



# Wells Fargo Investment Thought Leadership Forum

## December 2017

Howard Levkowitz

Chairman & CEO, TCP Capital Corp.

Managing Partner & Co-Founder,  
Tennenbaum Capital Partners

# 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.

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# Overview

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# Established Platform – Tennenbaum Capital Partners (“Tennenbaum”)

## Externally Managed by Tennenbaum

**Over \$8 billion** in committed capital under management

**20-year<sup>(1)</sup>** scaled national platform focused on middle-market credit investing

**\$18.5+ billion** invested across 500+ companies

**Long-term relationships** with sponsors and deal sources

## Experienced Team with Diverse Skills

**19 industry-focused** verticals with senior experienced professionals investing across asset classes

**75+** team members, plus an Advisory Board of senior operating executives

**North America-focused**, regional coverage with offices in Los Angeles, New York, San Francisco and Atlanta

**In-house legal expertise** with significant experience protecting creditors' rights

(1) Tennenbaum's predecessor entity was founded in 1996. The firm was organized in its current structure in 1999.

# Overview of Tennenbaum Capital Platform

## Tennenbaum

Over \$8 billion of committed capital  
under management<sup>(1)</sup>

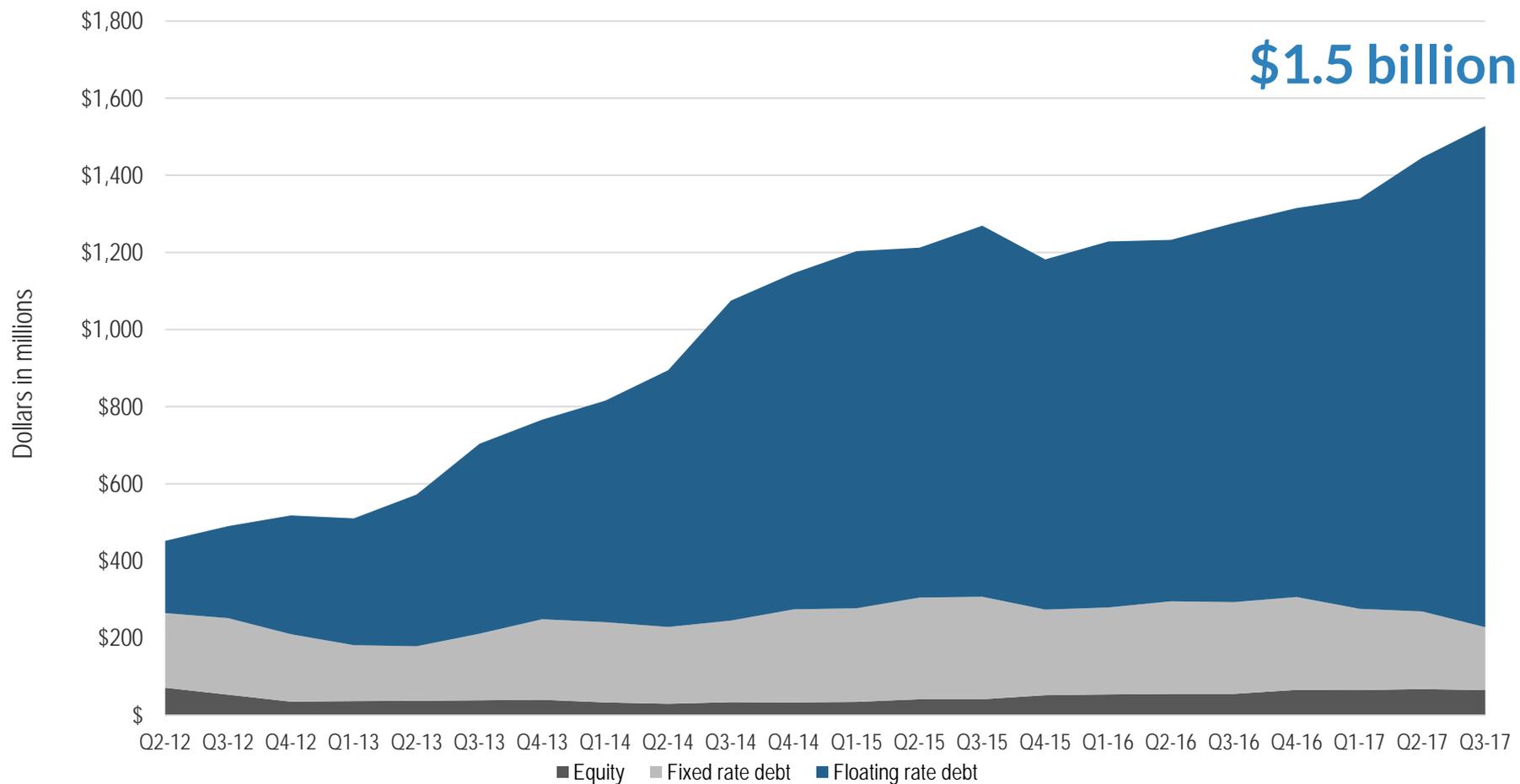
Registered Fund

TCP Capital Corp.  
(NASDAQ: TCPC)  
*Publicly-traded BDC*

Private Institutional  
Vehicles

(1) As of December 1, 2017.

# Portfolio Growth Since IPO



# 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>
		<ul style="list-style-type: none"> <li>✓ Subject to cumulative high water mark</li> </ul>

(1) Source: SEC filings.

# Consistent Track Record of Out-Earning Dividend

- 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: 114% ITD

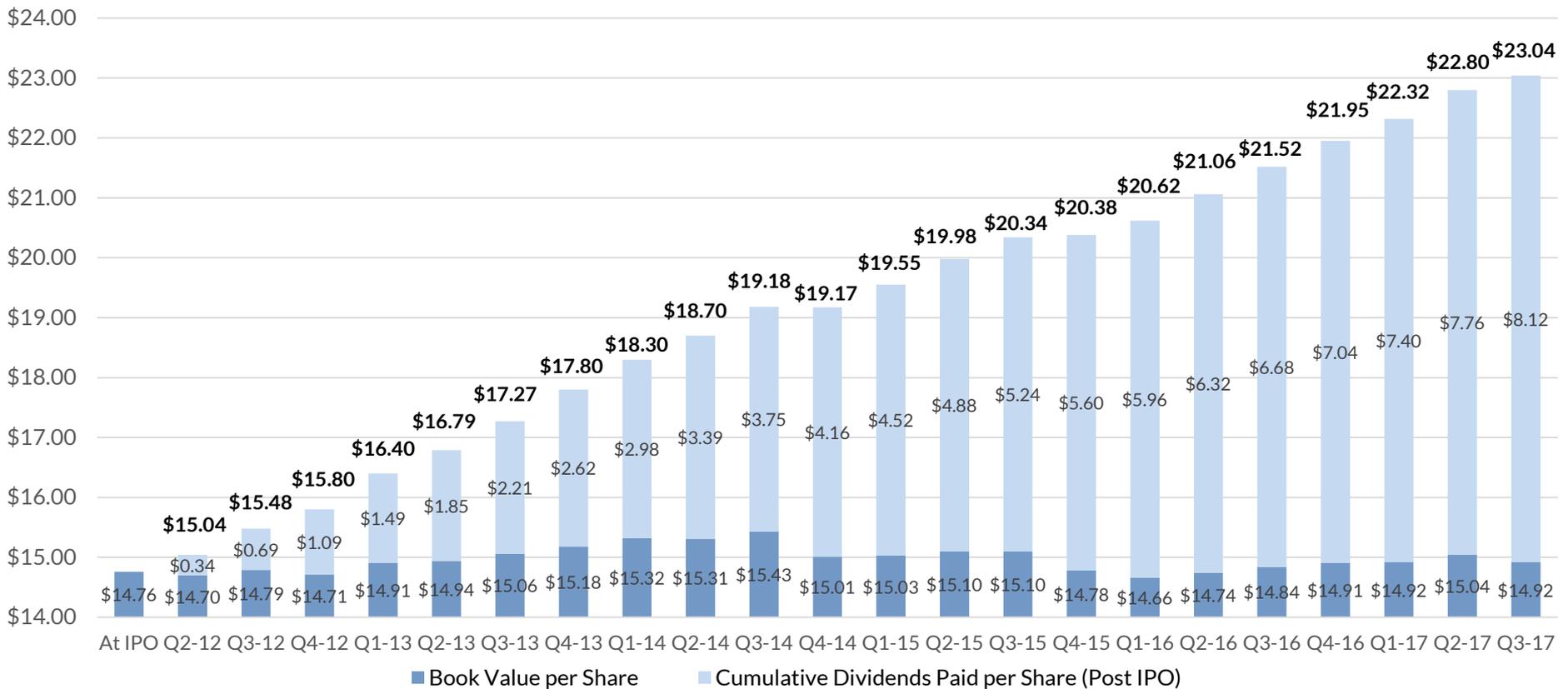
Per Share	2012 <sup>(2)</sup>			2013				2014				2015				2016				2017			ITD Total	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3		
Regular dividend	0.34	0.35	0.35	0.35	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	7.87
Net investment 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	<b>118%</b>	<b>123%</b>	<b>169%</b>	<b>140%</b>	<b>104%</b>	<b>110%</b>	<b>106%</b>	<b>107%</b>	<b>111%</b>	<b>104%</b>	<b>106%</b>	<b>103%</b>	<b>122%</b>	<b>110%</b>	<b>118%</b>	<b>106%</b>	<b>106%</b>	<b>108%</b>	<b>100%</b>	<b>106%</b>	<b>119%</b>	<b>106%</b>		<b>114%</b>
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.

# Strong Track Record of Performance

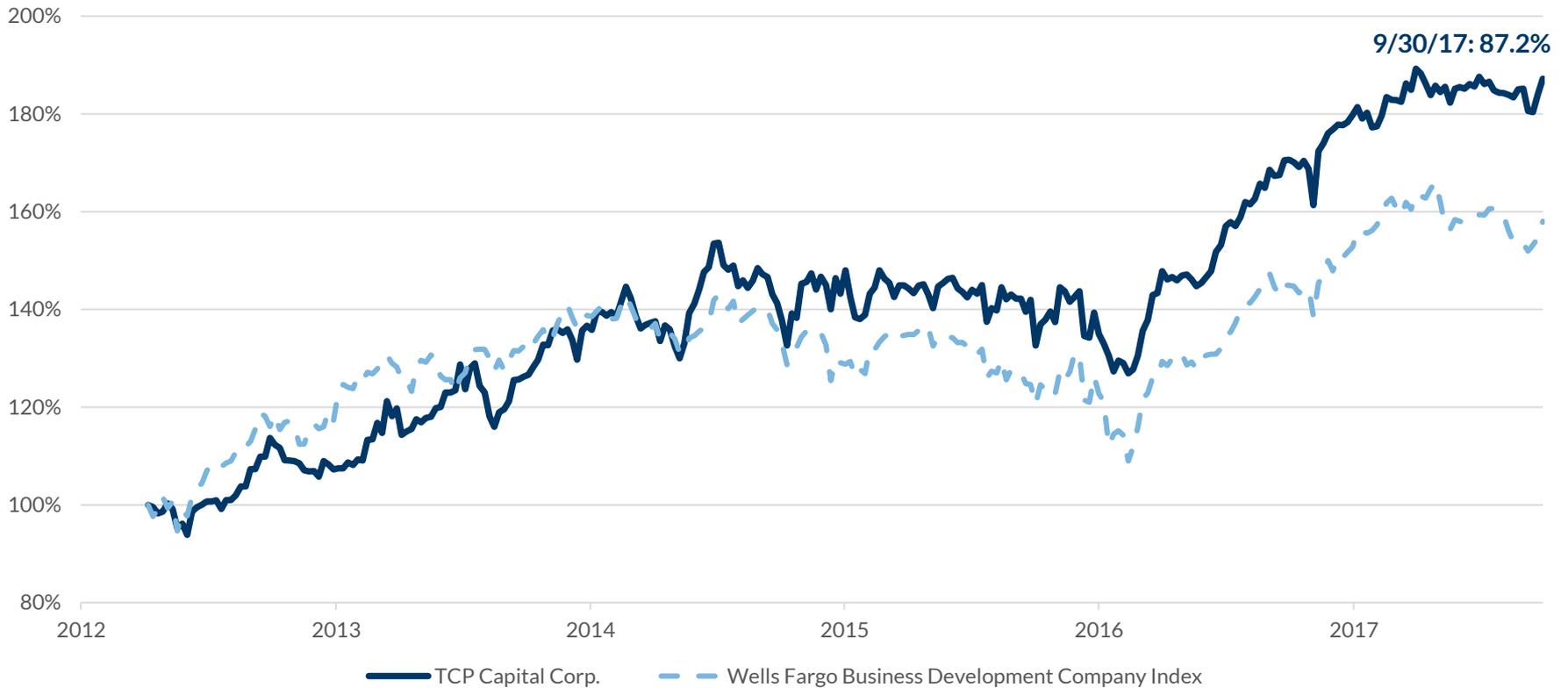
## Book Value per Share and Dividends Paid



# TCPC Comparative Performance

## Out-Performed the Wells Fargo BDC Index

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



9/30/17: 87.2%

— 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.

# Investment Strategy & Focus

## Return Focus

- Primarily current cash income with additional return from origination and structuring fees
- Potential capital appreciation
- Potential upside through equity participation

## Investment Focus

- Directly originated and newly originated leveraged loans and, to a lesser extent, secondary-market purchases
- Complex situations requiring specialized industry knowledge
- Principal protection

## Leveraged Loans

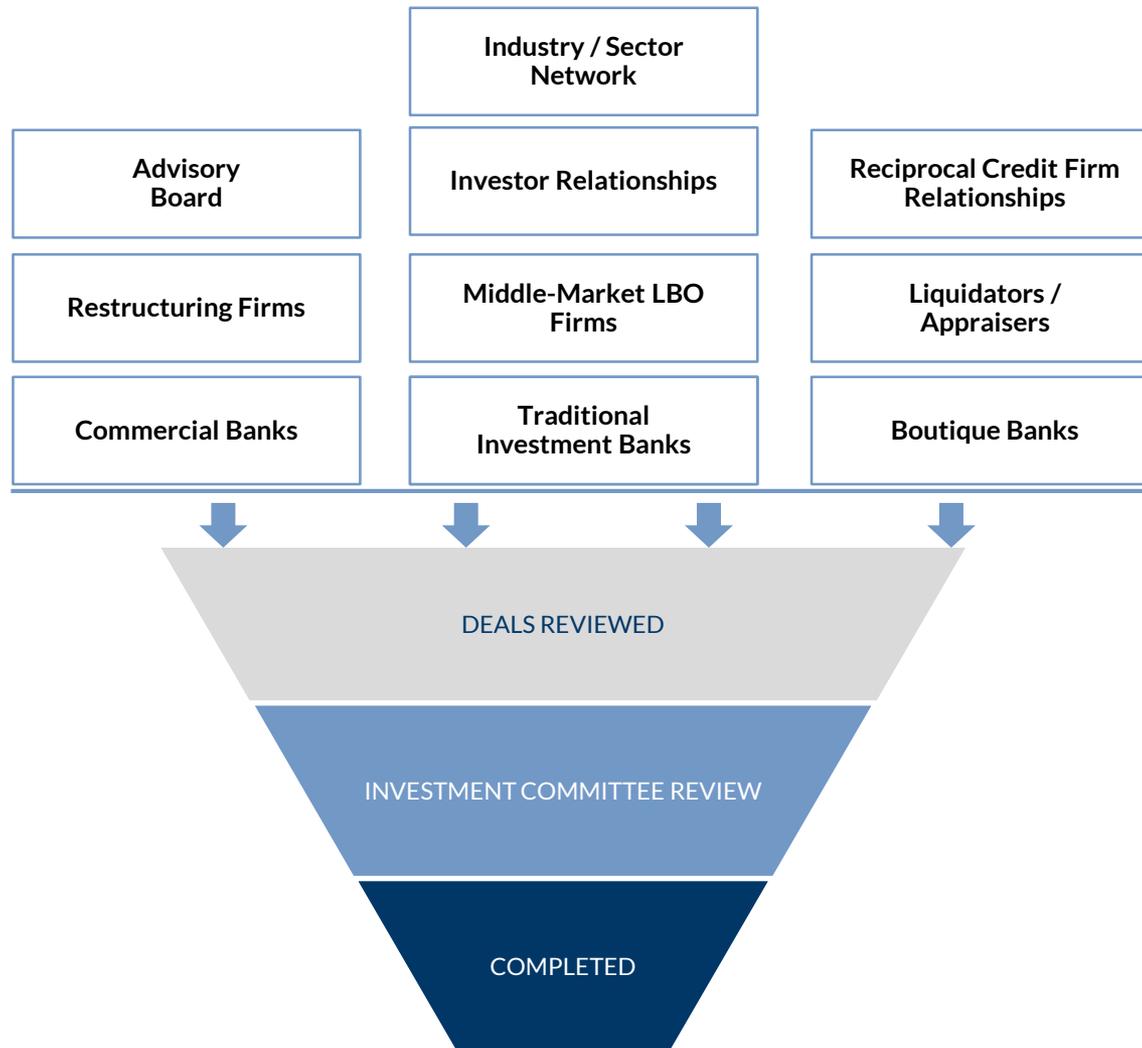
- Focused on direct origination of senior secured loans to stable middle-market borrowers:
- Contractual first claim ahead of subordinated debt and equity
  - Assets pledged as collateral
  - Interest payments typically floating rate

## Investment Size

- Generally \$10 to \$50 million; average investment size \$15.8 million
- May grow through time with capital base

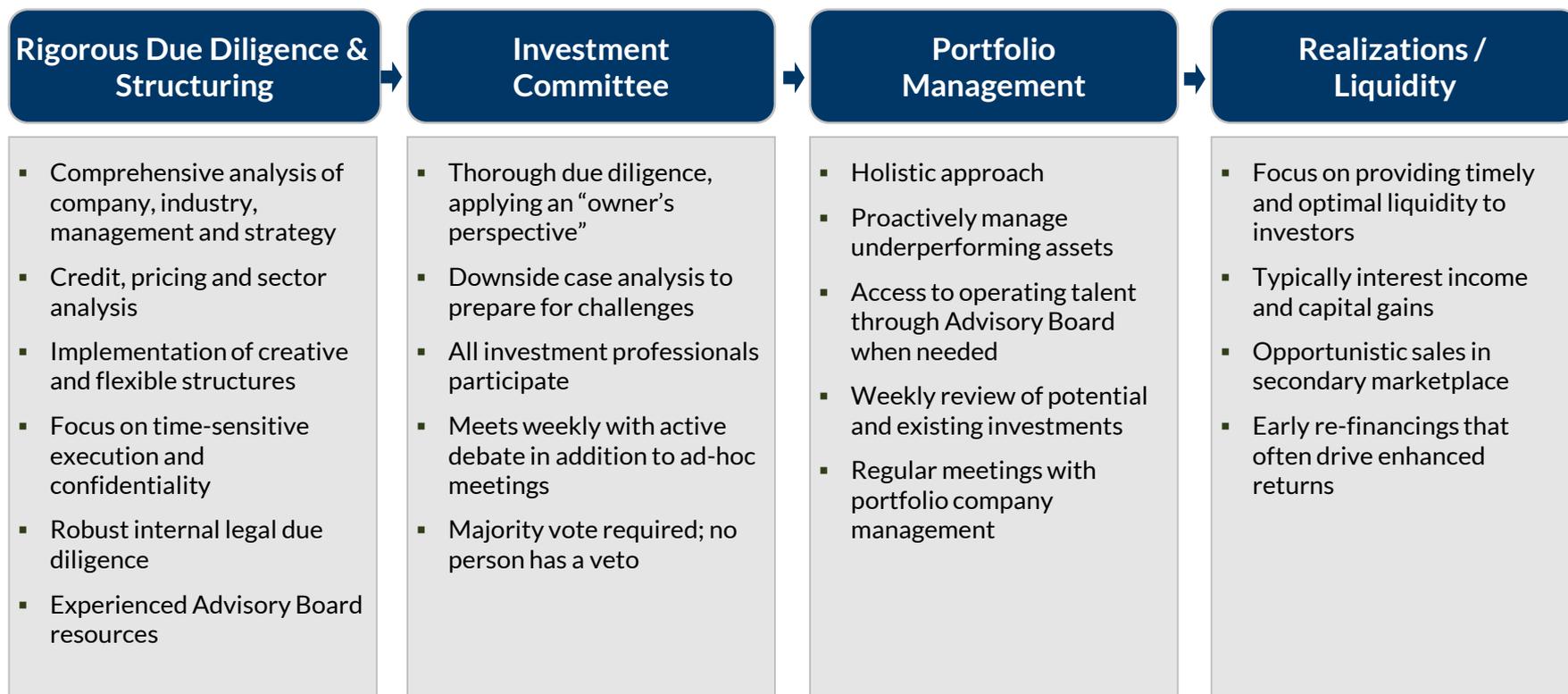
# Multi-Channel Deal Sourcing

Extensive and diverse sourcing network designed to generate attractive investments across market cycles



# Proven Investment Process

Over 20 years,<sup>(1)</sup> Tennenbaum has developed a proven, repeatable investment process



Tennenbaum’s industry deal teams are involved in every phase of a transaction

TCPC’s entire portfolio marked to market each quarter using third-party pricing and valuation sources

(1) Tennenbaum’s predecessor entity was founded in 1996. The firm was organized in its current structure in 1999.

# Middle-Market Credit Overview

Middle-market lending is increasingly dominated by non-traditional lenders as banks continue a secular shift away from the market

## Why have banks retreated from the market?

### Regulatory Changes

- Dodd Frank / Volcker Rule
- Basel III
- Stress tests (annual and mid-year)
- FDIC assessment fees
- Leveraged lending guidelines / Shared National Credits Program



### Consequences for Banks

- Increased capital ratios and liquidity required
- Reduced leverage and increased costs lead to lower ROE
- Lower growth prospects
- Restrictions on lending activities including more stringent underwriting criteria despite a more favorable current environment

Banks have retreated from middle-market lending...

... As the market continues to grow post-crisis

# Case Study\* - Aircraft Financing Industry Expertise (First to finance aircraft leases)

## Aircraft Financings



\* Case studies provide examples of investments made by TCPC and its investment process and approach. Not all investments following this process and approach have been profitable and there can be no guarantee that the investments profiled will be profitable. Additional information regarding all of TCPC's investments is available in its public filings.

Case Study\* – Blackline Systems (High Growth Software Company) → Follow on Investments



	Initial Transaction	Subsequent Investments
Date of Investment	September 2013	September 2015-2016
TCP Investment	\$25 million 11% LTV	Incremental \$35 million
Security	1 <sup>st</sup> Lien Term Loan with penny warrants	1 <sup>st</sup> Lien Term Loan
OID	2%	1%
Coupon	L+8.0%, 1.5% libor floor	L+8.0%, 1.5% libor floor
Maturity	5 years	2 years
Liquidity Developments	IPO at \$1.1 billion valuation. Prepaid with IPO proceeds. Warrants converted into stock.	

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# Case Study\* – KPC Healthcare, Inc. (Regional California Hospital System) → Repeat Borrower



	Initial Transaction	2nd Investment - Refinancing
<b>Date of Investment</b>	August 2015	February 2017
<b>TCP Investment</b>	\$55 million (par) (of \$140 million transaction)	\$77 million (par) (of \$77 million transaction)
<b>Security</b>	1 <sup>st</sup> Lien Term Loan	1 <sup>st</sup> Lien Term Loan
<b>OID</b>	97.25	99.25
<b>Coupon</b>	L+925 (floating rate)	L+900 bps (floating rate)
<b>Maturity</b>	5 years	3 years
<b>Liquidity Developments</b>	Prepaid in full at call price of 104 in February 2017	Repaid \$15 million one week after closing, taking total leverage below 2x. Prepaid in full in November 2017.

\* Case studies provide examples of investments made by TCPC and its investment process and approach. Not all investments following this process and approach have been profitable and there can be no guarantee that the investments profiled will be profitable. Additional information regarding all of TCPC's investments is available in its public filings.

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# Portfolio and Financial Review

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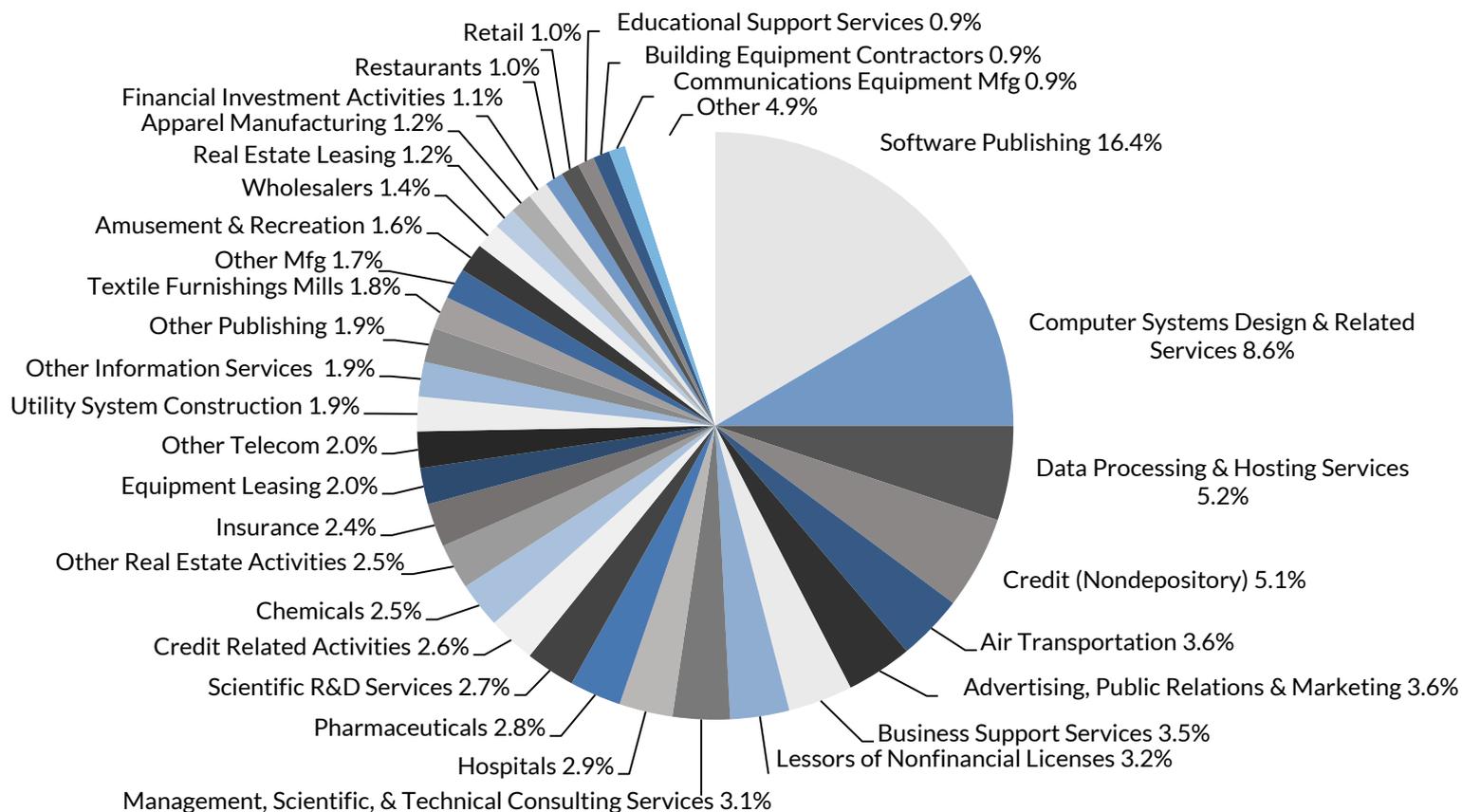
# Highly-Diversified Portfolio - Highlights as of September 30, 2017

- \$1.5 billion portfolio fair value

- 97 Companies are floating rate

- Largest investment is 3.0%; Five largest investments are 13.6%

- 11.0% weighted average effective yield on debt portfolio<sup>(1)</sup>

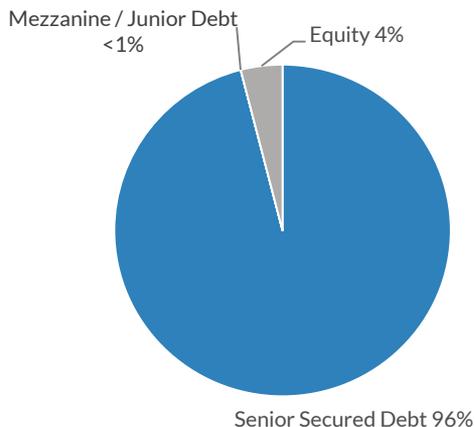


(1) Weighted average annual effective yield includes amortization of deferred debt origination and exit fees and original issue discount, but excludes market discount, any repayment and make-whole fee income, and any debt investments on non-accrual status.

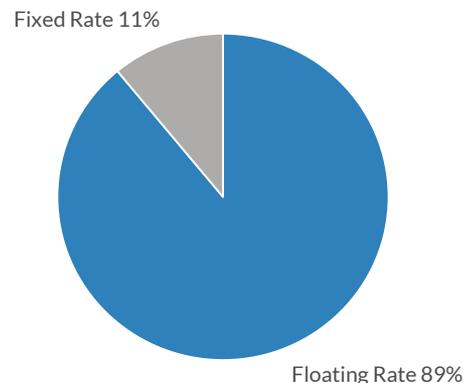
# Conservatively Positioned Portfolio

As of September 30, 2017

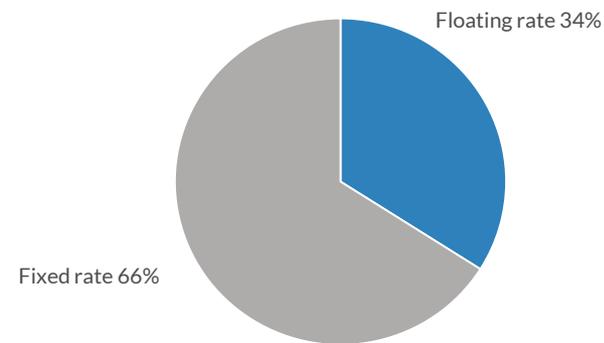
Portfolio by Asset Type



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.

# 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) \$175 million par, inclusive of October add-on financing. 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.

# 2017 Highlights

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- Out-earned our dividends by \$0.18 per share over the last four quarters
- Raised \$93 million in equity through a follow-on offering
- Closed \$175 million private placement of 4.125% notes
- Added new independent director, Kathleen Corbet
- Board of Directors renewed our \$50 million share repurchase plan

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# Conclusion

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# Key Highlights

## Established Direct Origination Platform

- Founded in 1996, inclusive of predecessor entity; Registered Investment Advisor since 2001
- More than \$18.5 billion invested in over 500 companies

## Diversified Portfolio

- Approximately \$1.5 billion portfolio with a 10.95% effective yield on the debt<sup>(1)</sup>
- Portfolio composed of 96% debt; 89% of debt is floating rate
- Income from established portfolio permits a dividend at a quarterly rate of \$0.36 per share, or a dividend yield of approximately 9.2%<sup>(2)</sup>

## Diversified Low Cost Of Financing

- \$989 million leverage program
- 4.12% average interest rate

## Strong Alignment with Public Investors

- Best-in-class advisory fee structure

(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.

(2) Based on a closing price of \$15.72 as of 11/15/2017.

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# Appendix

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# 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.

# 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

# Corporate Information

## Securities Listing

NASDAQ: TCPC

## Research Coverage

- Wells Fargo
- Bank of America Merrill Lynch
- Citigroup Global Markets
- D.A. Davidson
- Deutsche Bank
- JMP Securities
- Keefe, Bruyette & Woods
- National Securities
- Oppenheimer
- Raymond James

## Transfer Agent

Wells Fargo Shareholder Services  
(800) 468-9716 (from U.S.)  
(651) 450-4064 (from outside U.S.)  
[www.shareowneronline.com](http://www.shareowneronline.com)

## Corporate Headquarters

2951 28<sup>th</sup> Street  
Suite 1000  
Santa Monica, CA 90405

## Investor Relations

(310) 566-1094  
[investor.relations@tcpcapital.com](mailto:investor.relations@tcpcapital.com)  
[www.tcpcapital.com](http://www.tcpcapital.com)