



# TCP Capital Corp. Investor Presentation

## Quarter Ended September 30, 2017

# Forward Looking Statements

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Prospective investors considering an investment in TCP Capital Corp. should consider the investment objectives, risks and expenses of the Company carefully before investing. This information and other information about the Company are available in the Company's filings with the Securities and Exchange Commission ("SEC"). Copies are available on the SEC's website at [www.sec.gov](http://www.sec.gov) and the Company's website at <http://www.tcpcapital.com>. Prospective investors should read these materials carefully before investing.

This presentation may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on estimates, projections, beliefs and assumptions of management of the Company at the time of such statements and are not guarantees of future performance. Forward-looking statements involve risks and uncertainties in predicting future results and conditions. These forward-looking statements do not meet the safe harbor for forward-looking statements pursuant to Section 27A of the Securities Act or Section 21E of the Securities Exchange Act. Actual results could differ materially from those projected in these forward-looking statements due to a variety of factors, including, without limitation, changes in general economic conditions or changes in the conditions of the industries in which the Company makes investments, risks associated with the availability and terms of financing, changes in interest rates, availability of transactions, and regulatory changes. Certain factors that could cause actual results to differ materially from those contained in the forward-looking statements are included in the "Risks" section of the Company's shelf registration statement declared effective on May 3, 2017, and the Company's subsequent periodic filings with the SEC. Copies are available on the SEC's website at [www.sec.gov](http://www.sec.gov) and the Company's website at <http://www.tcpcapital.com>. Forward-looking statements are made as of the date of this presentation, or as of the prior date referenced in this presentation, and are subject to change without notice. The Company has no duty and does not undertake any obligation to update or revise any forward-looking statements based on the occurrence of future events, the receipt of new information, or otherwise.

## TCPC

- Business development company (BDC)
- Trades on NASDAQ: "TCPC"
- Expects to distribute most of its earnings as dividends<sup>(1)</sup>
- 8.9% current dividend yield<sup>(2)</sup>

## Investment Objective

We seek to generate high total returns through current income and capital appreciation, with an emphasis on principal protection

## Leveraged Loans

Focused on direct origination of senior secured loans to stable middle-market borrowers:

- Contractual first claim ahead of subordinated debt and equity
- Assets pledged as collateral
- Interest payments typically floating rate

(1) There can be no assurance that dividends will continue at current rates or that quarterly cash distributions will be made.

(2) Based on a closing price of \$16.10 as of 11/3/2017.

# Dividend Stability

- Net investment income<sup>(1)</sup> of \$0.38 per share
  - Quarterly dividend of \$0.36 per share paid on September 30, 2017
- Declared Q4 2017 dividend of \$0.36 per share
  - Payable on December 29, 2017 to holders of record as of December 15, 2017
- Dividend covered each quarter since inception

	2012 <sup>(2)</sup>			2013				2014				2015				2016				2017			
Per Share	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	ITD Total
Regular dividend	0.34	0.35	0.35	0.35	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	7.87
Net investment income	0.40	0.43	0.59	0.49	0.38	0.40	0.38	0.39	0.40	0.38	0.38	0.37	0.44	0.40	0.43	0.38	0.38	0.39	0.36	0.38	0.43	0.38	8.96
Regular dividend coverage	118%	123%	169%	140%	104%	110%	106%	107%	111%	104%	106%	103%	122%	110%	118%	106%	106%	108%	100%	106%	119%	106%	114%
Special dividend			0.05	0.05			0.05		0.05		0.05												0.25

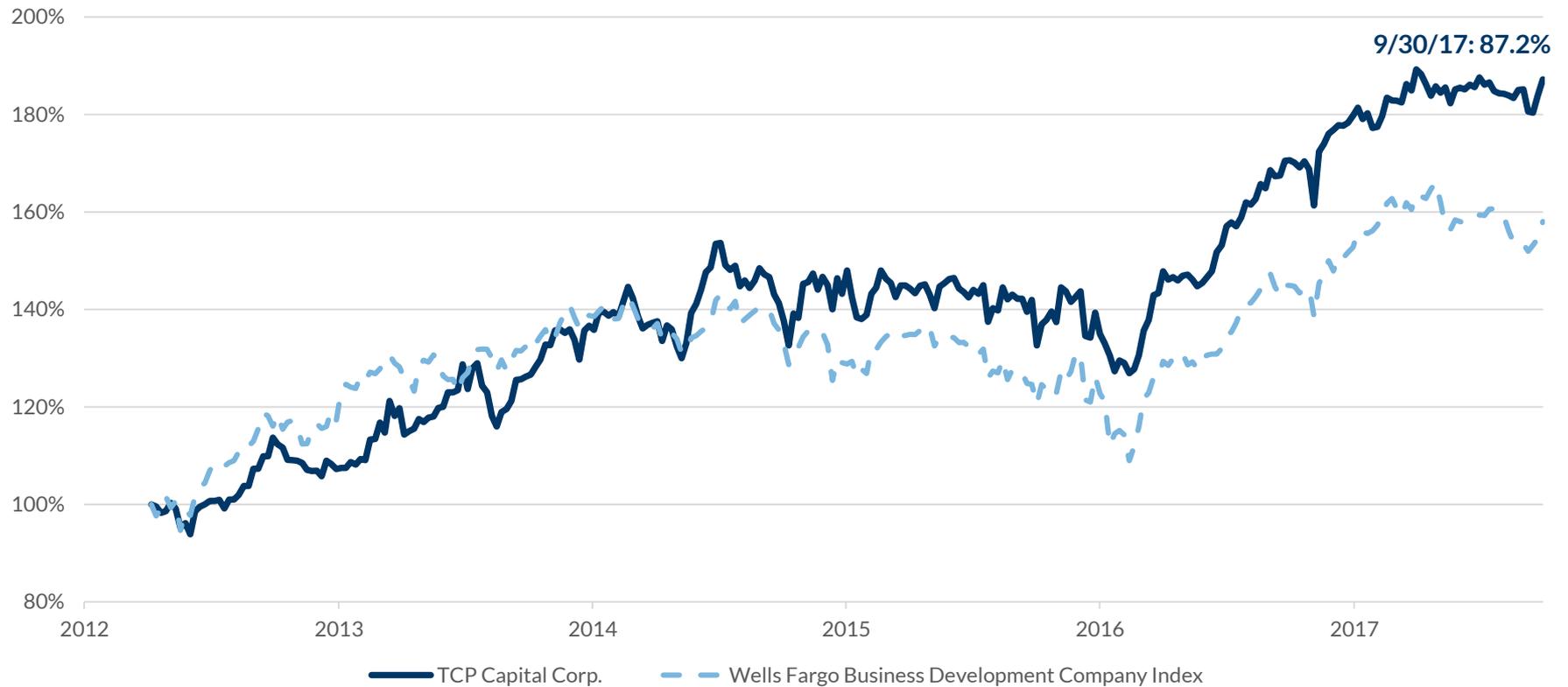
(1) After incentive compensation.

(2) Incentive compensation was waived prior to January 1, 2013.

# TCPC Comparative Performance

Out-performed the Wells Fargo BDC Index

Total Return Performance<sup>(1)</sup>

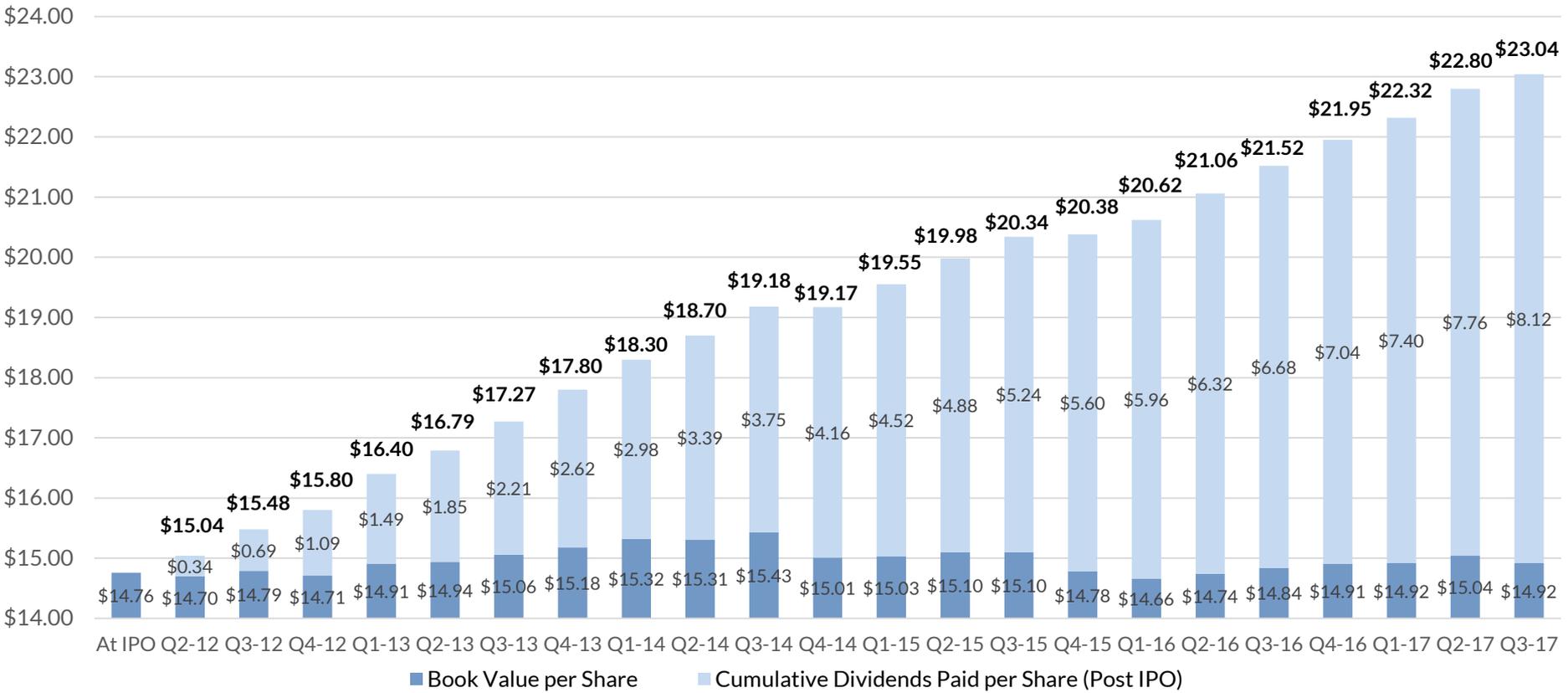


— TCP Capital Corp.    - - - Wells Fargo Business Development Company Index

(1) Assumes a fixed investment on April 6, 2012 in TCP Capital Corp. and the Wells Fargo Business Development Company Index. Assumes all dividends are reinvested on the respective dividend payment dates without commissions. Source: FactSet.

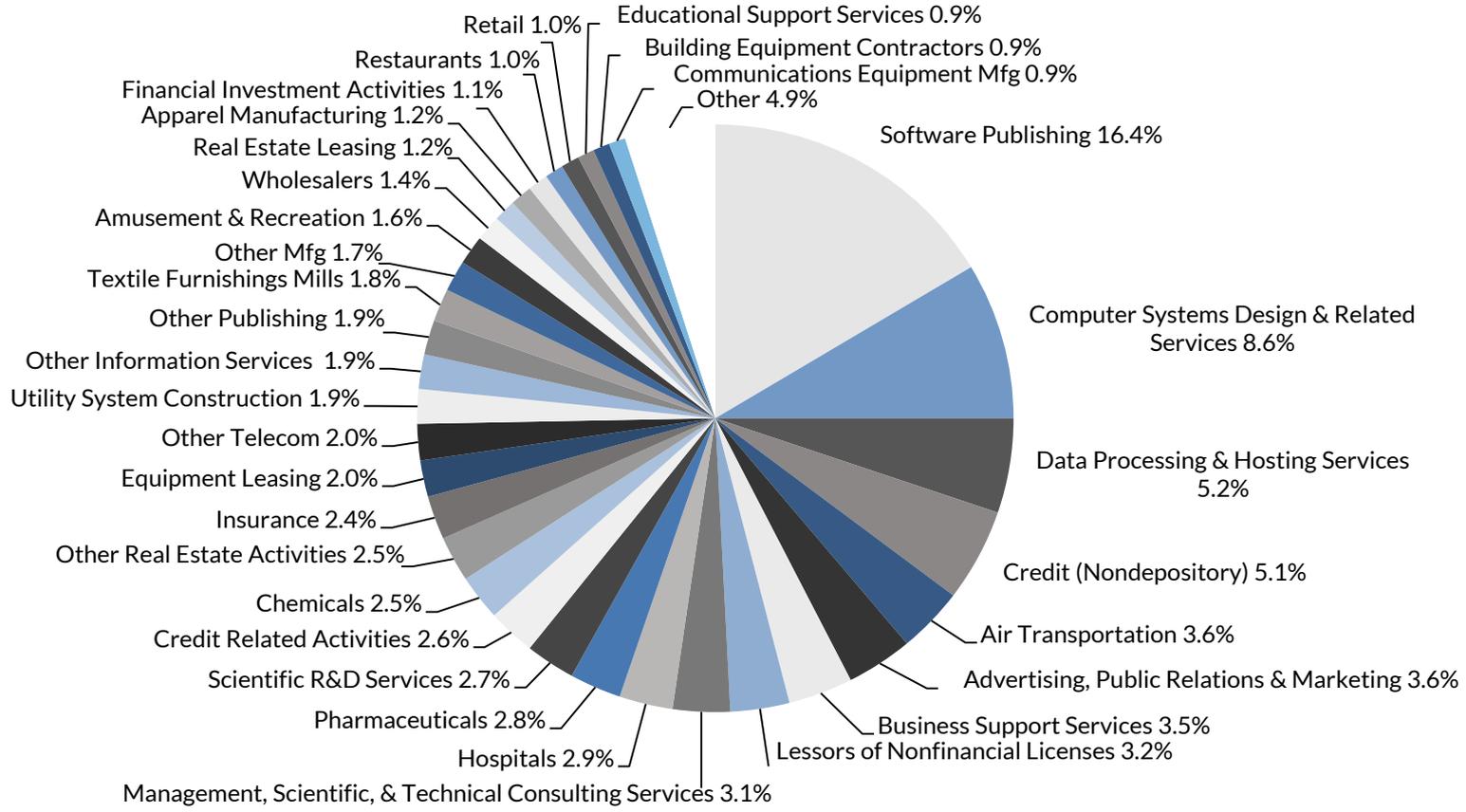
# Strong Track Record of Positive Performance

## Book Value per Share and Dividends Paid



# Portfolio Highlights as of September 30, 2017

- \$1.5 billion portfolio fair value
- 89% of debt portfolio is floating rate
- 96% of portfolio is senior secured debt
- 10.95% weighted average effective yield on debt portfolio<sup>(1)</sup>

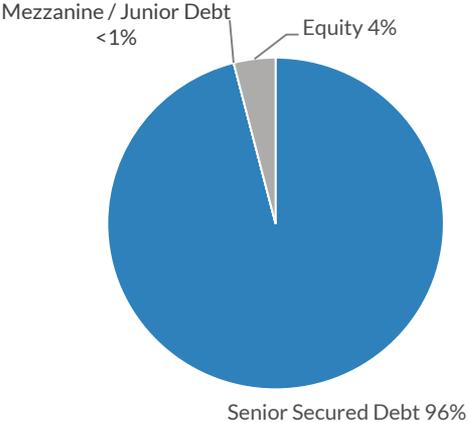


(1) Weighted average annual effective yield includes amortization of deferred debt origination and exit fees and original issue discount, but excludes market discount, any repayment and make-whole fee income, and any debt investments on non-accrual status.

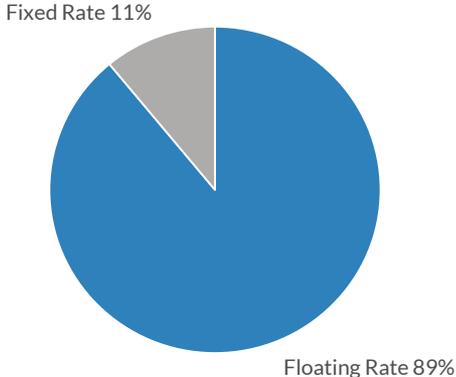
# Conservatively Positioned Portfolio

As of September 30, 2017

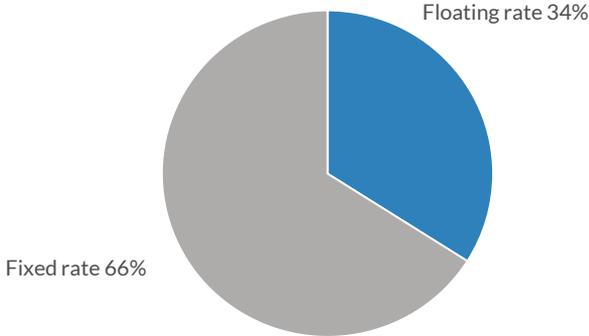
**Portfolio by Asset Type**



**Debt Portfolio by Interest Type**



**Leverage by Interest Type**



**Positive annual impact on net income of base rate increases in interest rates:<sup>(1)</sup>**

Basis Point Change	Net Investment Income	Net Investment Income Per Share
Up 300 basis points	+\$36,838,135	\$0.63
Up 200 basis points	+\$26,019,293	\$0.44
Up 100 basis points	+\$15,200,452	\$0.26
Down 100 basis points	(\$4,035,379)	(\$0.07)
Down 200 basis points	(\$3,997,791)	(\$0.07)

(1) Please refer to page 73 of the Company's 10-Q as of September 30, 2017.

# Portfolio Highlights

<b>Asset Mix of the Investment Portfolio</b> <i>(in thousands)</i>	<b>Q3 2017</b>	<b>Q2 2017</b>	<b>Q1 2017</b>	<b>Q4 2016</b>	<b>Q3 2016</b>
Senior secured debt	\$ 1,463,295	\$ 1,378,055	\$ 1,273,608	\$ 1,248,888	\$ 1,221,182
Mezzanine/subordinated debt	-	-	-	-	-
Equity	65,455	67,893	64,902	66,082	55,248
Total investments	1,528,750	1,445,948	1,338,510	1,314,970	1,276,430

<b>Portfolio Activity</b> <i>(in thousands)</i>	<b>Q3 2017</b>	<b>Q2 2017</b>	<b>Q1 2017</b>	<b>Q4 2016</b>	<b>Q3 2016</b>
Gross new commitments	\$ 245,683	\$ 266,918	\$ 139,793	\$ 207,402	\$ 146,640
Exits (includes repayments)	158,060	158,968	117,033	179,233	108,179
Net commitments	87,623	107,950	22,760	28,169	38,461

# Quarterly Operating Results

	Three Months Ended				
	(Unaudited; dollar amounts in thousands, except per share data)				
	9/30/2017	6/30/2017	3/31/2017	12/31/2016	9/30/2016
Investment income					
Interest income	\$ 42,341	\$ 45,982	\$ 38,780	\$ 39,104	\$ 38,277
Lease income	74	74	75	74	71
Dividend income	-	17	-	-	-
Other income	874	158	488	349	121
Total investment income	<u>43,289</u>	<u>46,231</u>	<u>39,343</u>	<u>39,527</u>	<u>38,469</u>
Expenses					
Interest and other debt expenses	8,213	7,896	7,755	7,615	6,199
Management and advisory fees	5,611	5,079	4,934	4,905	4,816
Administrative expenses	597	567	590	426	430
Legal fees, professional fees and due diligence expenses	288	561	278	537	550
Other expenses	1,011	1,092	904	1,891	809
Total expenses	<u>15,721</u>	<u>15,195</u>	<u>14,461</u>	<u>15,374</u>	<u>12,804</u>
Net investment income before taxes	<u>27,568</u>	<u>31,036</u>	<u>24,882</u>	<u>24,153</u>	<u>25,665</u>
Excise taxes	-	-	-	569	-
Net investment income	<u>27,568</u>	<u>31,036</u>	<u>24,882</u>	<u>23,584</u>	<u>25,665</u>
Net realized and unrealized gain (loss)	(7,436)	(4,601)	(470)	4,054	209
Incentive allocation distributions	<u>(5,514)</u>	<u>(6,207)</u>	<u>(4,976)</u>	<u>(4,717)</u>	<u>(5,133)</u>
Net increase in net assets to common equity	<u>\$ 14,618</u>	<u>\$ 20,228</u>	<u>\$ 19,436</u>	<u>\$ 22,921</u>	<u>\$ 20,741</u>
Earnings per share	\$ 0.25	\$ 0.35	\$ 0.37	\$ 0.43	\$ 0.39
Net investment income per share <sup>(1)</sup>	\$ 0.38	\$ 0.43	\$ 0.38	\$ 0.36	\$ 0.39
Dividend per share	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36
Weighted average common shares outstanding	58,792,204	57,275,565	53,041,902	53,041,753	52,736,835
Ending common shares outstanding	58,792,364	58,792,202	53,042,047	53,041,900	53,041,751

(1) After incentive compensation and taxes.

# Financial Highlights

(\$ per share)	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Net investment income before taxes	\$ 0.47	\$ 0.54	\$ 0.47	\$ 0.46	\$ 0.49
Excise taxes	-	-	-	(0.01)	-
Incentive compensation on NII	(0.09)	(0.11)	(0.09)	(0.09)	(0.10)
Net investment income, after incentive <sup>(1)</sup>	0.38	0.43	0.38	0.36	0.39
Net realized & unrealized gains (losses)	(0.13)	(0.08)	(0.01)	0.07	-
Net increase in net assets from operations	0.25	0.35	0.37	0.43	0.39
Dividend paid	(0.36)	(0.36)	(0.36)	(0.36)	(0.36)
Premium on issuance of securities	-	0.13	-	-	0.07
Net asset value	14.92	15.04	14.92	14.91	14.84
	<b>Q3 2017</b>	<b>Q2 2017</b>	<b>Q1 2017</b>	<b>Q4 2016</b>	<b>Q3 2016</b>
Total fair value of investments (000s)	\$ 1,528,750	\$ 1,445,948	\$ 1,338,510	\$ 1,314,970	\$ 1,276,430
Number of portfolio companies	97	94	88	90	88
Average investment size (000s)	\$ 15,760	\$ 15,382	\$ 15,210	\$ 14,611	\$ 14,505
Debt/equity ratio <sup>(1)</sup>	.68x	.59x	.70x	.66x	.74x

(1) Excludes SBIC debt, which is exempt from regulatory asset coverage requirements.

# Quarterly Balance Sheets

<i>(in thousands, except per share data)</i>	<u>9/30/2017</u> <i>(unaudited)</i>	<u>6/30/2017</u> <i>(unaudited)</i>	<u>3/31/2017</u> <i>(unaudited)</i>	<u>12/31/2016</u> <i>(audited)</i>	<u>9/30/2016</u> <i>(unaudited)</i>
<b>ASSETS</b>					
Investments at fair value	\$ 1,528,750	\$ 1,445,948	\$ 1,338,510	\$ 1,314,970	\$ 1,276,430
Cash and cash equivalents	71,930	41,574	55,964	53,580	140,874
Accrued interest income	19,850	15,161	14,896	13,692	12,120
Receivable for investments sold	13,414	14,143	-	-	6,307
Other assets	8,171	8,882	4,712	5,356	6,098
Total assets	<u>1,642,115</u>	<u>1,525,708</u>	<u>1,414,082</u>	<u>1,387,598</u>	<u>1,441,829</u>
<b>LIABILITIES</b>					
Debt, net of unamortized issuance costs	\$ 665,378	\$ 586,724	\$ 608,357	\$ 571,659	\$ 631,702
Payable for investments purchased	85,545	40,430	2,057	12,349	9,151
Incentive allocation payable	5,514	6,207	4,976	4,717	5,133
Interest payable	4,527	5,402	4,672	5,014	4,520
Other liabilities	3,754	3,003	2,741	2,924	4,215
Total liabilities	<u>764,718</u>	<u>641,766</u>	<u>622,803</u>	<u>596,662</u>	<u>654,721</u>
<b>NET ASSETS</b>	<u>\$ 887,397</u>	<u>\$ 883,942</u>	<u>\$ 791,279</u>	<u>\$ 790,936</u>	<u>\$ 787,108</u>
<b>NET ASSETS PER SHARE</b>	<u>\$ 14.92</u>	<u>\$ 15.04</u>	<u>\$ 14.92</u>	<u>\$ 14.91</u>	<u>\$ 14.84</u>

# Best-In-Class Advisory Fee Structure

	Typical Externally Managed BDCs <sup>(1)</sup>	TCP Capital Corp.
Base Management Fee	<ul style="list-style-type: none"> <li>1.5% - 2.0% on gross assets</li> </ul>	<ul style="list-style-type: none"> <li>1.5% on gross assets (less cash and cash equivalents)</li> </ul>
Incentive Fee Hurdle	<ul style="list-style-type: none"> <li>2.0% quarterly return on NAV</li> </ul>	<ul style="list-style-type: none"> <li>2.0% quarterly return on NAV</li> </ul>
Incentive Compensation	<ul style="list-style-type: none"> <li>Capital Gains: 20% of cumulative net realized gains less net unrealized depreciation</li> <li>Ordinary Income: 20% subject to quarterly hurdle rate calculated quarterly</li> </ul>	<ul style="list-style-type: none"> <li>Capital Gains: 20% of cumulative net realized gains less net unrealized depreciation, subject to a <u>cumulative (infinite), annualized 8% total return hurdle</u></li> <li>Ordinary Income: 20% subject to a <u>cumulative (infinite), annualized 8.0% total return hurdle</u></li> </ul>
		<p>✓ Subject to cumulative high water mark</p>

(1) Source: SEC filings.

# Diversified Sources of Funding

As of September 30, 2017

Source	Capacity	Drawn Amount	Available	Pricing	Maturity
SVCP Revolver	\$116.0mm	\$30.0mm	\$86.0mm	L + 2.50%	Jul-18
2019 Convertible Senior Unsecured Notes	\$106.9mm <sup>(1)</sup>	\$106.9mm	-	5.25%	Dec-19
2022 Convertible Senior Unsecured Notes	\$137.3mm <sup>(2)</sup>	\$137.3mm	-	4.625%	Mar-22
2022 Notes	\$124.6mm <sup>(3)</sup>	\$124.6mm	-	4.125%	Aug-22
TCPC Funding Facility	\$350.0mm	\$200.0mm	\$150.0mm	L + 2.50% <sup>(4)</sup>	Apr-21
SBA Debentures	\$150.0mm	\$75.0mm	\$75.0mm	2.57% <sup>(5)</sup>	2024-2027
Total leverage	\$984.8mm	\$673.8mm	\$311.0mm	4.12% <sup>(6)</sup>	
Cash			\$71.9mm		
Net settlements			\$(72.1)mm		
Unamortized debt issuance costs		\$(8.4)mm			
Net		\$665.4mm	\$310.8mm		

TCPC is rated BBB- by Standard & Poor's with outlook stable

(1) \$108 million par. Carrying value shown.

(2) \$140 million par. Carrying value shown.

(3) \$125 million par. Carrying value shown.

(4) Rate is L + 2.25% subject to certain draw requirements.

(5) Weighted average interest rate, excluding fees of 0.36%.

(6) Combined weighted-average interest rate on amounts outstanding.

# Contact Information

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## **Investor Relations**

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## **Transfer Agent**

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