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

FORM 10-Q

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

For the quarterly period ended September 30, 2016

OR

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

For the transition period from to

Commission file number: 814-01154

AUDAX CREDIT BDC INC.
(Exact name of registrant as specified in its charter)

DELAWARE **(State or other jurisdiction of incorporation or organization)**	**47-3039124** **(I.R.S. Employer Identification No.)**
101 HUNTINGTON AVENUE **BOSTON, MASSACHUSSETS** **(Address of principal executive office)**	**02199** **(Zip Code)**

(617) 859-1500
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ¨ No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12 b-2 of the Exchange Act. (Check one):

Large accelerated filer	¨		Accelerated filer	¨
Non-accelerated filer	x	(Do not check if a smaller reporting company)	Smaller reporting company	¨

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

The registrant had 14,680,630 shares of common stock, par value $0.001 per share, outstanding as of November 14, 2016.

AUDAX CREDIT BDC INC.
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Audax Credit BDC Inc.

Statements of Assets and Liabilities
September 30, 2016 and December 31, 2015
(Expressed in U.S. Dollars)

	September 30, 2016 (unaudited)	December 31, 2015
Assets		
Investments, at fair value		
Non-Control/Non-Affiliate investments (Cost of $128,926,584 and $61,250,862, respectively)	$ 129,932,275	$ 61,378,152
Cash and cash equivalents	20,915,053	43,155,376
Deferred offering costs	-	72,679
Interest receivable	402,774	256,285
Receivable from bank loan repayment	7,506	2,500
Other assets	39,393	1,350
Total assets	$ 151,297,001	$ 104,866,342
Liabilities		
Accrued expenses and other liabilities	$ 252,291	$ 256,709
Fee due to administrator[a]	21,875	189,677
Fees due to advisor[a]	298,264	112,131
Payable for investments purchased	7,401,274	2,669,324
Total liabilities	$ 7,973,704	$ 3,227,841
Commitments and contingencies[b]		
Net Assets		
Common Stock, $0.001 par value per share, 100,000,000 shares authorized, 14,680,630 and 10,750,799 shares issued and outstanding, respectively	$ 14,681	$ 10,751
Capital in excess of par value	139,802,130	101,806,060
Accumulated net appreciation on investments	1,005,691	127,290
Accumulated net realized gain (loss)	24,608	(11,034)
Accumulated net investment income (loss)	2,476,187	(294,566)
Total Net Assets	$ 143,323,297	$ 101,638,501
Net Asset Value per Share of Common Stock at End of Period	$ 9.76	$ 9.45
Shares Outstanding	14,680,630	10,750,799

(a) Refer to Note 4-*Related Party Transactions* for additional information
(b) Refer to Note 8-*Commitments and Contingencies* for additional information

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

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Audax Credit BDC Inc.
Statements of Operations
(Expressed in U.S. Dollars)
(unaudited)

	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	For the period January 29, 2015 (date of inception) through September 30, 2015
Investment income				
Interest income				
Non-Control/Non-Affiliate	$ 1,810,166	$ 192,098	$ 4,333,380	$ 192,098
Other	12,061	1,998	40,615	1,998
Total interest income	1,822,227	194,096	4,373,995	194,096
Other income				
Non-Control/Non-Affiliate	7,948	-	25,261	-
Total income	1,830,175	194,096	4,399,256	194,096
Expenses				
Management fee[(a)]	$ 327,577	$ 84,695	$ 856,763	$ 84,695
Incentive fee[(a)]	231,638	-	231,638	-
Administrative fee[(a)]	66,250	68,125	198,750	75,323
Organizational costs	-	4,060	-	304,724
Directors' fees	45,000	45,000	135,000	135,000
Professional fees	125,825	238,340	523,107	371,007
Other expenses	(119,499)	15,078	74,971	22,699
Expenses before waivers from Adviser	676,791	455,298	2,020,229	993,448
Management fee waivers[(a)]	(114,652)	(29,643)	(299,867)	(29,643)
Incentive fee waivers[(a)]	(200,218)	-	(200,218)	-
Administrative fee waivers[(a)]	(44,375)	-	(44,375)	-
Total expenses, net of waivers	317,546	425,655	1,475,769	963,805
Net investment Income (Loss)	1,512,629	(231,559)	2,923,487	(769,709)
Realized and Unrealized Gain on investments				
Net realized gain on investments	39,318	-	35,642	-
Net change in unrealized appreciation on investments	375,578	119,991	878,401	119,991
Net realized and unrealized gain on investments	414,896	119,991	914,043	119,991
Net Increase (Decrease) in Net Assets Resulting from Operations	$ 1,927,525	$ (111,568)	$ 3,837,530	$ (649,718)
Basic and Diluted per Share of Common Stock:				
Net investment income (loss)	$ 0.12	$ (0.12)	$ 0.26	$ (1.07)
Net increase (decrease) in net assets resulting from operations	$ 0.15	$ (0.06)	$ 0.34	$ (0.90)
Weighted average shares of common stock outstanding basic diluted	12,770,357	1,913,389	11,443,330	721,504

(a) Refer to Note 4-*Related Party Transactions* for additional information

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

Audax Credit BDC Inc.

Statements of Changes in Net Assets
(Expressed in U.S. Dollars)
(unaudited)

	Nine Months Ended September 30, 2016	For the period January 29, 2015 (date of inception) through September 30, 2015
Operations		
Net investment income (loss)	$ 2,923,487	$ (769,709)
Net realized loss on investments	35,642	-
Net unrealized appreciation on investments	878,401	119,991
Net increase (decrease) in net assets resulting from operations	3,837,530	(649,718)
Distributions:		
Distributions to common stockholders from net investment income	(152,734)	-
Total distributions	(152,734)	-
Capital Share Transactions:		
Issuance of common stock	38,000,000	62,001,000
Net increase in net assets from capital share transactions	38,000,000	62,001,000
Net Increase (Decrease) in Net Assets	41,684,796	61,351,282
Net Assets, Beginning of Period	101,638,501	-
Net Assets, End of Period	$ 143,323,297	$ 61,351,282

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

Audax Credit BDC Inc.
Statements of Cash Flows
(Expressed in U.S. Dollars)
(unaudited)

	Nine Months Ended September 30, 2016	For the period January 29, 2015 (date of inception) through September 30, 2015
Cash flows from operating activities:		
Net increase (decrease) in net assets resulting from operations	$ 3,837,530	$ (649,718)
Adjustments to reconcile net increase (decrease) in net assets from operations to net cash used in operating activities:		
Net realized gain on investments	(35,642)	-
Net change in unrealized appreciation on investments	(878,401)	(119,991)
Accretion of original issue discount interest	(130,770)	(2,725)
Increase in deferred offering costs	-	(109,018)
Amortization of deferred offering costs	72,679	-
Increase in interest receivable	(146,489)	(84,666)
Increase in receivable from bank loan repayment	(5,006)	-
Increase in other assets	(38,043)	(39,526)
(Decrease) increase in accrued expenses and other liabilities	(4,418)	412,091
(Decrease) increase in fee due to administrator[(a)]	(167,802)	75,323
Increase in fees due to advisor[(a)]	186,133	55,052
Increase in payable for investments purchased	4,731,950	11,382,957
Investment activity:		
Investments purchased	(78,481,727)	(32,732,957)
Proceeds from investments sold	986,294	-
Repayment of bank loans	9,986,123	66,036
Total investment activity	(67,509,310)	(32,666,921)
Net cash used in operating activities	(60,087,589)	(21,747,142)
Cash flows from financing activities:		
Issuance of shares of Common Stock	38,000,000	62,001,000
Distributions paid to stockholders	(152,734)	-
Net cash provided by financing activities	37,847,266	62,001,000
Net (decrease) increase in cash and cash equivalents	(22,240,323)	40,253,858
Cash and cash equivalents:		
Cash and cash equivalents, beginning of period	43,155,376	-
Cash and cash equivalents, end of period	$ 20,915,053	$ 40,253,858

(a) Refer to Note 4-*Related Party Transactions* for additional information

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

Audax Credit BDC Inc.
Schedule of Investments
As of September 30, 2016
(Expressed in U.S. Dollars)
(unaudited)

Portfolio Investments [a] [b] [c] [d]	Par	Cost	Value
NON-CONTROL/NON-AFFILIATE INVESTMENTS - (90.6%)[e][f]:			
Healthcare & Pharmaceuticals			
Beaver-Visitec, Senior Secured Closing Date Term Loan (First Lien), 6.00% (Libor + 5.00%), maturity 8/19/23	$ 3,500,000	$ 3,465,187	$ 3,473,750
MedRisk, Senior Secured Term Loan, 6.25% (Libor + 5.25%), maturity 3/1/23	2,985,000	2,956,967	2,985,000
ATI Physical Therapy, Senior Secured Initial Term Loan (First Lien), 5.50% (Libor + 4.50%), maturity 5/10/23	2,743,125	2,750,492	2,753,412
Physicans Endoscopy, Senior Secured Term Loan, 6.00% (Libor + 5.00%), maturity 8/18/23	2,307,692	2,277,931	2,284,615
Sarnova, Senior Secured Term Loan, 5.75% (Libor + 4.75%), maturity 1/28/22	1,990,000	1,971,891	1,985,025
Upstream Rehabilitation, Senior Secured Term Loan, 5.25% (Libor + 4.25%), maturity 12/15/21	1,985,000	1,943,675	1,980,038
CareCentrix, Senior Secured Initial Term Loan, 6.00% (Libor + 5.00%), maturity 7/8/21	990,000	969,396	987,525
NAPA, Senior Secured Term Loan, 6.00% (Libor + 5.00%), maturity 4/19/23	903,118	894,521	898,602
Services: Business			
Insight Global, Senior Secured Extended Tranche B Term Loan, 6.00% (Libor + 5.00%), maturity 10/31/21	2,971,768	2,971,181	2,956,909
Sterling Backcheck, Senior Secured Initial Term Loan, 5.75% (Libor + 4.75%), maturity 6/20/22	1,987,274	1,969,896	1,994,726
First Advantage, Senior Secured Term Loan, 6.25% (Libor + 5.25%), maturity 6/30/22	2,000,000	1,986,446	1,970,000
CoAdvantage, Senior Secured Term Loan, 5.50% (Libor + 4.50%), maturity 10/7/21	1,985,000	1,967,874	1,965,150
Allied Universal, Senior Secured Incremental Term Loan, 5.50% (Libor + 4.50%), maturity 7/28/22	1,837,086	1,817,417	1,843,975
Oasis Outsourcing, Senior Secured , 5.75% (Libor + 4.75%), maturity 12/26/21	989,697	989,697	993,409
Kellermeyer Bergensons Services, Senior Secured Initial Term Loan, 6.00% (Libor + 5.00%), maturity 10/29/21	979,960	971,434	977,510
Service Logic, Senior Secured Initial Term Loan, 6.00% (Libor + 5.00%), maturity 7/19/21	880,675	870,867	876,271
LDiscovery, Senior Secured Initial Term Loan, 5.75% (Libor + 4.75%), maturity 12/22/21	710,714	701,723	702,719
Banking, Finance, Insurance & Real Estate			
Inst. Shareholder Services, Senior Secured Second Lien Term Loan, 8.50% (Libor + 7.50%), maturity 4/30/22	3,000,000	2,956,606	2,992,500
Integro Insurance Brokers, Senior Secured Initial Term Loan, 6.75% (Libor + 5.75%), maturity 10/30/22	2,978,354	2,870,128	2,956,016
Edgewood Partners Insurance Centers, Senior Secured Initial Term Loan, 7.00% (Libor + 6.00%), maturity 3/16/23	1,990,000	1,952,256	1,970,100

AmeriLife Group, Senior Secured Initial Term Loan, 5.75% (Libor + 4.75%), maturity 7/10/22	1,977,475	1,953,104	1,955,228
GENEX Services, Senior Secured Second Lien Initial Term Loan, 8.75% (Libor + 7.75%), maturity 5/30/22	1,271,000	1,205,290	1,264,645
High Tech Industries			
Idera, Senior Secured Term Loan, 6.50% (Libor + 5.50%), maturity 4/9/21	2,977,503	2,719,846	2,977,503
GlobalLogic, Senior Secured Term Loan, 6.25% (Libor + 5.25%), maturity 5/31/19	2,968,836	2,965,013	2,968,836
Flexera Software, Senior Secured Second Lien Term Loan, 8.00% (Libor + 7.00%), maturity 4/2/21	1,000,000	976,222	995,000
SciQuest, Senior Secured Term Loan B, 5.75% (Libor + 4.75%), maturity 7/28/23	1,000,000	995,039	992,500
LANDesk, Senior Secured Term Loan (First Lien), 5.50% (Libor + 4.50%), maturity 9/27/22	1,000,000	990,000	990,000
Global Knowledge, Senior Secured Second Lien Initial Term Loan, 10.50% (Libor + 9.50%), maturity 1/20/22	1,000,000	990,064	987,500
EAG, Senior Secured Term Loan, 5.00% (Libor + 4.00%), maturity 7/27/17	941,979	939,909	939,624
Chemicals, Plastics & Rubber			
Universal Fiber Systems, Senior Secured Initial Term Loan, 6.50% (Libor + 5.50%), maturity 10/2/21	2,977,500	2,963,633	2,977,500
PQ Corporation, Senior Secured Tranche B-1 Term Loan, 5.75% (Libor + 4.75%), maturity 11/4/22	1,995,000	1,995,000	2,013,294
Plaskolite, Senior Secured Term Loan, 5.75% (Libor + 4.75%), maturity 11/3/22	1,985,005	1,967,182	1,985,005
Pexco, Senior Secured Initial Term Loan, 5.50% (Libor + 4.50%), maturity 8/19/20	1,462,500	1,450,596	1,462,500
Houghton International, Senior Secured Second Lien Incremental Term Loan, 9.75% (Libor + 8.50%), maturity 12/21/20	1,000,000	1,000,000	992,500
Transilwrap, Senior Secured Incremental Term Loan B1, 5.50% (Libor + 4.50%), maturity 11/22/19	995,000	990,415	987,537
Wholesale			
SRP, Senior Secured Term Loan, 7.50% (Libor + 6.50%), maturity 9/8/23	2,472,527	2,442,527	2,447,802
Colony Hardware, Senior Secured Initial Term Loan, 7.00% (Libor + 6.00%), maturity 10/23/21	1,989,975	1,970,842	1,975,050
PetroChoice, Senior Secured Initial Term Loan, 6.00% (Libor + 5.00%), maturity 8/19/22	1,980,000	1,935,773	1,960,200
Ohio Transmission, Senior Secured Initial Term Loan, 5.25% (Libor + 4.25%), maturity 10/2/21	1,628,182	1,611,075	1,628,182
ABB Optical, Senior Secured Initial Term Loan (First Lien), 6.00% (Libor + 5.00%), maturity 6/15/23	1,000,000	990,358	1,011,250
Automotive			
Caliber Collision, Senior Secured Incremental Term Loan, 6.25% (Libor + 5.25%), maturity 11/20/19	3,984,987	3,968,430	3,994,950
TruckHero, Senior Secured Initial Term Loan, 5.75% (Libor + 4.75%), maturity 8/24/23	3,000,000	2,970,134	2,977,500
DYK Automotive, Senior Secured Term Loan, 5.75% (Libor + 4.75%), maturity 4/1/22	975,000	965,507	972,563
Construction & Building			
DiversiTech Corporation, Senior Secured Term Loan, 5.25% (Libor + 4.25%), maturity 11/19/21	2,371,717	2,342,109	2,348,000
	1,990,000	1,961,628	1,985,025

TK Enterprises, Senior Secured Term Loan, 6.00% (Libor + 5.00%), maturity 4/4/23			
PlayPower, Senior Secured Initial Term Loan, 5.75% (Libor + 4.75%), maturity 6/23/21	1,994,931	1,975,580	1,975,580
PlayPower, Senior Secured Second Initial Term Loan, 9.75% (Libor + 8.75%), maturity 6/23/22	1,000,000	991,185	1,000,000
Media: Advertising, Printing & Publishing			
Northstar, Senior Secured Term Loan, 7.25% (Libor + 6.25%), maturity 6/7/22	1,728,125	1,702,574	1,719,484
Vestcom International, Senior Secured Second Lien Term Loan, 8.75% (Libor + 7.75%), maturity 9/30/22	1,500,000	1,468,911	1,500,000
Imagine! Print Solutions, Senior Secured Initial Term Loan, 7.00% (Libor + 6.00%), maturity 3/30/22	1,493,747	1,478,723	1,490,013
Vestcom International, Senior Secured Term Loan, 5.25% (Libor + 4.25%), maturity 9/30/21	989,798	990,864	989,798
Mspark, Senior Secured Term Loan, 6.50% (Libor + 5.50%), maturity 4/22/21	993,750	984,496	988,781
Services: Consumer			
Stratford Schools, Senior Secured Initial Term Loan, 6.00% (Libor + 5.00%), maturity 12/18/21	1,985,000	1,967,197	1,980,038
CIBT Holdings, Senior Secured Term Loan, 6.25% (Libor + 5.25%), maturity 6/28/22	1,684,494	1,665,313	1,676,072
Smart Start, Senior Secured Initial Term Loan, 5.75% (Libor + 4.75%), maturity 2/21/22	1,488,750	1,475,947	1,481,306
ADT, Senior Secured Term B Loan (Second Lien), 9.75% (Libor + 8.75%), maturity 7/1/22	778,846	778,846	786,635

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

Audax Credit BDC Inc.
Schedule of Investments (Continued)
As of September 30, 2016
(Expressed in U.S. Dollars)
(unaudited)

Portfolio Investments [a] [b] [c] [d]	Par	Cost	Value
NON-CONTROL/NON-AFFILIATE INVESTMENTS[f] (Continued):			
Consumer Goods: Durable			
Strategic Partners, Senior Secured Initial Term Loan, 6.25% (Libor + 5.25%), maturity 6/30/23	$ 2,000,000	$ 1,993,853	$ 2,007,500
Pelican Products, Senior Secured Term Loan, 5.25% (Libor + 4.25%), maturity 4/11/20	2,014,162	1,979,419	1,988,985
Water Pik, Senior Secured Term Loan, 5.75% (Libor + 4.75%), maturity 7/8/20	1,000,000	1,002,391	1,000,000
Aerospace & Defense			
MB Aerospace, Senior Secured Initial Term Loan, 6.50% (Libor + 5.50%), maturity 12/15/22	1,987,487	1,968,655	1,972,581
StandardAero, Senior Secured Initial Term Loan, 5.25% (Libor + 4.25%), maturity 7/7/22	990,000	990,000	997,425
TronAir, Senior Secured Initial Term Loan (First Lien), 5.75% (Libor + 4.75%), maturity 9/8/23	1,000,000	990,000	990,000
Cadence Aerospace, Senior Secured Term Loan, 7.00% (Libor + 5.75%), maturity 5/9/18	640,509	612,938	632,503
Hotel, Gaming & Leisure			
TravelCLICK, Senior Secured Initial Term Loan, 5.50% (Libor + 4.50%), maturity 5/12/21	2,970,399	2,964,004	2,977,825
Containers, Packaging & Glass			
Novolex, Senior Secured Term Loan, 6.00% (Libor + 5.00%), maturity 12/5/21	1,992,418	1,987,722	2,011,107
Tapp Label Company, Senior Secured Term Loan, 5.75% (Libor + 4.75%), maturity 7/6/20	616,175	611,531	585,366
Media: Broadcasting & Subscription			
Encompass, Senior Secured Second Lien Tranche B Term Loan, 8.75% (Libor + 7.75%), maturity 6/6/22	1,500,000	1,476,648	1,485,000
Encompass, Senior Secured Tranche B Term Loan, 5.50% (Libor + 4.50%), maturity 6/6/21	987,374	987,374	979,968
Forest Products & Paper			
Hoffmaster Group, Senior Secured Second Lien Initial Term Loan, 10.00% (Libor + 9.00%), maturity 5/9/21	2,000,000	1,973,462	2,000,000
Consumer Goods: Non-durable			
Badger Sportswear, Senior Secured Term Loan, 5.50% (Libor + 4.50%), maturity 9/9/23	2,000,000	1,980,000	1,980,000
Capital Equipment			
MW Industries, Senior Secured Initial Term Loan (First Lien), 6.50% (Libor + 5.50%), maturity 6/28/20	997,500	998,747	998,747

TriMark, Senior Secured Initial Term Loan, 5.25% (Libor + 4.25%), maturity 10/1/21	987,795	987,795	980,386
Beverage, Food & Tobacco			
Kettle Cuisine, Senior Secured Term Loan, 6.00% (Libor + 5.00%), maturity 8/21/21	1,982,535	1,963,044	1,977,579
Utilities: Electric			
CLEAResult, Senior Secured Initial Term Loan, 6.50% (Libor + 5.50%), maturity 8/31/23	1,500,000	1,485,049	1,485,000
Transportation: Cargo			
Capstone Logistics, Senior Secured Term Loan, 5.50% (Libor + 4.50%), maturity 10/7/21	994,950	994,950	985,000
Media: Diversified & Production			
Vubiquity, Senior Secured Initial Term Loan, 6.50% (Libor + 5.50%), maturity 8/12/21	992,500	984,085	972,650
Total Portfolio Investments[g]		**$128,926,584**	**$129,932,275**

(a) All companies are located in the United States of America.
(b) Interest rate percentages represent actual interest rates which are indexed from then 30-day London Interbank Offered Rate ("LIBOR") unless otherwise noted. LIBOR rates are subject to interest rate floors which can vary based on the contractual agreement with the borrower. Due dates represent the contractual maturity date.
(c) All loans are income-producing, unless otherwise noted.
(d) All investments are qualifying assets under Section 55(a) of the Investment Act of 1940, unless otherwise noted.
(e) Percentages are calculated using fair value of investments over net assets.
(f) Non-Control/Non-Affiliate investments, as defined by the 1940 Act, are those that are neither Control nor Affiliate investments which the ownership percentage is less than 5.0% of the issued and outstanding voting securities.
(g) At September 30, 2016, the cost of investments for income tax purposes was $128,926,584, the gross unrealized appreciation for federal tax purposes was $1,120,770, the gross unrealized depreciation for federal income tax purposes was $115,079, and the net unrealized appreciation was $1,005,691.

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

Audax Credit BDC Inc.
Schedule of Investments
As of December 31, 2015
(Expressed in U.S. Dollars)

Portfolio Investments [a] [b] [c] [d]	Par	Cost	Value
NON-CONTROL/NON-AFFILIATE INVESTMENTS - (60.4%)[e][f]:			
Services: Business			
CoAdvantage, Senior Secured Term Loan, 5.50% (Libor + 4.50%), maturity 10/7/21	$ 2,000,000	$ 1,980,626	$ 1,985,000
Insight Global, Senior Secured Extended Tranche B Term Loan, 6.00% (Libor + 5.00%), maturity 10/31/21	1,989,744	1,994,638	1,984,769
First Advantage, Senior Secured Term Loan, 6.25% (Libor + 5.25%), maturity 6/30/22	2,000,000	1,985,000	1,970,000
Oasis Outsourcing, Senior Secured Initial Term Loan, 5.75% (Libor + 4.75%), maturity 12/27/21	997,421	987,484	987,447
Kellermeyer Bergensons Services, Senior Secured Initial Term Loan, 6.00% (Libor + 5.00%), maturity 10/29/21	994,975	985,355	980,050
LDiscovery, Senior Secured Initial Term Loan, 5.75% (Libor + 4.75%), maturity 12/22/21	714,286	704,286	707,143
High Tech Industries			
GlobalLogic, Senior Secured Term Loan, 6.25% (Libor + 5.25%), maturity 5/31/19	2,991,732	2,986,929	2,991,732
Idera, Senior Secured Term Loan, 6.75% (Prime + 3.25%), maturity 4/9/21	3,000,000	2,707,410	2,745,000
Global Knowledge, Senior Secured Second Lien Initial Term Loan, 10.50% (Libor + 9.50%), maturity 1/20/22	1,000,000	989,065	990,000
EAG, Senior Secured Term Loan, 5.00% (Libor + 4.00%), maturity 7/27/17	970,989	967,034	968,562
Chemicals, Plastics & Rubber			
Universal Fiber Systems, Senior Secured Initial Term Loan, 6.50% (Libor + 5.50%), maturity 10/2/21	3,000,000	2,984,314	3,011,250
Plaskolite, Senior Secured Term Loan, 5.75% (Libor + 4.75%), maturity 11/3/22	2,000,000	1,980,254	2,000,000
Pexco, Senior Secured Initial Term Loan, 5.50% (Libor + 4.50%), maturity 8/19/20	1,490,625	1,476,561	1,479,445
Houghton International, Senior Secured Second Lien Incremental Term Loan, 9.75% (Libor + 8.50%), maturity 12/21/20	1,000,000	1,000,000	992,500
Services: Consumer			
Stratford Schools, Senior Secured Initial Term Loan, 6.00% (Libor + 5.00%), maturity 12/18/21	2,000,000	1,980,000	1,980,000
Smart Start, Senior Secured Initial Term Loan, 5.75% (Libor + 4.75%), maturity 2/21/22	1,500,000	1,485,656	1,501,875
Protection 1, Senior Secured Second Lien Term B Loan, 9.75% (Libor + 8.75%), maturity 7/1/22	1,500,000	1,496,364	1,447,500
Protection 1, Senior Secured Term B Loan, 5.00% (Libor + 4.00%), maturity 7/1/21	997,500	998,701	980,353
Banking, Finance, Insurance & Real Estate			
	3,000,000	2,881,877	2,880,000

Integro Insurance Brokers, Senior Secured Initial Term Loan, 6.75% (Libor + 5.75%), maturity 10/30/22			
AmeriLife Group, Senior Secured Initial Term Loan, 5.75% (Libor + 4.75%), maturity 7/10/22	1,992,494	1,965,515	1,957,625
GENEX Services, Senior Secured Second Lien Initial Term Loan, 8.75% (Libor + 7.75%), maturity 5/30/22	975,500	917,504	973,061
Wholesale			
PetroChoice, Senior Secured Initial Term Loan, 6.00% (Libor + 5.00%), maturity 8/19/22	1,995,000	1,946,020	1,972,556
Ohio Transmission, Senior Secured Initial Term Loan, 6.50%, maturity 10/2/21	1,636,364	1,616,989	1,624,091
Hotel, Gaming & Leisure			
TravelCLICK, Senior Secured Initial Term Loan, 5.50% (Libor + 4.50%), maturity 5/12/21	2,992,600	2,985,300	2,985,118
Consumer Goods: Durable			
5.11 Tactical, Senior Secured Term Facility, 6.00% (Libor + 5.00%), maturity 2/28/20	1,963,390	1,958,599	1,958,481
Pelican Products, Senior Secured Term Loan, 5.25% (Libor + 4.25%), maturity 4/10/20	997,462	991,376	989,981
Media: Broadcasting & Subscription			
Encompass, Senior Secured Second Lien Tranche B Term Loan, 8.75% (Libor + 7.75%), maturity 6/6/22	1,500,000	1,474,366	1,488,750
Encompass, Senior Secured Tranche B Term Loan, 5.50% (Libor + 4.50%), maturity 6/6/21	994,950	994,950	987,488
Forest Products & Paper			
Hoffmaster Group, Senior Secured Second Lien Initial Term Loan, 10.00% (Libor + 9.00%), maturity 5/9/21	2,000,000	1,969,084	1,995,000
Media: Advertising, Printing & Publishing			
Vestcom International, Senior Secured Second Lien Term Loan, 8.75% (Libor + 7.75%), maturity 9/30/22	1,000,000	995,233	997,500
Vestcom International, Senior Secured Term Loan, 5.25% (Libor + 4.25%), maturity 9/30/21	997,449	998,631	989,968
Aerospace & Defense			
StandardAero, Senior Secured Initial Term Loan, 5.25% (Libor + 4.25%), maturity 7/7/22	997,500	997,500	994,632
MB Aerospace, Senior Secured Initial Term Loan, 6.50% (Libor + 5.50%), maturity 12/15/22	1,000,000	990,000	990,000
Containers, Packaging & Glass			
Packaging Coordinators, Senior Secured Second Lien Term Loan, 9.00% (Libor + 8.00%), maturity 8/1/22	1,000,000	987,832	997,500
Tapp Label Company, Senior Secured Term Loan, 5.75% (Libor + 4.75%), maturity 7/6/20	962,845	953,778	938,774
Transportation: Cargo			
Capstone Logistics, Senior Secured Term Loan, 5.50% (Libor + 4.50%), maturity 10/7/21	997,475	997,475	997,475
Construction & Building			
PlayPower, Senior Secured Second Initial Term Loan, 9.75% (Libor + 8.75%), maturity 6/23/22	1,000,000	990,360	995,000

Healthcare & Pharmaceuticals			
CareCentrix, Senior Secured Initial Term Loan, 6.00% (Libor + 5.00%), maturity 7/8/21	997,500	974,098	992,513

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

Audax Credit BDC Inc.
Schedule of Investments (Continued)
As of December 31, 2015
(Expressed in U.S. Dollars)

Portfolio Investments [a] [b] [c] [d]	Par	Cost	Value
NON-CONTROL/NON-AFFILIATE INVESTMENTS[f] (Continued):			
Media: Diversified & Production			
Vubiquity, Senior Secured Initial Term Loan, 6.50% (Libor + 5.50%), maturity 8/12/21	$ 1,000,000	$ 990,473	$ 992,500
Capital Equipment			
TriMark, Senior Secured Initial Term Loan, 5.25% (Libor + 4.25%), maturity 10/1/21	994,962	998,610	989,988
Beverage, Food & Tobacco			
Kettle Cuisine, Senior Secured Term Loan, 5.00% (Libor + 4.00%), maturity 8/21/21	997,500	985,615	987,525
Total Portfolio Investments[g]		**$ 61,250,862**	**$ 61,378,152**

(a) All companies are located in the United States of America.
(b) Interest rate percentages represent actual interest rates which are indexed from then 30-day London Interbank Offered Rate ("LIBOR"). unless otherwise noted. LIBOR rates are subject to interest rate floors which can vary based on the contractual agreement with the borrower. Due dates represent the contractual maturity date.
(c) All loans are income-producing, unless otherwise noted.
(d) All investments are qualifying assets under Section 55(a) of the Investment Act of 1940, unless otherwise noted.
(e) Percentages are calculated using fair value of investments over net assets.
(f) Non-Control/Non-Affiliate investments, as defined by the 1940 Act, are those that are neither Control nor Affiliate investments which the ownership percentage is less than 5.0% of the issued and outstanding voting securities.
(g) At December 31, 2015, the cost of investments for income tax purposes was $61,250,862, the gross unrealized appreciation for federal tax purposes was $286,297, the gross unrealized depreciation for federal income tax purposes was $159,007, and the net unrealized appreciation was $127,290.

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

Audax Credit BDC Inc.
Notes to Financial Statements
September 30, 2016
(unaudited)

Note 1. Organization

Audax Credit BDC Inc. (the “Company”) is a Delaware corporation that was formed on January 29, 2015. The Company is an externally managed, closed-end, non-diversified management investment company that has elected to be treated as a business development company (“BDC”) under the Investment Company Act of 1940, as amended (the “1940 Act”). In addition, effective with the Company’s taxable year ended December 31, 2015, the Company has elected to be treated for federal income tax purposes as a regulated investment company (“RIC”) under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”).

The Company commenced business operations on July 8, 2015, the date on which the company made its first investment. The Company has been formed for the purpose of investing primarily in the debt of leveraged, non-investment grade middle market companies, with the principal objective of generating income and capital appreciation. The Company’s investment strategy is to invest primarily in first lien senior secured loans and selectively in second lien loans to middle market companies. During the period prior to July 8, 2015, the Company was a development stage company, as defined in Paragraph 915-10-05, *Development Stage Entity*, of the Financial Accounting Standards Board’s (“FASB’s”) Accounting Standards Codification, as amended (“ASC”) . During this time, the Company was devoting substantially all of its efforts to establishing its business and its planned principal operations had not commenced. All losses accumulated during the period prior to July 8, 2015 have been considered a part of the Company’s development stage activities.

Audax Management Company (NY), LLC (the “Adviser”) is the investment adviser of the Company. The Adviser is registered as an investment adviser with the U.S. Securities and Exchange Commission (the “SEC”) under the Investment Advisers Act of 1940, as amended.

Note 2. Significant Accounting Policies

Basis of Presentation
As an investment company, the accompanying financial statements of the Company are prepared in accordance with the investment company accounting and reporting guidance of ASC Topic 946, “*Financial Services – Investment Companies*,” as amended, which incorporates the requirements for reporting on Form 10-Q and Articles 6 and 10 of Regulation S-X, as well as accounting principles generally accepted in the United States of America (“GAAP”).

Certain financial information that is normally included in annual financial statements, including certain financial statement footnotes, prepared in accordance with GAAP, is not required for interim reporting purposes and has been condensed or omitted herein. Accordingly, certain disclosures accompanying annual financial statements prepared in accordance with GAAP are omitted. In the opinion of management of the Company, the unaudited financial results included herein contain all adjustments, consisting solely of normal accruals, considered necessary for the fair presentation of financial statements for the interim period included herein. The current period’s results of operations are not necessarily indicative of the operating results to be expected for future periods. The accounting records of the Company are maintained in U.S dollars.

Use of Estimates
The preparation of financial statements in conformity with GAAP requires management of the Company to make estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Changes in the economic environment, financial markets and any other parameters used in determining these estimates could cause actual results to differ and these differences could be material.

Cash and Cash Equivalents

Cash and cash equivalents are stated at fair value. The Company considers all highly liquid investments purchased with maturities of three months or less and money market mutual funds to be cash equivalents. No cash equivalent balances were held at September 30, 2016 and December 31, 2015. At such dates, cash was not subject to any restrictions on withdrawal.

Organization and Offering Expenses

The Company did not incur any organizational costs for the three or nine months ended September 30, 2016. The Company incurred organizational costs of $4,060 and $304,724 for the three months ended September 30, 2015 and the period January 29, 2015 (date of inception) through September 30, 2015, respectively. Organization costs included the cost of incorporating, including the cost of legal services and other fees pertaining to the Company's organization. These costs were expensed on the Company's statement of operations as incurred. The Company also incurred offering costs of $145,358 in prior periods. The Company's offering costs included legal fees and other costs pertaining to the preparation of the Company' Registration Statement and sale of the Company's shares of common stock. The Company capitalized these expenses and amortized them on a straight-line basis over a twelve-month period. The amortization is included within professional fees and other expenses within the statement of operations and amounted to $0 and $72,679 for the three and nine months ended September 30, 2016. The amortization is included within professional fees and other expenses within the Statement of Operations and amounted to $36,339 for three months ended September 30, 2015 and for the period January 29, 2015 to September 30, 2015.

Expenses

The Company is responsible for investment expenses, legal expenses, auditing fees and other expenses related to the Company's operations. Such fees and expenses, including expenses initially incurred by the Adviser, may be reimbursed by the Company.

Investment Valuation Policy

The Company conducts the valuation of the Company's investments, pursuant to which the Company's net asset value is determined, at all times consistent with GAAP and the 1940 Act. The Company's Board of Directors, with the assistance of the Audit Committee, determines the fair value of the Company's investments, for investments with a public market, daily, and for investments with no readily available public market, on at least a quarterly basis, in accordance with the terms of ASC Topic 820, "*Fair Value Measurement and Disclosures*," as amended ("ASC 820"). The Company's valuation procedures are set forth in more detail below.

ASC 820 defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same – to estimate the price when an orderly transaction to sell the asset or transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

ASC 820 establishes a hierarchal disclosure framework which ranks the observability of inputs used in measuring financial instruments at fair value. The observability of inputs is impacted by a number of factors, including the type of financial instruments and their specific characteristics. Financial instruments with readily available quoted prices, or for which fair value can be measured from quoted prices in active markets, generally will have a higher degree of market price observability and a lesser degree of judgment applied in determining fair value.

The three-level hierarchy for fair value measurement is defined as follows:

Level 1 — Inputs to the valuation methodology are quoted prices available in active markets for identical financial instruments as of the measurement date. The types of financial instruments in this category include unrestricted securities, including equities and derivatives, listed in active markets. The Company does not adjust the quoted price for these instruments, even in situations where the Company holds a large position, and a sale could reasonably be expected to impact the quoted price.

Level 2 — Inputs to the valuation methodology are quoted prices in markets that are not active or for which all significant inputs are either directly or indirectly observable as of the measurement date. The types of financial instruments in this category include less liquid and restricted securities listed in active markets, securities traded in markets that are not active, government and agency securities, and certain over-the-counter derivatives where the fair value is based on observable inputs.

Level 3 — Inputs to the valuation methodology are unobservable and significant to the overall fair value measurement, and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. The types of financial instruments in this category include investments in privately held entities, non-investment grade residual interests in securitizations, collateralized loan obligations, and certain over-the-counter derivatives where the fair value is based on unobservable inputs.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given financial instrument is based on the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the financial instrument.

Pursuant to the framework set forth above, the Company values securities traded in active markets on the measurement date by multiplying the exchange closing price of such traded securities/instruments by the quantity of shares or amount of the instrument held. The Company may also obtain quotes with respect to certain of its investments from pricing services, brokers or dealers' quotes, or counterparty marks in order to value liquid assets that are not traded in active markets.

Pricing services aggregate, evaluate and report pricing from a variety of sources including observed trades of identical or similar securities, broker or dealer quotes, model-based valuations and internal fundamental analysis and research. When doing so, the Company determines whether the quote obtained is sufficient according to GAAP to determine the fair value of the security. If determined adequate, the Company uses the quote obtained.

Securities that are illiquid or for which the pricing source does not provide a valuation or methodology or provides a valuation or methodology that, in the judgment of the Company's Board of Directors, does not represent fair value, are each valued as of the measurement date using all techniques appropriate under the circumstances and for which sufficient data are available. These valuation techniques vary by investment but include comparable public market valuations, comparable precedent transaction valuations and discounted cash flow analyses. The process used to determine the applicable value is as follows: (i) each portfolio company or investment is initially valued by the investment professionals of the Adviser responsible for the portfolio investment using a standardized template designed to approximate fair market value based on observable market inputs and updated credit statistics and unobservable inputs; (ii) preliminary valuation conclusions are documented and discussed with the Company's senior management and members of the Company's Adviser's valuation team; (iii) the Company's Audit Committee reviews the assessments of the Adviser and provides the Company's Board of Directors with recommendations with respect to the fair value of the investments in the Company's portfolio; and (iv) the Company's Board of Directors discusses the valuation recommendations of the Company's Audit Committee and determines the fair value of the investments in the Company's portfolio in good faith based on the input of the Adviser and in accordance with the Company's valuation policy.

The Company's Audit Committee's recommendation of fair value is generally based on its assessment of the following factors, as relevant:

- the nature and realizable value of any collateral;
- call features, put features and other relevant terms of debt;
- the portfolio company's ability to make payments;
- the portfolio company's actual and expected earnings and discounted cash flow;
- prevailing interest rates for like securities and expected volatility in future interest rates;
- the markets in which the issuer does business and recent economic and/or market events; and
- comparisons to publicly traded securities.

Investment performance data utilized are the most recently available as of the measurement date, which in many cases may reflect up to a one quarter lag in information.

Securities for which market quotations are not readily available or for which a pricing source is not sufficient may include the following:

- private placements and restricted securities that do not have an active trading market;
- securities whose trading has been suspended or for which market quotes are no longer available;
- debt securities that have recently gone into default and for which there is no current market;
- securities whose prices are stale; and
- securities affected by significant events.

The Company's Board of Directors is ultimately responsible for the determination, in good faith, of the fair value of the Company's portfolio investments.

Determination of fair value involves subjective judgments and estimates. Accordingly, these notes to the Company's financial statements express the uncertainty with respect to the possible effect of such valuations, and any change in such valuations, on the Company's financial statements.

Security transactions are recorded on trade date (date the order to buy or sell is executed or, in the case of privately issued securities, the closing date, which is when all terms of the transactions have been defined). Realized gains and losses on investments are determined based on the identified cost method.

Refer to Note 3 — *Investments* in the notes accompanying our financial statements for additional information regarding fair value measurements and the Company's application of ASC 820.

Interest Income Recognition

Interest income, adjusted for amortization of premiums, acquisition costs, and amendment fees and the accretion of original issue discount ("OID"), is recorded on an accrual basis to the extent that such amounts are expected to be collected. Generally, when a loan becomes 120 days or more past due, or if the Company's qualitative assessment indicates that the debtor is unable to service its debt or other obligations, the Company will place the loan on non-accrual status and cease recognizing interest income on that loan for financial reporting purposes until the borrower has demonstrated the ability and intent to pay contractual amounts due. However, the Company will remain contractually entitled to this interest. Interest payments received on non-accrual loans are restored to accrual status when past due principal and interest are paid and, in management's judgment, are likely to remain current or, due to a restructuring, the interest income is deemed to be collectible.

The Company currently holds loans in the portfolio that contain OID and expects to hold loans in the future that contain payment-in-kind ("PIK") provisions. The Company recognizes OID for loans originally issued at a discount and recognizes the income over the life of the obligation based on an effective yield calculation. PIK interest, computed at the contractual rate specified in a loan agreement, is added to the principal balance of a loan and recorded as income over the life of the obligation. Therefore, the actual collection of PIK income may be deferred until the time of debt principal repayment. To maintain the ability to be taxed as a RIC, the Company may need to pay out of both OID and PIK non-cash income amounts in the form of distributions, even though the Company has not yet collected the cash on either.

As of September 30, 2016, the Company held 68 investments in loans with OID. The Company accrued OID income of $57,327 and $130,467 for the three and nine months ended September 30, 2016, respectively. The unamortized balance of OID investments as of September 30, 2016, totaled $1,523,310. As of December 31, 2015, the Company held 40 investments in loans with OID. The unamortized balance of OID investments as of December 31, 2015, totaled $845,411. The Company accrued OID income of $2,725 for the three months ended September 30, 2015 and for the period January 29, 2015 (date of inception) through September 30, 2015.

As of September 30, 2016 and December 31, 2015, the Company held $20,915,053 and $43,155,376 of cash and cash equivalents, respectively. For the three and nine months ended September 30, 2016, the Company earned interest income related to cash of $12,061 and $40,615, respectively, which is included in other interest income within the accompanying statement of operations. The Company earned $1,998 of interest income related to cash for the three months ended September 30, 2015 and for the period January 29, 2015 (date of inception) through September 30, 2015.

Other Income Recognition

The Company generally records prepayment fees upon receipt of cash.

Dividend income on equity investments is accrued to the extent that such amounts are expected to be collected and if the Company has the option to collect such amounts in cash.

Prepayment fees and dividend income are both accrued in other income in the accompanying statements of operations.

The Company accrued $7,948 and $25,261 of other income for the three and nine months ended September 30, 2016 related to amendment fees. The Company did not record any other income for the three months ended September 30, 2015 or for the period January 29, 2015 (date of inception) through September 30, 2015.

Note 3. Investments

Fair Value

In accordance with ASC 820, the Company's investments' fair value is determined to be the price that would be received for an investment in a current sale, assuming an orderly transaction between willing market participants on the measurement date. This fair value definition focuses on exit price in the principal, or most advantageous, market and prioritizes, within a measurement of fair value, the use of market-based inputs over entity-specific inputs. ASC 820 also establishes the three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of a financial instrument as of the measurement date as described in Note –2 – *Significant Accounting Policies*.

As of September 30, 2016, $80,190,024 of the Company's investments were valued using Level 3 inputs, and $49,742,251 were valued using Level 2 inputs. During the nine months ended September 30, 2016, $22,725,349 and $7,954,014 of investments transferred into and out of Level 3, respectively.

As of December 31, 2015, $27,319,316 of the Company's investments were valued using Level 3 inputs, and $34,058,836 were valued using Level 2 inputs. During the period January 29, 2015 (date of inception) through December 31, 2015, there were no investments transferred into or out of Levels 1, 2 or 3.

The following tables present the Company's investments carried at fair value as of September 30, 2016 and December 31, 2015, by caption on the Company's accompanying statements of assets and liabilities and by security type.

	Assets at Fair Value as of September 30, 2016			
	Level 1	Level 2	Level 3	Total
First lien debt	$ -	$ 48,955,616	$ 66,972,879	$115,928,495
Second lien debt		786,635	13,217,145	14,003,780
Total	$ -	$ 49,742,251	$ 80,190,024	$129,932,275

	Assets at Fair Value as of December 31, 2015			
	Level 1	Level 2	Level 3	Total
First lien debt	$ -	$ 31,616,336	$ 18,885,005	$ 50,501,341
Second lien debt		2,442,500	8,434,311	10,876,811
Total	$ -	$ 34,058,836	$ 27,319,316	$ 61,378,152

In accordance with ASC 820, the following table provides quantitative information about the Level 3 fair value measurements of the Company's investments as of September 30, 2016.

The weighted average calculations in the tables below are based on the fair value balances for all debt related calculations for the particular input:

	Fair Value	**Valuation Methodology**	**Unobservable Inputs (1)**	**Range (2)**	**Weighted Average (3)**
First lien debt	$ 66,972,879	Matrix Pricing	Senior Leverage	2.84x - 6.39x	3.97x
			Total Leverage	3.06x - 11.01x	5.06x
			Interest Coverage	0.38x - 4.86x	2.54x
			Debt Service Coverage	0.03x - 3.69x	1.98x
			TEV Coverage	1.10x - 3.48x	2.61x
			Liquidity	26.06% - 232.40%	132.22%
			Spread Comparison	400bps - 625bps	506bps
Second lien debt	13,217,145	Matrix Pricing	Senior Leverage	4.33x - 6.20x	5.32x
			Total Leverage	4.37x - 6.20x	5.38x
			Interest Coverage	1.07x - 3.14x	2.43x
			Debt Service Coverage	0.85x - 2.45x	2.03x
			TEV Coverage	1.38x - 2.56x	2.01x
			Liquidity	80.30% - 227.88%	134.49%
			Spread Comparison	700bps - 950bps	809bps
Total	**$ 80,190,024**				

(1) For any portfolio company, the unobservable input "Liquidity" is a fraction, expressed as a percentage, the numerator of which is the sum of the company's undrawn revolving credit facility capacity plus cash, and the denominator of which is the total amount that may be borrowed under the company's revolving credit facility. The unobservable input "Spread Comparison" is a comparison of the spread over LIBOR for each investment to the spread over LIBOR for general leveraged loan transactions.

(2) Each range represents the variance of outputs from calculating each statistic for each portfolio company within a specific industry classification. The range may be a single data point when there is only one company represented in a specific industry classification.

(3) Inputs are weighted based on the fair value of the investments included in the range.

The following table provides quantitative information about the Level 3 fair value measurements of the Company's investments as of December 31, 2015:

	Fair Value	Valuation Methodology	Unobservable Inputs (1)	Range (2)	Weighted Average (3)
First lien debt	$ 14,905,785	Matrix Pricing	Senior Leverage	2.99x - 4.89x	4.12x
			Total Leverage	3.00x - 6.51x	5.13x
			Interest Coverage	1.38x - 3.54x	2.38x
			Debt Service Coverage	0.75x - 2.22x	1.65x
			TEV Coverage	1.62x - 3.41x	2.17x
			Liquidity	15.37% - 246.68%	132.29%
			Spread Comparison	400bps - 550bps	469bps
	3,979,220	Market Analysis	Senior Leverage	2.75x - 3.86x	3.03x
			Total Leverage	2.75x - 3.86x	3.03x
			Interest Coverage	2.75x - 4.9x	3.28x
			Debt Service Coverage	1.13x - 5.05x	4.08x
			TEV Coverage	0.88x - 4.11x	3.31x
			Liquidity	232.67% - 425.87%	377.93%
			Spread Comparison	450bps - 525bps	506bps
Second lien debt	7,461,250	Matrix Pricing	Senior Leverage	4.90x - 6.26x	5.38x
			Total Leverage	4.90x - 6.26x	5.38x
			Interest Coverage	1.13x - 6.26x	4.63x
			Debt Service Coverage	1.13x - 2.74x	2.19x
			TEV Coverage	1.75x - 2.21x	1.97x
			Liquidity	114.58% - 201.25%	154.51%
			Spread Comparison	775bps - 950bps	845bps
	973,061	Market Analysis	Senior Leverage	5.82x	5.82x
			Total Leverage	5.82x	5.82x
			Interest Coverage	5.82x	5.82x
			Debt Service Coverage	2.93x	2.93x
			TEV Coverage	1.71x	1.71x
			Liquidity	210.32%	210.32%
			Spread Comparison	775bps	775bps
Total	**$ 27,319,316**				

(1) For any portfolio company, the unobservable input "Liquidity" is a fraction, expressed as a percentage, the numerator of which is the sum of the company's undrawn revolving credit facility capacity plus cash, and the denominator of which is the total amount that may be borrowed under the company's revolving credit facility. The unobservable input "Spread Comparison" is a comparison of the spread over LIBOR for each investment to the spread over LIBOR for general leveraged loan transactions.

(2)

Each range represents the variance of outputs from calculating each statistic for each portfolio company within a specific industry classification. The range may be a single data point when there is only one company represented in a specific industry classification.

(3) Inputs are weighted based on the fair value of the investments included in the range.

Fair value measurements can be sensitive to changes in one or more of the valuation inputs. Changes in market yields, discounts rates, leverage, earnings before interest, taxes, depreciation and amortization (“EBITDA”) or EBITDA multiples (or revenue or revenue multiples), each in isolation, may change the fair value of certain of the Company’s investments. Generally, an increase or decrease in market yields, discount rates or leverage or a decrease in EBITDA or EBITDA multiples (or revenue or revenue multiples) may result in a corresponding decrease or increase, respectively, in the fair value of certain of the Company’s investments.

The following tables provide the changes in fair value, broken out by security type, during the nine months ended September 30, 2016 and for the period January 29, 2015 (date of inception) through September 30, 2015 for all investments for which the Company's determine fair value using unobservable (Level 3) factors.

Nine Months Ended September 30, 2016	First lien debt	Second lien debt	Total
Fair Value as of December 31, 2015	$ 18,885,005	$ 8,434,311	$27,319,316
Transfers into Level 3	21,730,349	995,000	22,725,349
Transfers out of Level 3	(7,954,014)	-	(7,954,014)
Total gains:			
Net realized gain[(a)]	3,737	21,479	25,216
Net unrealized appreciation[(b)]	519,761	72,889	592,650
New investments, repayments and settlements:[(c)]			
Purchases	34,546,363	4,686,181	39,232,544
Settlements/repayments	(857,927)	(1,010,000)	(1,867,927)
Net amortization of premiums, discounts and fees	99,605	17,285	116,890
Fair Value as of September 30, 2016	$ 66,972,879	$13,217,145	$80,190,024

(a) Included in net realized (gain on our accompanying *Statements of Operations* for the nine months ended September 30, 2016.

(b) Included in net change in unrealized appreciation on the accompanying *Statements of Operations* for the nine months ended September 30, 2016.

(c) Includes increases in the cost basis of investments resulting from portfolio investments, the amortization of discounts, and PIK, as well as decreases in the costs basis of investments resulting from principal repayments or sales, the amortization of premiums and acquisition costs and other cost-basis adjustments.

For the period January 29, 2015 through September 30, 2015	First lien debt	Second lien debt	Total
Fair Value as of January 29, 2015	$ -	$ -	$ -
Total gains:			
Net unrealized appreciation[(a)]	71,609	28,451	100,060
New investments, repayments and settlements:[(b)]			
Purchases	13,841,864	3,946,250	17,788,114
Settlements/repayments	(60,970)	-	(60,970)
Net amortization of premiums, discounts and fees	2,405	299	2,704
Fair Value as of September 30, 2015	$13,854,908	$ 3,975,000	$17,829,908

(a) Included in net unrealized appreciation on the accompanying *Statements of Operations* for the period January 29, 2015 (date of inception) through September 30, 2015.

(b) Includes increases in the cost basis of investments resulting from new portfolio investments, the amortization of discounts, and PIK, as well as decreases in the costs basis of investments resulting from principal repayments or sales, the amortization of premiums and acquisition costs and other cost-basis adjustments.

Transfers between levels of the fair value hierarchy are reported at the beginning of the reporting period in which they occur. For the nine months ended September 30, 2016, transfers from Level 2 to Level 3 were primarily due to increased or decreased price transparency. Transfers from Level 3 to Level 2 were primarily due to recent transactions.

Investment Activities

The Company held a total of 76 and 41 syndicated investments with an aggregate fair value of $129,932,275 and $61,378,152 as of September 30, 2016 and December 31, 2015, respectively. During the nine months ended September 30, 2016, the Company invested in 28 new syndicated investments for a combined $73,742,764 and $4,738,963 in existing investments. The Company also received $9,986,123 in repayments from investments and $986,294 from investments sold during the nine months. During the three months ended September 30, 2015 and for the period January 29, 2015 (date of inception) through September 30, 2015, the Company invested in 28 new syndicated investments for a combined $32,789,637. For the three months ended September 30, 2015 and for the period January 29, 2015 (date of inception) through September 30, 2015, the Company had $66,036 in debt repayments by existing portfolio companies and no sales of securities of portfolio companies.

Investment Concentrations

As of September 30, 2016, the Company investment portfolio consisted of investments in 73 companies located in 24 states across 22 different industries, with an aggregate fair value of $129,932,275. The five largest investments at fair value as of September 30, 2016 totaled $16,424,025 or 12.64% of the Company's total investment portfolio, as compared to December 31, 2015 which totaled $14,613,100, or 23.81% of the Company's total investment portfolio. As of September 30, 2016, the Company average investment by obligor was $1,696,402 at cost, as compared to December 31, 2015 which was $1,611,865 at cost. The following table outlines the Company's investments by security type as of September 30, 2016 and December 31, 2015:

	September 30, 2016				December 31, 2015			
	Cost	**Percentage of Total Investments**	**Fair Value**	**Percentage of Total Investments**	**Cost**	**Percentage of Total Investments**	**Fair Value**	**Percentage of Total Investments**
First lien debt	$115,109,350	89.28%	$115,928,495	89.22%	$50,431,054	82.34%	$50,501,341	82.28%
Second lien debt	13,817,234	10.72%	14,003,780	10.78%	10,819,808	17.66%	10,876,811	17.72%
Total Investments	$128,926,584	100.00%	$129,932,275	100.00%	$61,250,862	100.00%	$61,378,152	100.00%

Investments at fair value consisted of the following industry classifications as of September 30, 2016 and December 31, 2015:

	September 30, 2016		December 31, 2015	
Industry	**Fair Value**	**Percentage of Total Investments**	**Fair Value**	**Percentage of Total Investments**
Healthcare & Pharmaceuticals	$ 17,347,967	13.35%	$ 992,513	1.62%
Services: Business	14,280,669	10.99	8,614,409	14.03
Banking, Finance, Insurance & Real Estate	11,138,489	8.57	5,810,686	9.47
High Tech Industries	10,850,963	8.35	7,695,294	12.54
Chemicals, Plastics & Rubber	10,418,336	8.02	7,483,195	12.19
Wholesale	9,022,484	6.94	3,596,647	5.86
Automotive	7,945,013	6.11	-	-
Construction & Building	7,308,605	5.62	995,000	1.62
Media: Advertising, Printing & Publishing	6,688,076	5.15	1,987,469	3.24
Services: Consumer	5,924,051	4.56	5,909,728	9.63
Consumer Goods: Durable	4,996,485	3.85	2,948,462	4.80
Aerospace & Defense	4,592,509	3.53	1,984,632	3.23
Hotel, Gaming & Leisure	2,977,825	2.29	2,985,118	4.86
Containers, Packaging & Glass	2,596,473	2.00	1,936,275	3.16
Media: Broadcasting & Subscription	2,464,968	1.90	2,476,237	4.03
Forest Products & Paper	2,000,000	1.54	1,995,000	3.25
Consumer Goods: Non-durable	1,980,000	1.52	-	-
Capital Equipment	1,979,133	1.52	989,987	1.61
Beverage, Food & Tobacco	1,977,579	1.52	987,525	1.61
Utilities: Electric	1,485,000	1.14	-	-
Transportation: Cargo	985,000	0.77	997,475	1.63
Media: Diversified & Production	972,650	0.76	992,500	1.62
	$129,932,275	100.00%	$61,378,152	100.00%

Investments at fair value were included in the following geographic regions of the United States as of September 30, 2016 and December 31, 2015:

	September 30, 2016		December 31, 2015	
Geographic Region	**Fair Value**	**Percentage of Total Investments**	**Fair Value**	**Percentage of Total Investments**
Northeast	$ 34,359,154	26.44%	$ 13,773,236	22.44%
Midwest	21,527,127	16.57	10,014,519	16.32
Southeast	20,123,521	15.49	13,837,998	22.55
West	17,850,901	13.74	10,820,030	17.63
East	17,059,244	13.13	2,692,143	4.39
Southwest	12,921,209	9.94	8,252,757	13.45
South	5,458,616	4.20	1,987,469	3.22
Northwest	632,503	0.49	-	-
Total Investments	$129,932,275	100.00%	$ 61,378,152	100.00%

The geographic region indicates the location of the headquarters of the Company’s portfolio companies. A portfolio company may have a number of other business locations in other geographic regions.

Investment Principal Repayments

The following table summarizes the contractual principal repayments and maturity of the Company's investment portfolio by fiscal year, assuming no voluntary prepayments, as of September 30, 2016:

For the Fiscal Years Ending December 31:	Amount
2016	$ 1,103,848
2017	2,230,003
2018	1,984,871
2019	9,053,808
2020	10,058,303
Thereafter	106,019,061
Total contractual repayments	130,449,894
Adjustments to cost basis on debt investments[(a)]	(1,523,310)
Total Cost Basis of Investments Held at September 30, 2016:	$ 128,926,584

(a) Adjustment to cost basis related to unamortized balance of OID investments.

Note 4. Related Party Transactions

Investment Advisory Agreement

The Company entered into an investment advisory agreement (the "Investment Advisory Agreement") with the Adviser. In accordance with the Investment Advisory Agreement, the Company pays the Adviser certain fees as compensation for its services, such fees consisting of a base management fee and an incentive fee (the "Incentive Fee"). The services the Adviser provides to the Company, subject to the overall supervision of the Company's Board of Directors, includes managing the day-to-day operations of, and providing investment services to, the Company. The Company also entered into a management fee waiver agreement with the Adviser (the "Waiver Agreement").

Management Fee

The base management fee is calculated at an annual rate of 1.0% of the Company's average gross assets including cash and any temporary investments in cash-equivalents, which include, U.S government securities and other high-quality investment grade debt investments that mature in 12 months or less from the date of investment, payable quarterly in arrears on a calendar quarter basis.

Pursuant to the Waiver Agreement, the Adviser has agreed to waive the right to receive the base management fee to the extent necessary so that the base management fee payable under the Investment Advisory Agreement equals, and is calculated in the same manner as if, the base management fee otherwise payable by the Company were calculated at an annual rate equal to 0.65% (instead of an annual rate of 1.00%).

For the three and nine months ended September 30, 2016, the Company recorded management fees of $327,577 and $856,763, respectively, and waivers to the management fees of $114,652 and $299,867 respectively, as set forth within the accompanying statements of operations. For the three months ended September 30, 2015 and for the period January 29, 2015 (date of inception) through September 30, 2015, the Company recorded management fees of $84,695, and waivers to the management fees of $29,643, as set forth within the accompanying statements of operations.

Incentive Fee

The Incentive Fee has two parts, as follows: one is calculated and payable quarterly in arrears based on the Company's pre-incentive fee net investment income for the immediately preceding calendar quarter. For this purpose, pre-incentive fee net investment income means interest income, dividend income and any other income (including any other fees (other than fees for providing managerial assistance), such as commitment, origination, structuring, diligence and consulting fees or other fees that the Company receive from portfolio companies) accrued during the calendar quarter, minus the Company's operating expenses accrued for the quarter (including the base management fee, expenses payable under the Administration Agreement and any interest expense on any credit facilities or outstanding debt and dividends paid on any issued and outstanding preferred stock, but excluding the Incentive Fee).

The Company determines pre-incentive fee net investment income in accordance with GAAP, including, in the case of investments with a deferred interest feature, such as OID, debt instruments with PIK interest and OID securities, accrued income that the Company has not yet received in cash. Pre-incentive fee net investment income does not include any realized capital gains, computed net of all realized capital losses or unrealized capital appreciation or depreciation. Pre-incentive fee net investment income, expressed as a rate of return on the value of the Company's net assets at the end of the immediately preceding calendar quarter, is compared to a hurdle of 1.0% per quarter (4.0% annualized). The Company determines its average gross assets during each fiscal quarter and calculates the base management fee payable with respect to such amount at the end of each fiscal quarter. As a result, a portion of the Company's net investment income is included in its gross assets for the period between the date on which such income is earned and the date on which such income is distributed. Therefore, the Company's net investment income used to calculate part of the Incentive Fee is also included in the amount of the Company's gross assets used to calculate the 1% annual base management fee. The Company pays its Adviser an Incentive Fee with respect to its pre-incentive fee net investment income in each calendar quarter as follows:

- no amount is paid on the income-portion of the Incentive Fee in any calendar quarter in which the Company's pre-incentive fee net investment income does not exceed the hurdle of 1.0% (4.0% annualized);

- 100% of the Company's pre-incentive fee net investment income with respect to that portion of such pre-incentive fee net investment income, if any, that exceeds the hurdle rate but is less than 1.1765 % in any calendar quarter (4.706% annualized). The Company refers to this portion of its pre-incentive fee net investment income (which exceeds the hurdle rate but is less than 1.1765%) as the "catch-up" provision. The catch-up is meant to provide the Company's Adviser with 15.0% of the pre-incentive fee net investment income as if a hurdle rate did not apply if net investment income exceeds 1.1765% in any calendar quarter (4.706% annualized); and

- 15.0% of the amount of the Company's pre-incentive fee net investment income, if any, that exceeds 1.1765% in any calendar quarter (4.706% annualized) is payable to the Company's Adviser.

Pursuant to the Waiver Agreement, the Adviser has agreed to waive its right to receive the Incentive Fee on pre-incentive fee net investment income to the extent necessary so that such Incentive Fee equals, and is calculated in the same manner as, the corresponding Incentive Fee on pre-incentive fee net investment income, if such Incentive Fee (i) were calculated based upon the Adviser receiving 10% (instead of 15%) of the applicable pre-incentive fee net investment income and (ii) did not include any "catch-up" feature in favor of the Adviser.

The second part of the Incentive Fee is determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Advisory Agreement, as of the termination date), and equals 15% of the Company's realized capital gains, if any, on a cumulative basis from June 16, 2015, the effectiveness of the Registration Statement, through the end of each calendar year, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gain Incentive Fees with respect to each of the investments in the Company's portfolio. However, the Incentive Fee determined as of December 31, 2015 was calculated for a period of shorter than 12 calendar months (commencing on the date of effectiveness of the Registration Statement through December 31, 2015) to take into account any realized capital gains computed net of all realized capital losses and unrealized capital depreciation from the date of effectiveness of the Registration Statement.

Pursuant to the Waiver Agreement, the Adviser has agreed to waive the right to receive the Incentive Fee on capital gains to the extent necessary so that such portion of the Incentive Fee equals, and is calculated in the same manner as, the corresponding Incentive Fee on capital gains, if such portion of the Incentive Fee were calculated based upon the Adviser receiving 10% (instead of 15%).

In addition, pursuant to the Waiver Agreement, the Adviser has agreed to waive the right to receive both components of the Incentive Fee to the extent necessary so that it does not receive Incentive Fees which are attributable to income and gains of the Company that exceed an annualized rate of 12% in any calendar quarter.

The waivers from the Adviser will remain effective until terminated earlier by either party on 60 days prior written notice.

For the three and nine months ended September 30, 2016, the Company recorded incentive fees of $231,638 and waivers to the incentive fees of $200,218, as set forth within the accompanying statements of operations. The Company did not accrue or waive any incentive fee for the period January 29, 2015 (date of inception) through September 30, 2015 within the accompanying statements of operations.

Administrative Fee

The Company has also entered into an administration agreement (the “Administration Agreement”) with Audax Management Company, LLC (the “Administrator”) under which the Administrator provides administrative services to the Company. Under the Administration Agreement, the Administrator performs, or oversees the performance of administrative services necessary for the operation of the Company, which include being responsible for the financial records which the Company is required to maintain and preparing reports filed with the SEC. In addition, the Administrator assists in determining and publishing the Company’s net asset value, oversees the preparation and filing of the Company’s tax returns and the printing and dissemination of reports to the Company’s stockholders, and generally oversees the payment of the Company’s expenses and the performance of administrative and professional services rendered to the Company by others. The Company reimburses the Administrator for its allocable portion of the costs and expenses incurred by the Administrator for overhead in performance by the Administrator of its duties under the Administration Agreement, including the cost of facilities, office equipment and the Company’s allocable portion of cost of compensation and related expenses of its Chief Financial Officer and Chief Compliance Officer and their respective staffs, as well as any costs and expenses incurred by the Administrator relating to any administrative or operating services provided by the Administrator to the Company. Such costs are reflected as an administrative fee in the accompanying statements of operations.

On November 10, 2016, the Company executed a waiver agreement, which entitled the Administrator to waive, in whole or in part, its entitlement to receive reimbursements from the Company. The amendment was retroactively effective as of July 1, 2016.

For the three and nine months ended September 30, 2016, the Company recorded administrative fees of $66,250 and $198,750, respectively, and waivers to the administrative fees of $44,375 for both periods, as set forth within the accompanying statements of operations. The Company accrued administrative fees of $68,125 and $75,323 for the three months ended September 30, 2015 and for the period January 29, 2015 (date of inception) through September 30, 2015, respectively.

Related Party Fees

Fees due to related parties as of September 30, 2016 and December 31, 2015 on the Company's accompanying statements of assets and liabilities were as follows:

	September 30, 2016	December 31, 2015
Net management fee due to adviser	$ 212,925	$ 112,131
Net incentive fee due to adviser	31,420	-
Other expenses due to adviser [(a)]	53,919	-
Total fees due to Adviser, net of waivers	298,264	112,131
Fee due to Administrator	21,875	189,677
Total Related Party Fees Due	$ 320,139	$ 301,808

(a) Expenses paid on behalf of the Company by the Adviser

Note 5. Net Increase in Net Assets Resulting from Operations Per Share of Common Stock:

The following table sets forth the computation of basic and diluted net increase in net assets resulting from operations per weighted average share of Company's common stock for the three and nine months ended September 30, 2016 and three months ended September 30, 2015 and for the period January 29, 2015 (date of inception) to September 30, 2015:

	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	For the Period January 29, 2015 (date of inception) through September 30, 2015
Numerator for basic and diluted net increase (decrease) in net assets resulting from operations per common share	$ 1,927,525	$ (111,568)	$ 3,837,530	$ (649,718)
Denominator for basic and diluted weighted average common shares	12,770,357	1,913,389	11,443,330	721,504
Basic and diluted net increase (decrease) in net assets resulting from operations per common share	**$ 0.15**	**$ (0.06)**	**$ 0.34**	**$ (0.90)**

Note 6. Income Tax

The Company has elected to be regulated as a BDC under the 1940 Act, as well as elected to be treated as a RIC under Subchapter M of the Code. As a RIC, the Company generally is not subject to corporate-level U.S. federal income taxes on any ordinary income or capital gains that it timely distributes to its stockholders as dividends. To qualify to be treated as a RIC, the Company is required to meet certain source of income and asset diversification requirements, and to timely distribute dividends out of assets legally available for distributions to its stockholders of an amount generally equal to at least 90% of the sum of its net ordinary income and net short-term capital gains in excess of net long-term capital losses, if any (i.e., "investment company taxable income"), for each taxable year. The amount to be paid out as distributions to the Company's stockholders is determined by the Company's Board of Directors and is based on management's estimate of the fiscal year earnings. Based on that estimate, the Company intends to make the requisite distributions to its stockholders, which will generally relieve the Company from corporate-level U.S. federal income taxes. Although the Company currently intends to distribute its net capital gains (i.e., net long-term capital gains in excess of net short-term capital losses), if any, recognized in respect of each taxable year as dividends out of the Company's assets legally available for distribution, the Company in the future may decide to retain for investment and be subject to entity-level income tax on such net capital gains. Additionally, depending on the level of taxable income earned in a taxable year, the Company may choose to carry forward taxable income in excess of current year distributions into the next taxable year and incur a 4% excise tax on such income, as required. To the extent that the Company determines that its estimated current year annual taxable income will be in excess of estimated current year distributions, the Company accrues excise tax, if any, on estimated excess taxable income as such excess taxable income is earned.

The Company had aggregate distributions declared and paid to its shareholders for the three and nine months ended September 30, 2016 of $152,734, or $0.012 per share. We estimate that the full amount of the distributions declared and paid during such period will be characterized, for U.S. federal income tax purposes, as ordinary income. The Company had aggregate distributions declared and paid to its shareholders for the period January 29, 2015 (date of inception) through December 31, 2015 of $259,976, or $0.04 per share. $126,128 of the distributions declared and paid during such period was characterized, for U.S. federal income tax purposes, as ordinary income, and $133,848 of such distributions was characterized as a return of capital. The distributions were reinvested in shares through the Company's dividend reinvestment plan.

The determination of the tax attributes of the Company's distributions is made annually at the end of the Company's taxable year, based upon the Company's taxable income for the full taxable year and distributions paid for the full taxable year. Therefore, a determination made on an interim basis may not be representative of the actual tax attributes of distributions for a full year. The actual tax characteristics of distributions to stockholders will reported to the Company's stockholders subject to information reporting after the close of each calendar year on Form 1099-DIV.

At December 31, 2015, the components of accumulated losses on a tax basis below differ from the amounts reflected per the Company's statements of assets and liabilities by temporary book/tax differences primarily arising from the amortization of organizational expenditures.

		As of December 31, 2015
Accumulated net investment loss	**$**	**(294,566)**
Accumulated net appreciation on investments		**127,290**
Accumulated net realized losses		**(11,034)**
Components of tax distributable earnings (deficit) at period end	**$**	**(178,310)**

The Company has evaluated tax positions it has taken, expects to take, or that are otherwise relevant to the Company for purposes of determining whether any relevant tax positions would "more-likely-than-not" be sustained by the applicable tax authority in accordance with ASC Topic 740, "*Income Taxes,*" as modified by ASC Topic 946. The Company has analyzed such tax positions and has concluded that no unrecognized tax benefits should be recorded for uncertain tax positions for taxable years that may be open. The Company is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next twelve months. The Company records tax positions that are not deemed to meet a more-likely-than-not threshold as well as any applicable penalties or interest associated with such positions as tax expenses. During the nine months ended September 30, 2016 and for the period January 29, 2015 (date of inception) to September 30, 2015, no tax expenses and any related interest and were incurred.

Note 7. Equity

An investor made a $140,000,000 capital commitment to the Company during the period from January 29, 2015 (date of inception) through December 31, 2015. As of September 30, 2016, all of the Company's capital commitments have been funded.

The number of shares issued and outstanding as of September 30, 2016 and December 31, 2015, were 14,680,630 and 10,750,799, respectively.

Note 8. Commitments and Contingencies

The Company may enter into certain credit agreements that include loan commitments where all or a portion of such commitment may be unfunded. The Company is generally obligated to fund the unfunded loan commitments at the borrowers' discretion. Funded portions of credit agreements are presented on the accompanying schedule of investments. Unfunded loan commitments and funded portions of credit agreements are fair valued and unrealized appreciation or depreciation, if any, have been included in the accompanying statements of assets and liabilities and statements of operations.

The following table summarizes our significant contractual payment obligations as of September 30, 2016 and December 31, 2015 in unfunded principal:

Investment	Industry	September 30, 2016	December 31, 2015
Physicans Endoscopy, Senior Secured Term Loan, 6.00% (Libor + 5.00%), maturity 8/18/23	Healthcare & Pharmaceuticals	$ 692,308	$ -
Mspark, Senior Secured Term Loan, 6.50% (Libor + 5.50%), maturity 4/22/21	Media: Advertising, Printing & Publishing	666,667	-
DiversiTech Corporation, Senior Secured Term Loan, 5.25% (Libor + 4.25%), maturity 11/19/21	Construction & Building	627,027	-
SRP, Senior Secured Term Loan, 7.50% (Libor + 6.50%), maturity 9/8/23	Wholesale	527,473	-
Ohio Transmission, Senior Secured Initial Term Loan, 5.25% (Libor + 4.25%), maturity 10/2/21	Wholesale	363,636	363,636
Allied Universal, Senior Secured Incremental Term Loan, 5.50% (Libor + 4.50%), maturity 7/28/22	Services: Business	331,126	-
LDiscovery, Senior Secured Initial Term Loan, 5.75% (Libor + 4.75%), maturity 12/22/21	Services: Business	285,714	-
Service Logic, Senior Secured Initial Term Loan, 6.00% (Libor + 5.00%), maturity 7/19/21	Services: Business	119,326	-
		$ 3,613,277	**$ 363,636**

Note 9. Financial Highlights

	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	For the period January 29, 2015 (date of inception) through September 30, 2015
Per Share Data:				
Net asset value, beginning of period	$ 9.63	$ (5,371.50)	$ 9.45	$ -
Net investment income (loss)[(a)]	0.12	(0.12)	0.26	(1.07)
Net realized gain (loss) on investments and change in unrealized appreciation on investments[(a)(b)]	0.02	0.06	0.06	0.17
Net increase (decrease) in net assets resulting from operations	$ 0.14	$ (5,371.56)	$ 0.32	$ (0.90)
Effect of equity capital activity				
Equity contribution	-	5,381.00	-	10.34
Distributions to stockholders from net investment income	(0.01)	-	(0.01)	-
Net asset value at end of period	$ 9.76	$ 9.44	$ 9.76	$ 9.44
Total return[(c)(g)]	1.48%	1.96%	3.41%	(5.60)%
Shares of common stock outstanding at end of period	14,680,630	6,499,394	14,680,630	6,499,394
Statement of Assets and Liabilities Data:				
Net assets at end of period	$ 143,323,297	$ 61,351,282	$ 143,323,297	$ 61,351,282
Average net assets[(d)]	130,001,232	31,030,973	113,835,793	10,118,822
Ratio/Supplemental Data:				
Ratio of gross expenses to average net assets- annualized[(e)]	2.08%	5.87%	2.37%	14.69%
Ratio of net expenses to average net assets- annualized[(f)]	0.98%	5.49%	1.73%	14.25%
Ratio of net investment income (loss) to average net assets- annualized	4.65%	(2.98)%	3.42%	(11.38)%
Portfolio turnover[(g)]	30.63%	-%	1.07%	-%

(a) Based on weighted average basic per share of Common Stock data.
(b) The per share amount varies from the net realized and unrealized gain/loss for the period because of the timing of sales of fund shares and the per share amount of realized and unrealized gains and losses at such time.
(c) Total return is based on the change in net asset value during the respective periods. Total return also takes into account dividends and distributions, if any, reinvested in accordance with the Company's dividend reinvestment plan.

(d) Average net assets are computed using the average balance of net assets at the end of each month of the reporting period.
(e) Ratio of gross expenses to average net assets is computed using expenses before waivers from the Adviser and Administrator.
(f) Ratio of net expenses to average net assets is computed using total expenses net of waivers from the Adviser.
(g) Not annualized.

Note 10. Indemnification

In the normal course of business, the Company may enter into certain contracts that provide a variety of indemnities. The Company's maximum exposure under these indemnities is unknown. The Company does not consider it necessary to record a liability in this regard.

https://www.sec.gov/Archives/edgar/data/1633858/000114420416134208/v452993_10q.... 11/28/2016

Note 11. Subsequent Events

The Company has considered the effects, if any, of events occurring after the date of the Company's Statement of Assets and Liabilities through November 14, 2016, the date the quarterly report on Form 10-Q was issued. The Company has concluded there are no material items that warrant disclosure.

https://www.sec.gov/Archives/edgar/data/1633858/000114420416134208/v452993_10q.... 11/28/2016

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

In this quarterly report on Form 10-Q, except where the context suggests otherwise, the terms "we," us," our" and the "Company" refer to Audax Credit BDC Inc. The information contained in this section should be read in the conjunction with the financial statements and notes to the financial statements appearing elsewhere in this report.

This report and other statements contain forward-looking statements that involve substantial risks and uncertainties. Such statements involve known and unknown risks, uncertainties and other factors and undue reliance should not be placed thereon. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates and projections about our company, our current and prospective portfolio investments, our industry, our beliefs and our assumptions. Words such as "anticipates," "expects," "intends," "plans," "will," "may," "continue," "believes," "seeks," "estimates," "would," "could," "should," "targets," "projects," and variations of these words and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond our control and difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements, including:

- our future operating results;
- our business prospects and the prospects of our portfolio companies;
- the ability of our portfolio companies to achieve their objectives;
- the timing of cash flows, if any, from the operations of our portfolio companies;
- the ability of our Adviser to locate suitable investments for us and to monitor and administer our investments;
- changes in the general economy;
- risk associated with possible disruptions in our operations or the economy generally;
- the effect of investments that we expect to make;
- our contractual arrangements and relationships with third parties;
- actual and potential conflicts of interest with Adviser and its affiliates;
- the dependence of our future success on the general economy and its effect on the industries in which we invest;
- the adequacy of our financing sources and working capital;
- the ability of our Adviser and its affiliates to attract and retain highly talented professionals;
- our ability to qualify and maintain our qualification as a BDC and as a RIC; and
- the risks, uncertainties and other factors we identify under "*Item 1A. Risk Factors*" and elsewhere in our Annual Report (file no. 814-01154) (the "Annual Report").

Although we believe that the assumptions on which these forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and as a result, the forward-looking statements based on those assumptions also could be inaccurate. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this report should not be regarded as a representation by us that our plans and objectives will be achieved. These risks and uncertainties include those described or identified in the section of our registration statement on Form 10 (the "Registration Statement") and our Annual Report entitled "Item 1A. Risk Factors". You should not place undue reliance on these forward-looking statements, which apply only as of the date of this quarterly report. Moreover, we assume no duty and do not undertake to update the forward-looking statements. The forward-looking statements and projections contained in this report are excluded from the safe harbor protection provided by Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

OVERVIEW

Audax Credit BDC Inc. is a Delaware corporation that was formed on January 29, 2015. We are an externally managed, closed-end, non-diversified management investment company that has elected to be treated as a BDC under the 1940 Act. In addition, we have elected to be treated for federal income tax purposes as a RIC under Subchapter M of the Code.

Our investment objective is to generate current income and, to a lesser extent, long-term capital appreciation. We intend to meet our investment objective by investing primarily in senior secured debt of privately owned U.S. middle-market companies. We intend to invest at least 80% of our net assets plus the amount of any borrowings in “credit instruments,” which we define as any fixed income instruments.

Although we have no present intention of doing so, we may decide to incur leverage. If we do incur leverage, we anticipate that it will be used in limited circumstances and on a short-term basis for purposes such as funding distributions. As a BDC, we are limited in our use of leverage under the 1940 Act. Specifically, as a BDC we are only allowed to borrow amounts such that our asset coverage, as defined in the 1940 Act, is at least 200% after such borrowing. In determining whether to use leverage, we will analyze the maturity, covenants and interest rate structure of the proposed borrowings, as well as the risks of such borrowings within the context of our investment outlook and the impact of leverage on our investment portfolio. The amount of any leverage that we employ as a BDC, if any, will be subject to oversight by our Board of Directors.

We generate revenue in the form of interest on the debt securities that we hold in our portfolio companies. The senior debt we invest in generally has stated terms of three to ten years. Our senior debt investments generally bear interest at a floating rate. Interest on debt securities is generally payable quarterly or semiannually. In some cases, some of our investments may provide for deferred interest payments or PIK interest. The principal amount of the debt securities and any accrued but unpaid interest generally will become due at the maturity date. In addition, we may generate revenue in the form of commitment and other fees in connection with transactions, although we do not expect to do so. OID as well as market discount and premium are accreted and amortized in determining our interest income. We record any prepayment premiums on loans and debt securities as income.

PORTFOLIO COMPOSITION AND INVESTMENT ACTIVITY

Portfolio Composition

The fair value of our investments, all of which are syndicated loans, was $129,932,275 in 73 portfolio companies as of September 30, 2016. The fair value of our investments, all of which are syndicated loans, was $61,378,152 in 38 portfolio companies as of December 31, 2015.

During the nine months ended September 30, 2016, the Company invested in 28 new syndicated investments for a combined $73,742,764 and $4,738,963 in existing investments. The Company also received $9,986,123 in repayments from investments and $986,294 from investments sold during the nine months. During the period January 29, 2015 (date of inception) through September 30, 2015, the Company invested in 28 new syndicated investments for a combined $32,789,637. For the three months ended September 30, 2015 and for the period January 29, 2015 (date of inception) through September 30, 2015, we had $66,036 in debt repayments by existing portfolio companies and no sales of securities of portfolio companies. In addition, during the three and nine months ended September 30, 2016, we had a change in unrealized appreciation of approximately $375,577 and $878,400, respectively, and realized gains of $39,318 and $35,642, respectively. During the three months ended September 30, 2015 and for the period January 29, 2015 (date of inception) through September 30, 2015, we had a change in unrealized appreciation of approximately $119,991.

Our investment activity for the nine months ended September 30, 2016 and for the period January 29, 2015 (date of inception) through September 30, 2015, is presented below:

	Nine Months Ended September 30, 2016	For the Period January 29, 2015 (Date of Inception) through September 30, 2015
Beginning investment portfolio, at fair value	$ 61,378,152	$ -
Investments in new portfolio investments	73,742,764	32,732,957
Investments in existing portfolio investments	4,738,963	-
Principal repayments	(9,986,123)	(66,036)
Sales of investments	(986,294)	-
Change in premiums, discounts and amortization	130,770	2,725
Net unrealized appreciation on investments	878,401	119,991
Realized loss on investments	35,642	-
Ending portfolio investment activity, at fair value	$ 129,932,275	$ 32,789,637
Number of portfolio investments	76	28
Average investment amount, at cost	$ 1,696,402	1,166,773
Percentage of investments at floating rates	100.00%	100.00%

As of September 30, 2016 and December 31, 2015, our entire portfolio consisted of non-controlled/non-affiliated investments.

RECENT DEVELOPMENTS

Subsequent to September 30, 2016 and through November 14, 2016, we invested $11,094,302 at cost in 5 new portfolio companies.

RESULTS OF OPERATIONS

Revenue

The net increase or decrease in net assets from operations may vary substantially from period to period as a result of various factors, including the recognition of realized gains and/or losses and net change in unrealized appreciation and depreciation.

Net investment income for the three and nine months ended September 30, 2016 and for the three months ended September 30, 2015 and for the period January 29, 2015 (date of inception) through September 30, 2015 , is presented in the table below.

	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	For the Period January 29, 2015 (date of inception) through September 30, 2015
Total investment income from non-controlled/non-affiliated investments	$ 1,810,166	$ 192,098	$ 4,333,380	$ 192,098
Total other interest income	12,061	1,998	40,615	1,998
Total other income	7,948	-	25,261	-
Total net expenses	(317,546)	(425,655)	(1,475,769)	(963,805)
Net investment income	$ 1,512,629	$ (231,559)	$ 2,923,487	$ (769,709)

Total investment income for the three and nine months ended September 30, 2016, was driven by our interest income from our increasing investment balance. As of September 30, 2016, the size of our portfolio was $128,926,584 at amortized cost, with total principal amount outstanding of $130,449,894. Total investment income for the three months ended September 30, 2015 and for the period January 29, 2015 (date of inception) through September 30, 2015, was driven by our interest income from our increasing investment balance. As of September 30, 2015, the size of our portfolio was $32,669,646 at amortized cost, with total principal amount outstanding of $32,923,168.

Expenses

Total expenses net of waivers for the three and nine months ended September 30, 2016 and for the three months ended September 30, 2015 and for the period January 29, 2015 (date of inception) through September 30, 2015, were as follows:

	Three months ended September 30, 2016	**Three months ended September 30, 2015**	**Nine months ended September 30, 2016**	**For the period January 29, 2015 (date of inception) through September 30, 2015**
Base management fee[(a)]	$ 327,577	$ 84,695	$ 856,763	$ 84,695
Incentive fee[(a)]	231,638	-	231,638	-
Administrative fee[(a)]	66,250	68,125	198,750	75,323
Organizational costs	-	4,060	-	304,724
Directors' fees	45,000	45,000	135,000	135,000
Professional fees	125,825	238,340	523,107	371,007
Other expenses	(119,499)	15,078	74,971	22,699
Total expenses	676,791	455,298	2,020,229	993,448
Management fee waivers[(a)]	(114,652)	(29,643)	(299,867)	(29,643)
Incentive fee waivers[(a)]	(200,218)	-	(200,218)	-
Administrative fee waivers (a)	(44,375)	-	(44,375)	-
Total expenses, net of waivers	$ 317,546	$ 425,655	$ 1,475,769	$ 963,805

(a) Refer to Note 4-*Related Party Transactions* within the financial statements for a description of the relevant fees.

Base management fees before waivers for the three and nine months ended September 30, 2016 were driven by our increasing invested balance. For the three and nine months ended September 30, 2016, we accrued gross base management fees before waivers of $327,577 and $856,763, respectively. Offsetting those fees during such periods were base management fee waivers of $114,652 and $299,867, respectively. For the three and nine months ended September 30, 2016, we accrued incentive fees related to net investment income before waivers of $231,638. Offsetting those fees during such periods were incentive fee waivers of $200,218. Additionally, we accrued $66,250 and $198,750 of administrative fees for the three and nine months ended September 30, 2016, respectively. Offsetting those fees during such periods were base administrative fee waivers of $44,375 for the three and nine months ended September 30, 2016. Base management fees before waivers for the three months ended September 30, 2015 and for the period from January 29, 2015 (date of inception) through September 30, 2015 were driven by our increasing invested balance. For the three months ended September 30, 2015 and for the period from January 29, 2015 (date of inception) through September 30, 2015, we accrued gross base management fees before waivers of $84,695, respectively. Offsetting those fees during such periods, we received base management fee waivers of $29,643. We accrued $68,125 and $75,323 for the three months ended September 30, 2015 and for the period January 29, 2015 (date of inception) through September 30, 2015 of administrative fees. Refer to Note 4 — *Related Party Transactions* in the notes accompanying our financial statements for more information related to base management fees, incentive fees and waivers.

Since our formation on January 29, 2015, we have incurred expenses related to our formation and registration and offerings of our common stock. We incurred organizational costs of $4,060 and $304,724 for the three months ended September 30, 2015 and for the period from January 29, 2015 (date of inception) to September 30, 2015, respectively.

During the three months ended September 30, 2016, we incurred professional fees of $125,825 related to audit fees, tax fees, and legal fees. For the nine months ended September 30, 2016, we incurred professional fees of $523,107 related to audit fees, tax fees, and legal fees. During the three months ended September 30, 2015 and for the period from January 29, 2015 (date of inception) to September 30, 2015, we incurred professional fees of $238,340, and $371,007, respectively related to audit fees, tax fees, and legal fees.

We also incurred expenses related to fees paid to our independent directors of $45,000 and $135,000 for the three and nine months ended September 30, 2016, respectively. We incurred expenses related to fees paid to our independent directors of $45,000 and $135,000 for the three months ended September 30, 2015 and for the period January 29, 2015 (date of inception) through September 30, 2015, respectively.

During the three months ended September 30, 2016, we received a rebate from Delaware related to the 2015 Delaware state corporate franchise tax of $145,828, which was included within other expenses within the Statement of Operations.

Unrealized Appreciation on Investments

Net change in unrealized appreciation on investments for the three and nine months ended September 30, 2016 and for the three months ended September 30, 2015 and for the period January 29, 2015 (date of inception) through September 30, 2015, is presented in the table below.

Type	Three Months ended September 30, 2016	Nine Months ended September 30, 2016
First Lien Debt	$ 276,009	$ 748,859
Second Lien Debt	99,568	129,542
Net unrealized appreciation/(depreciation) on investments	$ 375,577	$ 878,401

Net change in unrealized appreciation on investments was primarily due to an increase in performance of our portfolio companies and changes in the capital market conditions.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

We generate cash primarily from the net proceeds of any offering of the shares of our common stock, par value $0.001 per share, (each, a “Share”), from cash flows from interest and fees earned from our investments, and from principal repayments and proceeds from sales of our investments. Our primary use of cash is investments in portfolio companies, payments of our expenses and cash distributions to our stockholders. As of September 30, 2016 and December 31, 2015, we had cash of $29,915,053 and $43,155,376, respectively.

Operating Activities

Net cash used in the operating activities for the nine months ended September 30, 2016 was $60,087,589. The primary operating activity during this period was investment in portfolio companies. This was partially offset by repayments of bank loans and proceeds from investments sold. Net cash used in operating activities for the period from January 29, 2015 (date of inception) through September 30, 2015 was $21,747,142. The primary operating activity during this period was investment in portfolio companies. This was partially offset by an increase in payable for investments purchased.

As of September 30, 2016, we had 8 investments with unfunded commitments of $3,613,277. We believe that, as of September 30, 2016, we had sufficient assets to adequately cover any obligations under our unfunded commitments.

The following table summarizes our total portfolio activity during the nine months ended September 30, 2016 and for the period from January 29, 2015 (date of inception) through September 30, 2015:

	Nine Months Ended September 30, 2016	For the Period January 29, 2015 (Date of Inception) through September 30, 2015
Beginning investment portfolio	$ 61,378,152	$ -
Investments in new portfolio investments	73,742,764	32,732,957
Investments in existing portfolio investments	4,738,963	-
Principal repayments	(9,986,123)	(66,036)
Proceeds from sales of investments	(986,294)	-
Net unrealized appreciation depreciation on investments	878,401	119,991
Net realized loss on investments	35,642	-
Net change in premiums, discounts and amortization	130,770	2,725
Investment Portfolio, at Fair Value	$ 129,932,275	$ 32,789,637

Financing Activities

Net cash provided by our financing activities for the nine months ended September 30, 2016 was $37,847,266 from issuances of 3,929,831 of Shares to our shareholders, in connection with our capital calls during the period. These capital calls were partially offset by a distribution of $152,734, or $0.012 per share. Net cash provided by our financing activities for the period from January 29, 2015 (date of inception) through September 30, 2015 was $62,001,000 from issuances of 6,499,394 of shares of common stock to our shareholders, in connection with our capital calls during the period and the initial purchase of shares by Audax Group, L.P.

Equity Activity

An investor made a $140,000,000 capital commitment to the Company during the period from January 29, 2015 (date of inception) through December 31, 2015. As of September 30, 2016, all of the Company's capital commitments had been funded.

The number of shares issued and outstanding as of September 30, 2016 and December 31, 2015 were 14,680,630 and 10,750,799, respectively.

Distributions to Stockholders – Common Stock Distributions

We have elected to be treated as a RIC for U.S. federal income tax purposes. As a RIC, we generally are not subject to corporate-level U.S. federal income tax on ordinary income or capital gains that we timely distribute to our stockholders. To qualify to be taxed as a RIC and thus avoid corporate-level federal income tax on the income that we distribute, we are required to distribute to our stockholders each taxable year generally of an amount at least equal to 90% of our investment company taxable income, determined without regard to the deduction for any dividends paid. To avoid a 4% excise tax on undistributed earnings, we are required to distribute to our stockholders in respect of each calendar year of an amount at least equal to the sum of (i) 98% of our ordinary income (taking into account certain deferrals and elections) for such calendar year, (ii) 98.2% of our capital gain net income, adjusted for certain ordinary losses, for the one-year period ending October 31 of that calendar year and (iii) any income or capital gains recognized, but not distributed, in preceding calendar years and on which we paid no federal income tax. We intend to make distributions to stockholders on an annual basis of substantially all of our net investment income. Although we intend to make distributions of net capital gains, if any, at least annually, out of assets legally available for such distributions, we may in the future decide to retain such capital gains for investment. In addition, the extent and timing of special dividends, if any, will be determined by our Board of Directors and will largely be driven by portfolio specific events and tax considerations.

We may fund our cash distributions from any sources of funds available, including offering proceeds, borrowings, net investment income from operations, proceeds from the sale or disposition of assets, dividends or other distributions paid to us on account of preferred and common equity investments in portfolio companies and fee waivers from our Adviser. Our distributions may exceed our earnings, especially during periods before we have substantially invested the proceeds from an offering. As a result, a portion of the distributions we may represent a return of capital for U.S. federal income tax purposes. Thus the source of a distribution to our stockholders may be the original capital invested by the stockholder rather than our income or gains. In addition, we may be limited in our ability to make distributions due to the asset coverage test for borrowings applicable to us as a BDC under the 1940 Act. We declared and paid to our shareholders aggregate distributions for the three and nine months ended September 30, 2016 of $152,734, or $0.012 per share. This distribution was declared and recorded on September 20, 2016 and payable on September 23, 2016. We estimate that the full amount of the distributions declared and paid during such period will be characterized, for U.S. federal income tax purposes, as ordinary income. During the period January 29, 2015 (date of inception) through December 31, 2015, we made one distribution of $259,976, or $0.04 per Share. This distribution was declared, recorded, and payable on December 18, 2015. $126,128 of the distributions declared and paid during such period was characterized, for U.S. federal income tax purposes, as ordinary income and $133,848 of such distributions was characterized as a return of capital.

The determination of the tax attributes of our distributions is made annually at the end of our taxable year, based upon our taxable income for the full taxable year and distributions paid for the full taxable year. Therefore, a determination made on an interim basis may not be representative of the actual tax attributes of distributions for a full year. The actual tax characteristics of distributions to stockholders will reported to stockholders subject to information reporting after the close of each calendar year on Form 1099-DIV.

Related Party Fees

For the three and nine months ended September 30, 2016, the Company recorded management fees of $327,577 and $856,763, respectively, and waivers to the management fees of $114,652 and $299,867, respectively, as set forth within the accompanying statements of operations. For the three months ended September 30, 2015 and for the period January 29, 2015 (date of inception) through September 30, 2015, the Company recorded management fees and waivers to the management fees of $84,695 and $29,643.

For the three and nine months ended September 30, 2016, the Company recorded incentive fees of $231,638 and waivers to the incentive fees of $200,218, as set forth within the accompanying statements of operations. The Company did not accrue or waive any incentive fee for the period January 29, 2015 (date of inception) through September 30, 2015 within the accompanying statements of operations.

For the three and nine months ended September 30, 2016, the Company recorded administrative fees of $66,250 and $198,750, respectively, and waivers to the administrative fees of $44,375, as set forth within the accompanying statements of operations. The Company accrued administrative fees of $68,125 and $75,323 for the three months ended September 30, 2015 and for the period January 29, 2015 (date of inception) through September 30, 2015, respectively.

Fees due to related parties as of September 30, 2016 and December 31, 2015 on our accompanying statements of assets and liabilities were as follows:

	September 30, 2016	December 31, 2015
Net management fee due to adviser	$ 212,925	$ 112,131
Net incentive fee due to adviser	31,420	-
Other expenses due to adviser [(a)]	53,919	-
Total fees due to Adviser, net of waivers	298,264	112,131
Fee due to Administrator	21,875	189,677
Total Related Party Fees Due	$ 320,139	$ 301,808

(a) Expenses paid on behalf of the Company by the Adviser

Tender Offers

We do not currently intend to list the Shares on any securities exchange, and we do not expect a public market for them to develop in the foreseeable future. Therefore, stockholders should not expect to be able to sell their Shares promptly or at a desired price. To provide our stockholders with limited liquidity, we may, in the absolute discretion of our Board of Directors, conduct an annual tender offer. Our tenders for the Shares, if any, would be conducted on such terms as may be determined by our Board of Directors and in accordance with the requirements of applicable law, including Section 23(c) of the 1940 Act and Regulation M under the Exchange Act. We have not commenced any tender offers, and we do not currently intend to conduct any tender offers.

CRITICAL ACCOUNTING POLICIES

This discussion of our operations is based upon our financial statements, which are prepared in accordance with GAAP. The preparation of these financial statements requires our management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses.

Changes in the economic environment, financial markets and any other parameters used in determining such estimates could cause actual results to differ. In addition to the discussion below, we describe our critical accounting policies in the notes to our financial statements.

Valuation of Investments

We conduct the valuation of our investments, pursuant to which our net asset value is determined, at all times consistent with GAAP and the 1940 Act. Our Board of Directors, with the assistance of our Audit Committee, determines the fair value of our investments, for investments with a public market, daily, and for investments with no readily available public market, on at least a quarterly basis, in accordance with the terms of ASC 820. Our valuation procedures are set forth in more detail below.

ASC 820 defines fair value as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.” Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same – to estimate the price when an orderly transaction to sell the asset or transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

ASC 820 establishes a hierarchal disclosure framework which ranks the observability of inputs used in measuring financial instruments at fair value. The observability of inputs is impacted by a number of factors, including the type of financial instruments and their specific characteristics. Financial instruments with readily available quoted prices, or for which fair value can be measured from quoted prices in active markets, generally will have a higher degree of market price observability and a lesser degree of judgment applied in determining fair value.

The three-level hierarchy for fair value measurement is defined as follows:

Level 1 — Inputs to the valuation methodology are quoted prices available in active markets for identical financial instruments as of the measurement date. The types of financial instruments in this category include unrestricted securities, including equities and derivatives, listed in active markets. We do not adjust the quoted price for these instruments, even in situations where we hold a large position, and a sale could reasonably be expected to impact the quoted price.

Level 2 — Inputs to the valuation methodology are quoted prices in markets that are not active or for which all significant inputs are either directly or indirectly observable as of the measurement date. The types of financial instruments in this category include less liquid and restricted securities listed in active markets, securities traded in markets that are not active, government and agency securities, and certain over-the-counter derivatives where the fair value is based on observable inputs.

Level 3 — Inputs to the valuation methodology are unobservable and significant to the overall fair value measurement, and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. The types of financial instruments in this category include investments in privately held entities, non-investment grade residual interests in securitizations, collateralized loan obligations, and certain over-the-counter derivatives where the fair value is based on unobservable inputs.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given financial instrument is based on the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the financial instrument.

Pursuant to the framework set forth above, we value securities traded in active markets on the measurement date by multiplying the exchange closing price of such traded securities/instruments by the quantity of shares or amount of the instrument held. We also obtain quotes with respect to certain of our investments from pricing services, brokers or dealers' quotes, or counterparty marks in order to value liquid assets that are not traded in active markets.

Pricing services aggregate, evaluate and report pricing from a variety of sources including observed trades of identical or similar securities, broker or dealer quotes, model-based valuations and internal fundamental analysis and research. When doing so, we determine whether the quote obtained is sufficient according to GAAP to determine the fair value of the security. If determined adequate, we use the quote obtained.

Securities that are illiquid or for which the pricing source does not provide a valuation or methodology or provides a valuation or methodology that, in the judgment of our Board of Directors, does not represent fair value, are each valued as of the measurement date using all techniques appropriate under the circumstances and for which sufficient data are available. These valuation techniques vary by investment but include comparable public market valuations, comparable precedent transaction valuations and discounted cash flow analyses. The process used to determine the applicable value is as follows: (i) each portfolio company or investment is initially valued by the investment professionals of the Adviser responsible for the portfolio investment using a standardized template designed to approximate fair market value based on observable market inputs and updated credit statistics and unobservable inputs; (ii) preliminary valuation conclusions are documented and discussed with our senior management and members of our Adviser's valuation team; (iii) our Audit Committee reviews the assessments of the Adviser and provides our Board of Directors with recommendations with respect to the fair value of the investments in our portfolio; and (iv) our Board of Directors discusses the valuation recommendations of our Audit Committee and determines the fair value of the investments in our portfolio in good faith based on the input of the Adviser and in accordance with our valuation policy.

Our Audit Committee’s recommendation of fair value is generally based on its assessment of the following factors, as relevant:

- the nature and realizable value of any collateral;
- call features, put features and other relevant terms of debt;
- the portfolio company’s ability to make payments;
- the portfolio company’s actual and expected earnings and discounted cash flow;
- prevailing interest rates for like securities and expected volatility in future interest rates;
- the markets in which the issuer does business and recent economic and/or market events; and
- comparisons to publicly traded securities.

Investment performance data utilized are the most recently available as of the measurement date, which in many cases may reflect up to a one quarter lag in information.

Securities for which market quotations are not readily available or for which a pricing source is not sufficient may include the following:

- private placements and restricted securities that do not have an active trading market;
- securities whose trading has been suspended or for which market quotes are no longer available;
- debt securities that have recently gone into default and for which there is no current market;
- securities whose prices are stale; and
- securities affected by significant events.

Our Board of Directors is ultimately responsible for the determination, in good faith, of the fair value of our portfolio investments.

Determination of fair value involves subjective judgments and estimates. Accordingly, the notes to our financial statements express the uncertainty with respect to the possible effect of such valuations, and any change in such valuations, on our financial statements.

Security transactions are recorded on trade date (date the order to buy or sell is executed or, in the case of privately issued securities, the closing date, which is when all terms of the transactions have been defined). Realized gains and losses on investments are determined based on the identified cost method.

Refer to Note 3 — *Investments* in the notes to our accompanying financial statements included elsewhere in this annual report for additional information regarding fair value measurements and our application of ASC 820.

Revenue Recognition

We record interest income on an accrual basis to the extent that we expect to collect such amounts. For loans and debt securities with contractual PIK interest, which represents contractual interest accrued and added to the principal balance, we generally will not accrue PIK interest for accounting purposes if the portfolio company valuation indicates that such PIK interest is not collectible. We do not accrue as a receivable interest on loans and debt securities for accounting purposes if we have reason to doubt our ability to collect such interest. OID, market discount and premium are respectively accreted and amortized using the effective interest method in determining our interest income. We record prepayment premiums on loans and debt securities as interest income.

Net Realized Gains or Losses and Net Change in Unrealized Appreciation or Depreciation

We measure net realized gains or losses by the difference between the net proceeds from the repayment or sale and the amortized cost basis of the investment, without regard to unrealized appreciation or depreciation previously recognized, but considering unamortized upfront fees and prepayment penalties. Net change in unrealized appreciation or depreciation reflects the change in portfolio investment values during the reporting period, including any reversal of previously recorded unrealized appreciation or depreciation, when gains or losses are realized.

PIK Interest

We may have investments in our portfolio that contain a PIK interest provision. Any PIK interest will be added to the principal balance of such investments and is recorded as income if the portfolio company valuation indicates that such PIK interest is collectible. In order to maintain our ability to be subject to tax as a RIC, substantially all of this income must be included in the amounts paid out by us to stockholders in the form of dividends, even if we have not collected any cash.

Organization and Offering Expenses

The Company did not incur any organizational costs for the three or nine months ended September 30, 2016. We incurred organizational costs of $4,060 and $304,724 for the three months ended September 30, 2015 and for the period January 29, 2015 (date of inception) through September 30, 2015, respectively. Organization costs included the cost of incorporating, including the cost of legal services and other fees pertaining to the Company’s organization. These costs were expensed on the Company’s statement of operations as incurred. The Company also incurred offering costs of $145,358 in prior periods. The Company’s offering costs included legal fees and other costs pertaining to the preparation of the Company’ Registration Statement and sale of the Company’s shares of common stock. The Company capitalized these expenses and amortized them on a straight-line basis over a twelve-month period. The amortization is included within professional fees and other expenses within the statement of operations and amounted to $0 and $72,679 for the three and nine months ended September 30, 2016, respectively. The amortization is included within professional fees and other expenses within the Statement of Operations and amounted to $36,339 for the period January 29, 2015 to September 30, 2015.

U.S. Federal Income Taxes

We have elected to be taxed as a RIC under Subchapter M of the Code. As a RIC, we generally are not subject to corporate-level federal income taxes on any ordinary income or capital gains that we distribute as dividends to our stockholders. To qualify and maintain our qualification as a RIC, we must meet certain source-of-income and asset diversification requirements. In addition, in order to be subject to tax as a RIC, we are required to distribute dividends to our stockholders each taxable year of an amount generally at least equal to 90% of our investment company taxable income.

Depending on the level of taxable income earned in a taxable year, we may choose to retain taxable income in excess of current year distributions into the next taxable year in an amount less than what would trigger payments of federal income tax under Subchapter M of the Code. We would then be subject to a 4% excise tax on such undistributed taxable income, as required. To the extent that we determine that our estimated current year annual taxable income may exceed estimated current year distributions, we accrue excise tax, if any, on estimated excess taxable income as taxable income is earned. We did not accrue any excise tax for the fiscal year ended December 31, 2015 and for the nine-month period ended September 30, 2016.

Because federal income tax regulations differ from GAAP, distributions in accordance with tax regulations may differ from net investment income and realized gains recognized for financial reporting purposes. Differences may be permanent or temporary. Permanent differences are reclassified within capital accounts in the financial statements to reflect their tax character. Permanent differences may also result from differences in classification in certain items, such as the treatment of short-term gains as ordinary income for tax purposes. Such reclassifications, including as a result of distributions representing a return of capital, have no impact on our net assets. Temporary differences arise when certain items of income, expense, gain or loss are recognized at some time in the future.

We evaluate tax positions taken or expected to be taken in the course of preparing our financial statements to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the "more-likely-than-not" threshold are reversed and recorded as a tax benefit or expense in the current fiscal year. All penalties and interest associated with income taxes are included in income tax expense. Conclusions regarding tax positions are subject to review and may be adjusted at a later date based on factors including, but not limited to, ongoing analyses of tax law, regulations and interpretations thereof. Our accounting policy on income taxes is critical because if we are unable to maintain our tax status as a RIC, we generally would be required to record a provision for corporate-level U.S. federal income taxes, as well as any related state or local taxes which may be significant to our financial results.

COMMITMENTS AND CONTINGENCIES

From time to time, we, or the Adviser, may become party to legal proceedings in the ordinary course of business, including proceedings related to the enforcement of our rights under contracts with our portfolio companies. Neither we nor the Adviser is currently subject to any material legal proceedings.

Unfunded commitments to provide funds to portfolio companies are not reflected in our accompanying statements of assets and liabilities. Our unfunded commitments may be significant from time to time. These commitments are subject to the same underwriting and ongoing portfolio maintenance as are the on-balance sheet financial instruments that we hold. Since these commitments may expire without being drawn, the total commitment amount does not necessarily represent future cash requirements. We use cash flow from normal and early principal repayments and proceeds from borrowings and offerings to fund these commitments. As of September 30, 2016, we had eight investments with unfunded commitments of $3,613,277. We believe that, as of September 30, 2016, we had sufficient assets to adequately cover any obligations under our unfunded commitments.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are subject to financial market risks, including changes in interest rates. As a result, there can be no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income. As of September 30, 2016, all of our investments included variable rates or variable rates with a floor.

Assuming that the accompanying statements of assets and liabilities as of September 30, 2016 were to remain constant and that we took no actions to alter interest rate sensitivity as of such date, the following table shows the annualized impact of hypothetical base rate changes in interest rates.

Change in interest rates	Increase (decrease) in interest income	Increase (decrease) in interest expense	Net increase (decrease) in investment income
Down 300 basis points	$ -	$ -	$ -
Down 200 basis points	-	-	-
Down 100 basis points	-	-	-
Up 100 basis points	688,731	-	688,731
Up 200 basis points	1,993,230	-	1,993,230
Up 300 basis points	3,297,729	-	3,297,729

In addition, any investments we make that are denominated in a foreign currency will be subject to risks associated with changes in currency exchange rates. These risks include the possibility of significant fluctuations in the foreign currency markets, the imposition or modification of foreign exchange controls and potential illiquidity in the secondary market. These risks will vary depending upon the currency or currencies involved.

We may hedge against interest rate and currency exchange rate fluctuations by using standard hedging instruments such as futures, options and forward contracts subject to the requirements of the 1940 Act. While hedging activities may insulate us against adverse changes in interest rates, they may also limit our ability to participate in benefits of lower interest rates with respect to our portfolio of investments with fixed interest rates.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As of September 30, 2016 (the end of the period covered by this report), our management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness and design and operation of our disclosure controls and procedures. Based on that evaluation, our management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective at a reasonable assurance level in timely alerting management, including the Chief Executive Officer and Chief Financial Officer, of material information about us required to be included in periodic SEC filings. However, in evaluation of the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, that occurred during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II–OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are not currently subject to any material legal proceeding, nor, to our knowledge, is any material legal proceeding threatened against us.

From time to time, we, our Adviser or Administrator may be a party to certain legal proceedings in the ordinary course of business, including proceedings relating to the enforcement of our rights under contracts with our portfolio companies. While the outcome of these legal proceedings cannot be predicted with certainty, we do not expect that these proceedings will have a material effect upon our financial condition or results of operations.

From time to time, we are involved in various legal proceedings, lawsuits and claims incidental to the conduct of our business. Our businesses are also subject to extensive regulation, which may result in regulatory proceedings against us.

ITEM 1A. RISK FACTORS

There have been no changes to the risk factors described in Part I, Item 1A “Risk Factors” of our Annual Report.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

On September 15, 2016, we delivered a capital drawdown notice to our investors relating to the sale of 1,952,724 Shares for an aggregate offering price of $19 million (the "Private Offering"). The Private Offering closed on September 29, 2016.

The Private Offering was exempt from the registration requirements of the Securities Act of 1933, as amended, pursuant to Section 4(a)(2) thereof. The Company did not engage in general solicitation or advertising with regard to the Private Offering and did not offer securities to the public in connection with such issuance and sale. The investors who purchased Common Stock were all accredited investors.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

3.1	Amended and Restated Certificate of Incorporation (Incorporated by reference to Exhibit 3.1 to the Registration Statement on Form 10 (File no. 000-55426), filed on April 17, 2015).
3.2	Form of Bylaws (Incorporated by reference to Exhibit 3.2 to the Registration Statement on Form 10 (File no. 000-55426), filed on April 17, 2015).
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, as amended (18 U.S.C. 1350).
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, as amended (18 U.S.C. 1350).
99.1	Code of Ethics (Incorporated by reference to Exhibit 99.1 to Pre-Effective Amendment No. 1 to the Registration Statement on Form 10, File No. 000-55426, filed on June 5, 2015)
99.2	Administrative Fee Waiver Letter, dated as of November 10, 2016, by and between the Company and the Administrator

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Audax Credit BDC Inc.

Date: November 14, 2016	By:	/s/ Michael P. McGonigle Michael P. McGonigle Chief Executive Officer
Date: November 14, 2016	By:	/s/ Richard T. Joseph Richard T. Joseph Chief Financial Officer

https://www.sec.gov/Archives/edgar/data/1633858/000114420416134208/v452993_10q.... 11/28/2016