

Apollo Senior Floating Rate Fund Inc.
Form N-CSRS
August 26, 2016

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 811-22481

Apollo Senior Floating Rate Fund Inc.

(Exact name of registrant as specified in charter)

9 West 57th Street

New York, New York 10019

(Address of principal executive offices) (Zip code)

Joseph Moroney, President

9 West 57th Street

New York, New York 10019

(Name and address of agent for service)

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

Date of fiscal year end: December 31

Date of reporting period: June 30, 2016

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, 2016

(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, 2016

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 beginning of 2016 started off much like 2015 had ended for the corporate credit markets, with both leveraged loans and high yield bonds continuing to move lower. This same move lower marked the end of the year prior for very similar reasons, primarily continued weakness in commodity prices and the negative impact this was having on retail demand for loans and bonds. Most of January and the first half of February looked very much like the months that had preceded them with regular selling by credit managers in the secondary market and a frozen primary market marked by equity and commodity price volatility. In mid-February, this dynamic reversed as commodity prices stabilized, equities began to move higher and managers of loan and high yield funds in particular saw inflows to mutual funds. After steadily climbing over the back half of 2015 and into 2016, average yields in the high yield market hit a high of 10.5% in mid-February. This peak, combined with the previously mentioned coinciding factors in equities and commodities, ended up being the point at which capital was committed to the loan and bond markets in enough size to eventually reverse nearly all of the move lower that began in early June 2015. The market movements subsequent to this have been substantial. Since the 2016 lows for high yield, on February 11, and for the loan market, on February 17, these markets are up +15.8%¹ and +6.1%² through June 30, respectively.

While this steady improvement has been almost entirely one-directional and lacking in any real volatility, aside from the short-lived period of volatility created by the United Kingdom's referendum to exit European Union membership (Brexit) in late June, it was not without opportunity as it relates to investing on behalf of the Funds. There was a backup in the capital markets early this year created by market volatility that caused the forward calendar of deals scheduled to be syndicated to balloon. As conditions eased, dealers competed to bring substantial financings of many kinds to market, and the pricing and structure for most of these deals represented attractive investment opportunities relative to almost any period in the year preceding. Pricing for loans across the ratings spectrum widened compared to similar credits priced over most of 2015, with generally better terms and call protection as well. These represented opportunities for the Funds to refinance into what we believe are better credit profiles for businesses at greater rates of return, with enhanced lender protection. After the anemic totals of loan issuance in January and February, issuance increased fairly steadily into the summer with June's institutional loan new-issuance volume of \$73.0 billion the third highest on record, and sixth consecutive monthly increase in a row. While the most attractive pricing and terms of the early part of the rally have diminished, this kind of supply is important for the Funds' ability to optimize their positionings and investments and has been healthy in the process of portfolio management.

As it relates to aforementioned Brexit, both the volatility and opportunity this created for the Funds was short-lived. Though we were able to add at the margin to existing positions that we liked at lower levels given initial selling on the event, this selling occurred over only a brief period of time and there was a substantial amount of demand waiting for it which limited the move lower in prices. Over the two weeks that followed, inflows into high yield funds in particular were historically high, and the reversal in any move lower in prices did not take long to play out. If anything, the broader reaction to the event as an immediate buying opportunity suggests a broader theme that we see as only beginning, which is that of a global search for yield in an environment of declining returns increasingly

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focused on the United States. While we feel the Funds are set up quite well to take advantage of increased demand, we are cognizant that it may create certain distortions in the capital markets and will remain focused on what this may bring.

We appreciate your interest and support in the Funds. If you have any questions about the Funds, please call 1-888-301-3838, or visit our website at www.agmfunds.com.

Sincerely,

Apollo Credit Management, LLC

¹JPMorgan Domestic High Yield Index, June 30, 2016

²S&P/LSTA Leveraged Loan Total Return Index, June 30, 2016

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

As of June 30, 2016 (unaudited)

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

Loans	93.1%
High Yield Bonds	5.9%
Equity/Other	1.0%

Portfolio Characteristics ^(a)

Weighted Average Floating-Rate Spread	4.79%
Weighted Average Fixed-Rate Coupon	8.23%
Weighted Average Maturity (in years) (floating assets)	4.69
Weighted Average Maturity (in years) (fixed assets)	5.36
Weighted Average Modified Duration (in years) (fixed assets)	3.63
Average Position Size	\$ 2,068,715
Number of Positions	201
Weighted Average S&P Rating	B
Weighted Average Rating Factor (Moody ^(b))	2,925

Credit Quality ^(b)

BBB	1.3%
BB	12.2%
B	68.0%
CCC+ or Lower	13.5%
Not Rated	5.0%

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

High Tech Industries	12.1%
Healthcare & Pharmaceuticals	10.2%
Banking, Finance, Insurance & Real Estate	10.0%
Media: Broadcasting & Subscription	9.6%
Services: Business	8.3%
Total	50.2%

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

Scientific Games International, Inc.	1.5%
Amwins Group, LLC	1.5%

BWay Intermediate Company, Inc.	1.4%
Asurion, LLC	1.4%
Valeant Pharmaceuticals International, Inc.	1.4%
NVA Holdings, Inc.	1.4%
First Data Corp.	1.3%
DAE Aviation Holdings, Inc.	1.3%
NVLX Acquisition, LLC	1.3%
Kronos, Inc.	1.3%
Total	13.8%

Performance Comparison

	Six Months Ended June 30, 2016	Since Inception on February 23, 2011, to June 30, 2016
AFT - Market Price	8.10% ^(e)	2.63% ^{(e)(f)}
AFT - NAV	7.39% ^(e)	5.55% ^{(e)(f)}
S&P/LSTA Leveraged Loan Index ^(g)	4.51%	3.54% ^(f)

- (a) Averages based on par value of investment securities, except for the weighted average modified duration, which is based on market value. The weighted average rating factor per Moody's Investors Service (Moody's) excludes securities with no rating or in default as of June 30, 2016.
- (b) Credit quality is calculated as a percentage of fair value of investment securities at June 30, 2016. 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, 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.
- (h) Excludes securities with no rating or in default as of June 30, 2016.

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

As of June 30, 2016 (unaudited)

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

Loans	73.6%
High Yield Bonds	15.3%
Structured Products	10.0%
Equity/Other	1.1%

Portfolio Characteristics ^(a)

Weighted Average Floating-Rate Spread	5.38%
Weighted Average Fixed-Rate Coupon	7.55%
Weighted Average Maturity (in years) (floating assets)	5.67
Weighted Average Maturity (in years) (fixed assets)	5.22
Weighted Average Modified Duration (in years) (fixed assets)	3.75
Average Position Size	\$ 2,023,004
Number of Positions	199
Weighted Average S&P Rating	B
Weighted Average Rating Factor (Moody ^(b))	2,995

Credit Quality ^(b)

BBB	0.8%
BB	16.5%
B	54.2%
CCC+ or Lower	17.0%
Not Rated	11.5%

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

High Tech Industries	10.2%
Healthcare & Pharmaceuticals	8.9%
Media: Broadcasting & Subscription	8.2%
Retail	8.0%
Banking, Finance, Insurance & Real Estate	7.6%
Total	42.9%

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

Anchorage Capital CLO, Ltd.	1.9%
OCP CLO, Ltd.	1.8%
Land O Lakes Capital Trust I	1.4%

Laureate Education, Inc.	1.4%
Riverbed Technology, Inc.	1.4%
Valeant Pharmaceuticals International, Inc.	1.4%
Onex Carestream Finance, L.P.	1.4%
TPC Group, Inc. (Texas Petrochemical)	1.3%
EIG Investors Corp.	1.3%
Pike Corp.	1.2%
Total	14.5%

Performance Comparison

	Six Months Ended June 30, 2016	Since Inception on February 25, 2013, to June 30, 2016
AIF - Market Price	9.29% ^(e)	-0.72% ^{(e)(f)}
AIF - NAV	6.72% ^(e)	4.22% ^{(e)(f)}
S&P/LSTA Leveraged Loan Index ^(g)	4.51%	2.80% ^(f)

- (a) Averages based on par value of investment securities, except for the weighted average modified duration, which is based on market value. The weighted average rating factor per Moody's excludes securities with no rating or in default as of June 30, 2016.
- (b) Credit quality is calculated as a percentage of fair value of investment securities at June 30, 2016. 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. The Top 5 Industries table above excludes Structured Products which represent 10.0% of the portfolio as of June 30, 2016.
- (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.
- (h) Excludes securities with no rating or in default as of June 30, 2016.

Apollo Senior Floating Rate Fund Inc.**Schedule of Investments****June 30, 2016 (unaudited)**

	Principal	
	<u>Amount (\$)</u>	<u>Value (\$)</u>
Senior Loans - 134.1%^(a)		
AEROSPACE & DEFENSE - 5.0%		
Camp International Holding Co. 2013 First Lien Replacement		
Term Loan, (LIBOR + 3.75%, 1.00% Floor), 4.75%, 05/31/19 ^(b)	2,381,107	2,374,416
2013 Second Lien Replacement		
Term Loan, (LIBOR + 7.25%, 1.00% Floor), 8.25%, 11/29/19 ^(b)	1,000,000	980,000
DAE Aviation Holdings, Inc. Initial Term Loan, (LIBOR + 4.25%, 1.00% Floor), 5.25%, 07/07/22 ^(b)		
Photonis Technologies SAS (France)	5,072,257	5,069,898
First Lien Initial Dollar Term Loan, (LIBOR + 7.50%, 1.00% Floor), 8.50%, 09/18/19 ^{(b)(c)}		
TASC, Inc. First Lien New Term Loan, (LIBOR + 6.00%, 1.00% Floor), 7.00%, 05/22/20 ^(b)	1,897,815	1,698,544
First Lien Term Loan, (LIBOR + 6.00%, 1.00% Floor), 7.00%,	521,575	522,879
	1,433,344	1,436,927

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05/22/20^(b)

Second Lien Term Loan,

12.00%, 05/21/21 ^(d)	1,637,357	1,649,637
		13,732,301

AUTOMOTIVE - 2.7%

American Tire Distributors, Inc.

Initial Term Loan, (LIBOR +

4.25%, 1.00% Floor), 5.25%,

09/01/21 ^(b)	3,989,899	3,865,235
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KAR Auction Services, Inc.

Tranche B-3 Term Loan, (LIBOR

+ 3.50%, 0.75% Floor), 4.25%,

03/09/23 ^(b)	997,500	1,002,069
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U.S. Farathane, LLC

Term Loan B-2, (LIBOR + 4.75%,

1.00% Floor), 5.75%,

12/23/21 ^{(b)(e)}	2,349,737	2,352,674
		7,219,978

BANKING, FINANCE, INSURANCE & REAL ESTATE - 12.9%

Alliant Holdings I, LLC

Initial Term Loan, (LIBOR +

3.50%, 1.00% Floor), 4.50%,

08/12/22 ^(b)	1,705,979	1,684,654
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Amwins Group, LLC

First Lien Term Loan, (LIBOR +

3.75%, 1.00% Floor), 4.75%,

09/06/19 ^(b)	4,053,215	4,055,383
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Second Lien Term Loan, (LIBOR + 8.50%, 1.00% Floor), 9.50%,

09/04/20 ^(b)	1,764,500	1,768,911
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Principal

Amount (\$)

Value (\$)

BANKING, FINANCE, INSURANCE & REAL ESTATE (continued)

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AqGen Island Intermediate Holdings, Inc.

First Lien Term Loan, (LIBOR + 4.50%, 1.00% Floor), 5.50%,

12/05/22 ^(b) Asurion, LLC Incremental Tranche B-1 Term	2,469,136	2,439,815
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Loan, (LIBOR + 3.75%, 1.25%

Floor), 5.00%, 05/24/19 ^(b) Second Lien Term Loan, (LIBOR	4,336,273	4,321,834
-------------------------------------------------------------------------	-----------	-----------

+ 7.50%, 1.00% Floor), 8.50%,

03/03/21 ^(b) First Data Corp. 2021 New Dollar Term Loan,	1,399,109	1,352,938
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(LIBOR + 4.00%, 0.00% Floor),

4.44%, 03/24/21 ^(b) Global Payments, Inc. Initial Term Loan, (LIBOR +	5,302,959	5,294,130
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3.50%, 0.00% Floor), 3.94%,

04/22/23 ^(b) Hyperion Insurance Group, Ltd. (United Kingdom)	1,096,639	1,105,412
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Initial Term Loan, (LIBOR +

4.50%, 1.00% Floor), 5.50%,

04/29/22