision is required for the six months ended June 30, 2014.

The Funds have followed the authoritative guidance on accounting for and disclosure of uncertainty in tax positions, which requires the Funds to determine whether a tax position is more likely than not to be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The Funds have determined that there was no material effect on the financial statements from following this authoritative guidance. In the normal course of business, the Funds are subject to examination by federal, state and local jurisdictions, where applicable, for tax years for which applicable statutes of limitations have not expired. The statute of limitations on AFT's federal and state tax filings remains open for the years ended December 31, 2011, 2012 and 2013. The statute of limitations on AIF's federal and state filings remains open for the year ended December 31, 2013.

**Distributions to Common Shareholders**

The Funds intend to make regular monthly cash distributions of all or a portion of their net investment income available to common shareholders. The Funds intend to pay common shareholders at least annually all or substantially all of their capital gains and net investment income after the payment of dividends and interest owed with respect to outstanding preferred shares and/or notes or other forms of leverage utilized by the Funds, although for cash management purposes, the Funds may elect to retain distributable amounts and pay excise tax as described above. If the Funds make a long-term capital gain distribution, they will be required to allocate such gain between the common shares and any preferred shares issued by the Funds in proportion to the total dividends paid to each class for the year in which the income is realized.

The distributions for any full or partial year might not be made in equal amounts, and one distribution may be larger than the other. The Funds will make a distribution only if authorized by the Board and declared by the Funds out of assets legally available for these distributions. The Funds may pay a special distribution at the end of each calendar year, if necessary, to comply with U.S. federal income tax requirements. This distribution policy may, under certain circumstances, have certain adverse consequences to the Funds and their shareholders because it may result in a return of capital to shareholders, which would reduce the Funds' NAV and, over time, potentially increase the Funds' expense ratios. If the Funds distribute a return of capital, it means that the Funds are returning to shareholders a portion of their investment rather than making a distribution that is funded from the Funds' earned income or other profits. The Board may elect to change AFT's or AIF's distribution policy at any time.

**Note 3. Investment Advisory, Administration and Other Agreements with Affiliates**

### **Investment Advisory Fee**

The Adviser provides certain investment advisory, management and administrative services to the Funds pursuant to investment advisory and management agreements with each of the Funds (the Investment Advisory Agreement). For its services, each Fund pays the Adviser monthly at the annual rate of 1.0% of the average daily value of the Fund's managed assets. Managed assets are defined as the total assets of a Fund (including any assets attributable to any preferred shares that may be issued or to money borrowed or notes issued by the Fund) minus the sum of the Fund's accrued liabilities, including accrued interest and accumulated dividends (other than liabilities for money borrowed (including the liquidation preference of preferred shares) or notes issued). The Adviser may elect from time to time, in its sole discretion, to waive its receipt of the advisory fee from a Fund. If the Adviser elects to waive its compensation, such action may have a positive effect on the Fund's performance or yield. The Adviser is under no obligation to waive its fees, may elect not to do so, may decide to waive its compensation periodically or may decide to waive its compensation on only one of the Funds at any given time. For the six months ended June 30, 2014, the Adviser earned fees of \$2,234,791 and \$2,101,830 from AFT and AIF, respectively.

### **Administrative Services and Expense Reimbursements**

The Funds and the Adviser have entered into Administrative Services and Expense Reimbursement Agreements pursuant to which the Adviser provides certain administrative services, personnel and facilities to the Funds and performs operational services necessary for the operation of the Funds not otherwise provided by other service providers of the Funds. These services may include, without limitation, certain bookkeeping and recordkeeping services, compliance and legal services, investor relations assistance, and accounting and auditing support. Pursuant to these agreements, the Funds will reimburse the Adviser at cost, at the Adviser's request, for certain costs and expenses incurred by the Adviser that are

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necessary for the administration and operation of the Funds. In addition, the Adviser or one of its affiliates may pay certain expenses on behalf of the Funds and then allocate these expenses to the Funds for reimbursement. For the six months ended June 30, 2014, the Adviser provided services under these agreements totaling \$280,000 for each of AFT and AIF, respectively, which is shown in the Statements of Operations as administrative services of the Adviser. Included in this amount is \$38,720 for each of AFT and AIF, respectively, of remuneration for officers of the Funds. The Adviser did not waive the right to expense reimbursements and investment advisory fees for either Fund during the six months ended June 30, 2014.

Each Fund has also entered into an Administration and Accounting Services Agreement (the Administration Agreements ) with BNY Mellon Investment Servicing (US) Inc. ( BNYMIS ). Under the Administration Agreements, BNYMIS provides certain administrative services necessary for the operation of the Funds, including maintaining the Funds books and records, providing accounting services and preparing regulatory filings. The Funds pay BNYMIS for these services. The Bank of New York Mellon ( BNY Mellon ) serves as the Funds custodian. BNYMIS serves as the Funds transfer agent. BNY Mellon and BNYMIS provided services totaling \$136,908 and \$127,904 for AFT and AIF, respectively, for the six months ended June 30, 2014 which are included in the Statements of Operations in other operating expenses.

**Board of Directors Fees**

On an annual basis, AFT and AIF pay to each member of the Board who is not an interested person of the Funds (as defined in the Investment Company Act) an annual retainer of \$12,000 per Fund, plus \$2,000 for each in-person Board meeting of a single Fund (\$3,000, or \$1,500 per Fund, for a joint meeting of both Funds), plus \$1,000 for attendance at telephonic board meetings of a single Fund or participation in special committee meetings of a single Fund not held in conjunction with regularly scheduled Board meetings (\$1,500, or \$750 per Fund, for a joint meeting of both Funds). In addition, the chairman of the audit committee receives \$3,000 per year from each Fund. The Funds also reimbursed independent Board members for travel and out-of-pocket expenses incurred in connection with such meetings, and the Funds split the cost of such expenses for meetings involving both AFT and AIF. Included in the Statements of Operations for the six months ended June 30, 2014 is \$59,682 and \$59,682 of expenses related to the Board for AFT and AIF, respectively.

**Note 4. Investment Transactions**

For the six months ended June 30, 2014, the cost of purchases and proceeds from sales of securities, excluding short-term obligations, were as follows: