TCP Capital Corp.
Form 10-Q
November 08, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Quarter Ended September 30, 2016

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number: 814-00899

TCP CAPITAL CORP.
(Exact Name of Registrant as Specified in Charter)

Delaware	56-2594706
(State or Other Jurisdiction of Incorporation)	(IRS Employer Identification No.)

2951 28 th Street, Suite 1000	
Santa Monica, California	90405
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code (310) 566-1000

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, par value $0.001 per share	NASDAQ Global Select Market
(Title of each class)	(Name of each exchange where registered)

Securities registered pursuant to Section 12(g) of the Act: None

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 and (2) has been subject to such filing requirements for the past 90 days: Yes 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, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer

Non-accelerated filer 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

The number of shares of the Registrant's common stock, $0.001 par value, outstanding as of November 8, 2016 was 53,041,751.

TCP CAPITAL CORP.

FORM 10-Q FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016

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TCP Capital Corp.

Consolidated Statements of Assets and Liabilities

	September 30, 2016 (unaudited)	December 31, 2015
Assets		
Investments, at fair value:		
Companies less than 5% owned (cost of $1,161,033,998 and $1,123,682,687, respectively)	$1,144,719,963	$1,099,208,475
Companies 5% to 25% owned (cost of $72,925,246 and $68,862,518, respectively)	68,900,676	69,008,931
Companies more than 25% owned (cost of $88,662,808 and $39,162,221, respectively)	62,809,253	14,702,319
Total investments (cost of $1,322,622,052 and $1,231,707,426, respectively)	1,276,429,892	1,182,919,725
Cash and cash equivalents	140,873,527	35,629,435
Receivable for investments sold	6,306,581	-
Accrued interest income:		
Companies less than 5% owned	11,067,134	8,842,528
Companies 5% to 25% owned	1,036,764	741,306
Companies more than 25% owned	15,919	29,230
Deferred debt issuance costs	4,216,157	5,390,241
Unrealized appreciation on swaps	-	3,229,442
Options (cost of $279,327 and $51,750, respectively)	460,972	-
Prepaid expenses and other assets	1,421,623	2,331,044
Total assets	1,441,828,569	1,239,112,951
Liabilities		
Debt, net of unamortized issuance costs	631,701,662	498,205,471
Payable for investments purchased	9,151,343	6,425,414
Incentive allocation payable	5,133,010	5,207,606
Interest payable	4,520,221	2,911,257
Payable to the Advisor	877,866	508,334
Accrued expenses and other liabilities	3,336,925	3,877,852
Total liabilities	654,721,027	517,135,934
Commitments and contingencies (Note 5)		
Net assets applicable to common shareholders	$787,107,542	$721,977,017
Composition of net assets applicable to common shareholders		
Common stock, $0.001 par value; 200,000,000 shares authorized, 53,041,751 and 48,834,734 shares issued and outstanding as of September 30, 2016 and December 31, 2015, respectively	$53,042	$48,834
Paid-in capital in excess of par	944,993,651	878,383,356
Accumulated net investment income	24,716,951	22,261,793
Accumulated net realized losses	(136,476,545)	(132,483,593)
Accumulated net unrealized depreciation	(46,179,557)	(46,233,373)
Net assets applicable to common shareholders	$787,107,542	$721,977,017

Net assets per share	$14.84	$14.78

See accompanying notes to the consolidated financial statements.
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TCP Capital Corp.

Consolidated Schedule of Investments (Unaudited)

September 30, 2016

Issuer	Instrument	Ref	Floor	Spread	Total Coupon	Maturity	Principal	Cost	Fair Value	% of Total Cash and Invest
Debt Investments (A)										
Activities Related to Real Estate										
Associations, Inc.	First Lien FILO Term Loan	LIBOR (Q)	1.00%	8.96 %	9.96 %	12/23/2019	$12,924,237	$12,795,214	$12,794,994	0.90
Advertising and Public Relations Services										
InMobi, Inc. (Singapore)	First Lien Delayed Draw Tranche 1 Term Loan (1.25% Exit Fee)	LIBOR (M)	0.33%	10.17%	10.98%	9/1/2018	$15,000,000	14,717,540	14,735,250	1.04
InMobi, Inc. (Singapore)	First Lien Delayed Draw Tranche 1 Term Loan	LIBOR (M)	0.33%	10.17%	N/A	9/1/2018	$–	-	-	-
InMobi, Inc. (Singapore)	First Lien Delayed Draw Tranche 1 Term Loan	LIBOR (M)	0.33%	10.17%	N/A	9/1/2018	$–	-	-	-
								14,717,540	14,735,250	1.04
Air Transportation										
Mesa Air Group, Inc.	Acquisition Loan	LIBOR (M)	-	7.25 %	7.81 %	7/15/2022	$14,545,227	14,324,197	14,836,131	1.05
Apparel Manufacturing										
Broder Bros., Co.	First Lien Term Loan (First Out)	LIBOR (Q)	1.25%	5.75 %	7.00 %	6/3/2021	$9,760,000	9,592,010	9,711,200	0.69
Broder Bros., Co.	First Lien Term Loan B (Last Out)	LIBOR (Q)	1.25%	12.25%	13.50%	6/3/2021	$9,840,000	9,675,719	9,741,600	0.69

JH Apparel Holdings, LLC	First Lien FILO Term Loan	LIBOR (M)	1.00%	9.60 %	10.60%	4/8/2019	$2,953,456	2,940,331	2,982,990	0.21%
								22,208,060	22,435,790	1.59%
Building Equipment Contractors										
Hylan Datacom & Electrical, LLC	First Lien Delayed Draw Term Loan	LIBOR (Q)	1.00%	7.50 %	8.50 %	7/25/2021	$–	-	-	-
Hylan Datacom & Electrical, LLC	First Lien Term Loan	LIBOR (Q)	1.00%	7.50 %	8.50 %	7/25/2021	$14,386,131	14,173,719	14,172,065	1.00%
								14,173,719	14,172,065	1.00%
Business Support Services										
Enerwise Global Technologies, Inc.	Sr Secured Revolving Loan	LIBOR (Q)	0.23%	8.52 %	N/A	11/30/2018	$–	(22,700)	(24,400)	-
Enerwise Global Technologies, Inc.	Sr Secured Term Loan (1.0% Exit Fee)	LIBOR (Q)	0.23%	9.27 %	9.92 %	11/30/2019	$23,937,500	23,785,168	23,791,481	1.68%
STG-Fairway Acquisitions, Inc. (First Advantage)	Second Lien Term Loan	LIBOR (Q)	1.00%	9.25 %	10.25%	6/30/2023	$31,000,000	30,574,535	31,093,000	2.19%
								54,337,003	54,860,081	3.87%
Chemicals										
Anuvia Plant Nutrients Holdings, LLC	Sr Secured Term Loan (8.0% Exit Fee)	LIBOR (Q)	-	10.63%	12.15%	2/1/2018	$9,053,891	9,480,486	9,650,996	0.68%
Green Biologics, Inc.	Sr Secured Delayed Draw Term Loan (10.0% Exit Fee)	Prime Rate	-	7.75 %	11.25%	5/1/2018	$15,000,000	15,340,950	14,694,750	1.04%
								24,821,436	24,345,746	1.72%
Communications Equipment Manufacturing										
Globecomm Systems, Inc.	First Lien Term Loan	LIBOR (Q)	1.25%	7.63 %	8.88 %	12/11/2018	$14,517,321	14,372,148	14,517,320	1.02%
Globecomm Systems, Inc.	First Lien Series A Term Loan	LIBOR (Q)	1.25%	7.63 %	N/A	12/11/2018	$–	-	-	-
Triangle Acquisition	First Lien Term Loan	LIBOR (Q)	1.00%	6.50 %	7.50 %	9/29/2023	$5,000,000	4,800,000	4,825,000	0.34%

Co. (Polycom)										
								19,172,148	19,342,320	1.36%
Computer Equipment Manufacturing										
Silicon Graphics International Corp.	First Lien Term Loan	LIBOR (Q)	1.00%	9.00 %	10.00%	7/27/2018	$15,846,397	15,677,901	16,140,347	1.14%
Computer Systems Design and Related Services										
Dealersocket, Inc.	Senior Secured 1st Lien Term Loan	LIBOR (M)	1.00%	10.00%	11.00%	2/10/2021	$17,500,000	16,858,354	17,272,500	1.22%
MSC Software Corporation	Second Lien Term Loan	LIBOR (M)	1.00%	7.50 %	8.50 %	5/29/2021	$6,993,035	6,949,718	6,853,175	0.49%
Marketo, Inc.	First Lien Term Loan	LIBOR (Q)	1.00%	9.50 %	10.50%	8/16/2021	$23,295,455	22,605,970	22,596,591	1.59%
Marketo, Inc.	Senior Secured Revolver	LIBOR (Q)	1.00%	9.50 %	10.50%	8/16/2021	$–	(49,877)	(51,135)	-
OnX Enterprise Solutions, Ltd. (Canada)	First Lien Term Loan B	LIBOR (Q)	-	8.00 %	8.75 %	9/3/2018	$2,319,933	2,319,933	2,319,933	0.16%
OnX Enterprise Solutions, Ltd. (Canada)	First Lien Term Loan	LIBOR (Q)	-	8.00 %	8.75 %	9/3/2018	$10,346,667	10,287,679	10,346,667	0.73%
OnX USA, LLC	First Lien Term Loan B	LIBOR (Q)	-	8.00 %	8.75 %	9/3/2018	$3,749,867	3,749,867	3,749,867	0.26%
OnX USA, LLC	First Lien Term Loan	LIBOR (Q)	-	8.00 %	8.75 %	9/3/2018	$3,173,333	3,160,481	3,173,333	0.22%
Waterfall International, Inc.	First Lien Delayed Draw Term Loan (3.0% Exit Fee)	LIBOR (Q)	-	11.67%	12.48%	9/1/2018	$4,800,000	4,798,895	4,779,360	0.34%
								70,681,020	71,040,291	5.01%
Data Processing and Hosting Services										
Rightside Group, Ltd.	Second Lien Term Loan	LIBOR (Q)	0.50%	8.75 %	9.63 %	8/6/2019	$4,562,500	3,964,688	4,608,125	0.33%
United TLD Holdco, Ltd.	Second Lien Term	LIBOR (Q)	0.50%	8.75 %	9.63 %	8/6/2019	$9,125,000	7,929,375	9,216,250	0.65%

(Rightside) (Cayman Islands)	Loan										
									11,894,063	13,824,375	0.98%
Electric Power Generation, Transmission and Distribution											
Holocene Renewable Energy Fund 3, LLC (Conergy)	First Lien Term Loan	Fixed	-	9% Cash + 1% PIK	10.00%	9/10/2017	$7,518,173		7,480,132	7,442,991	0.53%
CGY UK Portfolio I Borrower LLC, (Conergy)	Senior Secured 1st Lien Term Loan	LIBOR (Q)	-	9.00 %	9.85 %	3/3/2018	$3,951,020		3,862,845	3,911,510	0.28%
									11,342,977	11,354,501	0.81%
Electronic Component Manufacturing											
Redaptive, Inc.	First Lien Delayed Draw Term Loan	LIBOR (Q)	-	10.72%	N/A	7/1/2018	$–		(84,877)	-	-
Soraa, Inc.	Tranche A Term Loan (3.0% Exit Fee)	LIBOR (Q)	0.44%	9.33 %	10.15%	3/1/2018	$18,563,581		18,170,569	18,164,464	1.28%
Soraa, Inc.	Tranche B Term Loan	LIBOR (Q)	0.44%	9.33 %	10.15%	9/1/2017	$1,603,779		1,539,706	1,548,689	0.11%
									19,625,398	19,713,153	1.39%
Equipment Leasing											
36th Street Capital Partners Holdings, LLC	Senior Note	Fixed	-	12.00%	12.00%	11/1/2020	$24,180,718		24,180,718	24,180,718	1.71%
Essex Ocean, LLC (Solexel)	Sr Secured Term Loan	Fixed	-	8.00 %	8.00 %	8/15/2018	$1,928,731		1,928,731	1,967,306	0.14%
									26,109,449	26,148,024	1.85%

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TCP Capital Corp.

Consolidated Schedule of Investments (Unaudited) (Continued)

September 30, 2016

Issuer	Instrument	Ref	Floor	Spread	Total Coupon	Maturity	Principal	Cost	Fair Value	% c Tot Cas and Inv
Debt Investments (continued)										
Facilities Support Services										
NANA Development Corp.	First Lien Term Loan B	LIBOR (M)	1.25%	6.75 %	8.00 %	3/15/2018	$1,055,416	$991,404	$997,368	0.0
Financial Investment Activities										
iPayment, Inc.	First Lien Term Loan B2	LIBOR (Q)	1.50%	5.25 %	6.75 %	5/8/2017	$12,304,553	12,015,428	11,689,326	0.8
Magnolia Finance V plc (Cayman Islands)	Asset-Backed Credit Linked Notes	Fixed	-	13.13%	13.13%	8/2/2021	$15,000,000	15,000,000	14,926,500	1.0
								27,015,428	26,615,826	1.8
Gaming										
AP Gaming I, LLC	First Lien Revolver	LIBOR (M)	-	8.25 %	N/A	12/20/2018	$–	(1,707,675)	(1,125,000)	(0
Grocery Stores										
Bashas, Inc.	First Lien FILO Term Loan	LIBOR (M)	1.50%	8.80 %	10.30%	10/8/2019	$9,362,778	9,326,959	9,456,406	0.6
Hospitals										
KPC Healthcare, Inc.	First Lien Term Loan	LIBOR (Q)	1.00%	9.50 %	10.50%	8/28/2020	$15,821,501	15,527,235	16,194,097	1.1
Pacific Coast Holdings Investment, LLC	Senior Secured 1st Lien Delayed Draw Term Loan	LIBOR (M)	2.00%	9.70 %	11.70%	10/23/2019	$10,828,233	10,762,079	10,828,233	0.7
								26,289,314	27,022,330	1.9
Insurance Carriers										
JSS Holdings, Inc.	First Lien Term Loan	LIBOR (Q)	1.00%	6.50 %	7.50 %	8/31/2021	$3,800,000	3,735,379	3,781,000	0.2
			0.50%	13.62%	14.50%	8/29/2019	$20,015,152	19,495,681	20,015,152	1.4

US Apple Holdco, LLC (Ventiv Technology)	First Lien Term Loan	LIBOR (Q)								
								23,231,060	23,796,152	1.6
Insurance Related Activities										
Acrisure, LLC	Second Lien Notes	LIBOR (Q)	1.00%	9.00%	10.00%	11/19/2022	$28,999,999	28,618,700	28,999,999	2.0
Acrisure, LLC	Second Lien Incremental Notes	LIBOR (Q)	1.00%	9.00%	10.00%	11/19/2022	$6,000,000	5,943,055	6,000,000	0.4
								34,561,755	34,999,999	2.4
Lessors of Nonfinancial Licenses										
ABG Intermediate Holdings 2, LLC	Second Lien Term Loan	LIBOR (Q)	1.00%	8.50%	9.50%	5/27/2022	$16,573,588	16,430,136	16,283,550	1.1
ABG Intermediate Holdings 2, LLC	Second Lien Incremental Term Loan	LIBOR (Q)	1.00%	8.50%	9.50%	5/27/2022	$3,426,412	3,396,188	3,366,450	0.2
								19,826,324	19,650,000	1.3
Management, Scientific, and Technical Consulting Services										
Dodge Data & Analytics, LLC	First Lien Term Loan	LIBOR (Q)	1.00%	8.75%	9.75%	10/31/2019	$24,170,030	23,748,562	23,573,030	1.6
Medical Equipment and Supplies Manufacturing										
Bioventus, LLC	Second Lien Term Loan	LIBOR (Q)	1.00%	10.00%	11.00%	4/10/2020	$11,000,000	10,844,831	11,027,500	0.7
Motion Picture and Video Industries										
CORE Entertainment, Inc.	First Lien Term Loan	Fixed	-	11.00%	11.00%	6/21/2017	$9,462,231	9,497,311	4,315,251	0.3
CORE Entertainment, Inc.	Second Lien Term Loan	Fixed	-	15.50%	15.50%	6/21/2018	$7,569,785	7,700,187	297,493	0.0
								17,197,498	4,612,744	0.3
Nondepository Credit Intermediation										
Caribbean Financial Group (Cayman Islands)	Sr Secured Notes	Fixed	-	11.50%	11.50%	11/15/2019	$28,678,000	28,560,113	29,108,170	2.0
Daymark Financial	First Lien Delayed	LIBOR (M)	-	9.50%	10.02%	1/12/2020	$17,500,000	17,283,898	17,263,750	1.2

Acceptance, LLC	Draw Term Loan									
Greystone Select Holdings, LLC	First Lien Term Loan	LIBOR (Q)	1.00%	8.00 %	9.00 %	3/26/2021	$16,102,989	15,945,396	15,933,907	1.
Trade Finance Funding I, Ltd. (Cayman Islands)	Secured Class B Notes	Fixed	-	10.75%	10.75%	11/13/2018	$15,084,000	15,084,000	14,857,740	1.0
								76,873,407	77,163,567	5.4
Other Chemical Product and Preparation Manufacturing										
Nanosys, Inc.	First Lien Delayed Draw Term Loan (3.5% Exit Fee)	LIBOR (Q)	-	9.81 %	10.69%	4/1/2019	$7,000,000	6,448,006	6,740,300	0.4
Other Information Services										
Asset International, Inc.	Delayed Draw Term Loan	LIBOR (M)	1.00%	7.00 %	N/A	7/31/2020	$–	(24,780)	(56,427)	-
Asset International, Inc.	Revolver Loan	LIBOR (M)	1.00%	7.00 %	N/A	7/31/2020	$–	(11,672)	(26,580)	-
Asset International, Inc.	First Lien Term Loan	LIBOR (M)	1.00%	7.00 %	8.00 %	7/31/2020	$15,506,085	15,293,023	15,086,646	1.0
Simmons Research, LLC	First Lien Term Loan	LIBOR (Q)	0.50%	10.50%	11.38%	12/11/2020	$4,936,601	4,849,352	4,899,576	0.3
SoundCloud Ltd. (United Kingdom)	Sr Secured Term Loan (2.0% Exit Fee)	LIBOR (M)	0.28%	10.72%	11.60%	10/1/2018	$31,550,000	31,562,496	32,039,060	2.2
TCH-2 Holdings, LLC (TravelClick)	Second Lien Term Loan	LIBOR (M)	1.00%	7.75 %	8.75 %	11/6/2021	$19,988,392	19,760,997	19,788,509	1.4
								71,429,416	71,730,784	5.0
Other Manufacturing										
AGY Holding Corp.	Sr Secured Term Loan	Fixed	-	12.00%	12.00%	9/15/2018	$4,869,577	4,869,577	4,869,577	0.3
AGY Holding Corp.	Second Lien Notes	Fixed	-	11.00%	11.00%	11/15/2016	$9,268,000	7,586,317	9,268,000	0.6
AGY Holding Corp.	Delayed Draw Term Loan	Fixed	-	12.00%	12.00%	9/15/2018	$–	-	-	-
Boomerang Tube, LLC	Subordinated Notes	LIBOR (M)	-	17.50%	17.50%	2/1/2021	$1,030,741	1,030,741	149,458	0.0
								13,486,635	14,287,035	1.0
Other Publishing										

Bisnow, LLC	First Lien Revolver	LIBOR (Q)	-	9.00 %	N/A	4/29/2021	$–	(24,000)	(22,200)	-
Bisnow, LLC	First Lien Term Loan	LIBOR (Q)	-	9.00 %	9.88 %	4/29/2021	$8,614,356	8,453,191	8,459,298	0.6
								8,429,191	8,437,098	0.6
Other Telecommunications										
Securus Technologies, Inc.	Second Lien Term Loan	LIBOR (Q)	1.25%	7.75 %	9.00 %	4/30/2021	$10,387,097	10,283,226	10,043,024	0.7
Pharmaceuticals										
Lantheus Medical Imaging, Inc.	First Lien Term Loan	LIBOR (Q)	1.00%	6.00 %	7.00 %	6/30/2022	$9,277,833	8,785,818	9,115,471	0.6
Plastics Manufacturing										
Iracore International, Inc.	Sr Secured Notes	Fixed	-	9.50 %	9.50 %	6/1/2018	$13,600,000	13,600,000	7,208,000	0.5

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TCP Capital Corp.

Consolidated Schedule of Investments (Unaudited) (Continued)

September 30, 2016

Issuer	Instrument	Ref	Floor	Spread	Total Coupon	Maturity	Principal	Cost	Fair Value
Debt Investments (continued)									
Radio and Television Broadcasting									
Fuse, LLC	Sr Secured Notes	Fixed	-	10.38%	10.38%	7/1/2019	$7,312,000	$7,312,000	$5,027,000
NEP/NCP Holdco, Inc.	Second Lien Term Loan	LIBOR (M)	1.25%	8.75 %	10.00%	7/22/2020	$15,981,496	15,709,496	16,101,357
								23,021,496	21,128,357
Restaurants									
RM OpCo, LLC (Real Mex)	Convertible Second Lien Term Loan Tranche B-1	Fixed	-	8.50 %	8.50 %	3/30/2018	$1,902,207	1,902,207	1,902,207
RM OpCo, LLC (Real Mex)	First Lien Term Loan Tranche A	Fixed	-	7.00 %	7.00 %	3/30/2018	$4,864,613	4,581,227	4,864,613
RM OpCo, LLC (Real Mex)	Second Lien Term Loan Tranche B	Fixed	-	8.50 %	8.50 %	3/30/2018	$9,478,043	9,478,043	3,981,726
RM OpCo, LLC (Real Mex)	Second Lien Term Loan Tranche B-1	Fixed	-	8.50 %	8.50 %	3/30/2018	$2,984,959	2,969,537	2,984,959
RM OpCo, LLC (Real Mex)	Sr Convertible Second Lien Term Loan B	Fixed	-	8.50 %	8.50 %	3/30/2018	$3,422,601	3,422,601	3,422,601
								22,353,615	17,156,106
Retail									
Bon-Ton, Inc.	First Lien Tranche A-1 Revolver	LIBOR (Q)	1.00%	9.50 %	10.50%	3/15/2021	$4,432,934	4,344,275	4,388,604
Gander Mountain Company	Second Lien Term Loan	LIBOR (Q)	-	9.50 %	10.33%	6/15/2018	$11,465,152	11,360,266	11,350,501
The Gymboree Corporation	First Lien Term Loan	LIBOR (Q)	-	10.25%	11.09%	9/24/2020	$9,704,432	9,519,691	9,530,723
Kenneth Cole Productions, Inc.	First Lien FILO Term	LIBOR (M)	1.00%	8.50 %	9.50 %	9/25/2020	$20,672,789	20,479,758	20,879,517

	Loan								
								45,703,990	46,149,345
Satellite Telecommunications									
Avanti Communications Group, PLC (United Kingdom)	Sr Secured Notes	Fixed	-	10.00%	10.00%	10/1/2019	$9,393,000	9,393,000	7,509,506
Scientific Research and Development Services									
BPA Laboratories, Inc.	Senior Secured Notes	Fixed	-	12.25%	12.25%	4/1/2017	$38,932,000	39,001,750	39,061,760
Software Publishing									
Acronis International GmbH (Switzerland)	First Lien Term Loan	LIBOR (Q)	1.00%	11.00%	12.00%	6/9/2017	$28,336,513	28,303,218	28,121,155
ArcServe (USA), LLC	Second Lien Term Loan	LIBOR (Q)	0.50%	8.5% Cash + 1.25% PIK	10.60%	1/31/2020	$30,124,704	29,727,413	28,312,703
Aptos Inc.	First Lien Term Loan	LIBOR (Q)	1.00%	6.75 %	7.75 %	9/1/2022	$10,000,000	9,800,200	9,800,000
Autoalert, LLC	First Lien Term Loan	LIBOR (Q)	0.25%	4.75% Cash + 4% PIK	9.63 %	3/31/2019	$35,627,947	35,232,825	35,531,752
BlackLine Systems, Inc.	First Lien Acquisition Term Loan	LIBOR (Q)	1.50%	3.25% Cash + 4.75% PIK	9.50 %	9/25/2018	$9,593,227	9,500,850	9,503,530
BlackLine Systems, Inc.	First Lien Term Loan	LIBOR (Q)	1.50%	3.25% Cash + 4.75% PIK	9.50 %	9/25/2018	$15,347,165	14,711,503	15,203,669
BlackLine Systems, Inc.	Senior Secured 1st Lien Incremental Term Loan	LIBOR (Q)	1.50%	3.25% Cash + 4.75% PIK	9.50 %	9/25/2018	$3,868,410	3,808,441	3,832,240
BlackLine Systems, Inc.	Senior Secured Revolver	LIBOR (Q)	0.50%	6.00 %	6.50 %	9/25/2018	$–	-	-
Bluehornet Networks, Inc.	First Lien Term Loan	LIBOR (Q)	-	9.50 %	10.36%	12/3/2020	$5,837,798	5,732,817	5,837,798
Edmentum, Inc.		Fixed	-	5.00 %	5.00 %	6/9/2020	$-	-	-

	Jr Revolving Facility								
Edmentum Ultimate Holdings, LLC	Sr PIK Notes	Fixed	-	8.50 %	8.50 %	6/9/2020	$2,784,444	2,784,444	2,784,444
Edmentum Ultimate Holdings, LLC	Jr PIK Notes	Fixed	-	10.00%	10.00%	6/9/2020	$12,708,557	12,176,942	12,225,632
Fidelis Acquisitionco, LLC	First Lien Term Loan	LIBOR (Q)	1.00%	8.00 %	9.00 %	11/4/2019	$42,565,572	41,947,258	42,246,330
Fidelis Acquisitionco, LLC	Sr Secured Revolver	LIBOR (Q)	1.00%	8.00 %	9.00 %	11/4/2019	$3,182,143	3,182,143	3,158,277
Newscycle Solutions, Inc.	Second Lien Term Loan	LIBOR (Q)	-	13.00%	13.83%	9/10/2021	$11,513,362	11,181,123	11,255,463
Newscycle Solutions AB	Second Lien Term Loan B	LIBOR (Q)	-	13.00%	13.83%	9/10/2021	$11,513,362	11,181,123	11,255,463
Soasta, Inc.	Senior Secured 1st Lien Term Loan (4.0% Exit Fee)	LIBOR (Q)	-	9.56 %	10.44%	4/1/2019	$17,880,435	17,699,921	17,777,622
Utilidata, Inc.	First Lien Delayed Draw Term Loan (1.0% Exit Fee)	LIBOR (M)	0.62%	9.88 %	10.69%	1/1/2019	$3,200,000	3,120,904	3,040,000
Virgin Pulse Inc.	First Lien Term Loan	LIBOR (Q)	-	8.00 %	8.88 %	5/21/2020	$7,500,000	7,416,185	7,500,000
								247,507,310	247,386,078
Textile Furnishings Mills									
Lexmark Carpet Mills, Inc.	First Lien Term Loan	LIBOR (Q)	1.00%	10.00%	11.00%	12/19/2019	$23,038,235	23,038,235	22,653,496
Lexmark Carpet Mills, Inc.	First Lien Term Loan B	LIBOR (Q)	1.00%	10.00%	11.00%	12/19/2019	$7,902,650	7,749,659	7,770,676
								30,787,894	30,424,172
Utility System Construction									
Kawa Solar Holdings Limited	Bank Guarantee Credit Facility	Fixed	-	8.2% Cash + 3.5% PIK	11.70%	7/2/2017	$21,089,833	21,089,833	20,704,944
Kawa Solar Holdings Limited	Revolving Credit Facility	Fixed	-	8.20 %	8.20 %	7/2/2017	$4,000,000	4,000,000	4,000,000

								25,089,833	24,704,944
Wholesalers									
NILCO, LLC	First Lien Term Loan	LIBOR (Q)	1.00%	9.50 %	10.50%	9/1/2021	$21,289,225	20,655,468	20,650,548
Wired Telecommunications Carriers									
Alpheus Communications, LLC	First Lien Delayed Draw FILO Term Loan	LIBOR (Q)	1.00%	7.42 %	8.42 %	5/31/2018	$334,243	330,920	328,959
Alpheus Communications, LLC	First Lien Delayed Draw FILO Term Loan	LIBOR (Q)	1.00%	7.42 %	8.42 %	5/31/2018	$1,355,968	1,345,325	1,328,879
Alpheus Communications, LLC	First Lien FILO Term Loan	LIBOR (Q)	1.00%	7.42 %	8.42 %	5/31/2018	$7,304,093	7,231,480	7,166,776
Integra Telecom Holdings, Inc.	Second Lien Term Loan	LIBOR (Q)	1.25%	8.50 %	9.75 %	2/22/2020	$13,231,193	13,072,471	12,613,746
Oxford County Telephone and Telegraph Company	First Lien Term Loan	LIBOR (Q)	1.00%	7.13 %	8.13 %	8/31/2020	$3,955,000	3,906,296	3,942,740
U.S. TelePacific Corp.	First Lien Notes	LIBOR (Q)	1.00%	8.50 %	9.50 %	2/24/2021	$10,000,000	9,701,998	9,719,000
								35,588,490	35,100,100
Wireless Telecommunications Carriers									
Gogo, LLC	Sr Secured Notes	Fixed	-	12.50%	12.50%	7/1/2022	$10,000,000	10,000,000	10,816,670
Total Debt Investments								1,241,644,130	1,221,182,2

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TCP Capital Corp.

Consolidated Schedule of Investments (Unaudited) (Continued)

September 30, 2016

Issuer	Instrument	Ref	Floor	Spread	Total Coupon	Maturity	Shares	Cost	Fair Value	% of Total Cash and Investments	Notes
Equity Securities											
Advertising and Public Relations Services											
InMobi, Inc. (Singapore)	Warrants to Purchase Stock						562,496	$230,569	$231,973	0.02%	C/E/H
Air Transportation											
Aircraft Leased to United Airlines, Inc.											
United N659UA-767, LLC (N659UA)	Trust Beneficial Interests						683	3,341,416	3,288,050	0.23%	E/F
United N661UA-767, LLC (N661UA)	Trust Beneficial Interests						688	3,472,159	3,324,395	0.23%	E/F
Epic Aero, Inc. (One Sky)	Warrants to Purchase Common Stock						1,843	855,313	1,707,044	0.12%	C/E
								7,668,888	8,319,489	0.58%	
Business Support Services											
Findly Talent, LLC	Membership Units						708,229	230,938	143,062	0.01%	C/E
STG-Fairway Holdings, LLC (First Advantage)	Class A Units						841,479	325,432	1,716,028	0.12%	C/E
								556,370	1,859,090	0.13%	
Chemicals											
Green Biologics, Inc.	Warrants to Purchase Stock						615,000	272,594	20,910	-	C/E

Communications Equipment Manufacturing						
Wasserstein Cosmos Co-Invest, L.P. (Globecomm)	Limited Partnership Units	5,000,000	5,000,000	2,000,000	0.14%	B/C/E
Computer Systems Design and Related Services						
Waterfall International, Inc.	Series B Preferred Stock	1,428,571	1,000,000	1,065,143	0.07%	C/E
Waterfall International, Inc.	Warrants to Purchase Stock	920,000	89,847	84,824	0.01%	C/E
			1,089,847	1,149,967	0.08%	
Data Processing and Hosting Services						
Anacomp, Inc.	Class A Common Stock	1,255,527	26,711,048	1,393,635	0.10%	C/E/F
Rightside Group, Ltd.	Warrants	498,855	2,778,622	686,883	0.05%	C/E
			29,489,670	2,080,518	0.15%	
Electrical Equipment Manufacturing						
NEXTracker, Inc.	Series B Preferred Stock	558,884	-	3,240,969	0.23%	C/E
NEXTracker, Inc.	Series C Preferred Stock	17,640	-	102,277	0.01%	C/E
			-	3,343,246	0.24%	
Electronic Component Manufacturing						
Soraa, Inc.	Warrants to Purchase Common Stock	3,071,860	478,899	4,915	-	C/E
Equipment Leasing						
36th Street Capital Partners Holdings, LLC	Membership Units	5,744,606	5,744,606	5,744,606	0.41%	C/E/F
Essex Ocean II, LLC	Membership Units	199,430	123,028	172,905	0.01%	C/E/F
			5,867,634	5,917,511	0.42%	

Financial Investment Activities						
GACP I, LP	Membership Units	12,162,730	12,281,867	12,378,269	0.87%	C/E/I
Marsico Holdings, LLC	Common Interest Units	168,698	172,694	1,687	-	C/E/I
			12,454,561	12,379,956	0.87%	
Metal and Mineral Mining						
EPMC HoldCo, LLC	Membership Units	1,312,720	-	210,035	0.01%	B/E
Other Chemical Products and Mineral Manufacturing						
Nanosys, Inc.	Warrants to Purchase Common Stock	800,000	605,266	676,800	0.05%	C/E
Other Information Services						
SoundCloud, Ltd. (United Kingdom)	Warrants to Purchase Preferred Stock	946,498	79,082	77,802	0.01%	C/E/H
Other Manufacturing						
Boomerang Tube Holdings, Inc.	Common Stock	24,288	243	-	-	C/E
KAGY Holding Company, Inc.	Series A Preferred Stock	9,778	1,091,200	5,189,344	0.37%	B/C/E
			1,091,443	5,189,344	0.37%	
Radio and Television Broadcasting						
Fuse Media, LLC	Warrants to Purchase Common Stock	233,470	300,322	-	-	C/E
Restaurants						
RM Holdco, LLC (Real Mex)	Equity Participation	24	-	-	-	B/C/E
RM Holdco, LLC (Real Mex)	Membership Units	13,161,000	2,010,777	-	-	B/C/E
			2,010,777	-	-	
Retail						
Shop Holding, LLC	Class A Units	507,167	480,049	5,072	-	C/E

(Connexity)

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TCP Capital Corp.

Consolidated Schedule of Investments (Unaudited) (Continued)

September 30, 2016

Issuer	Instrument	Ref	Floor	Spread	Total Coupon	Maturity	Shares	Cost	Fair Value	% of Total Cash and Investments		N
Equity Securities (continued)												
Software Publishing												
Blackline Intermediate, Inc.	Warrants to Purchase Common Stock						1,232,731	$522,678	$2,830,844	0.20	%	C
Edmentum Ultimate Holdings, LLC	Class A Common Units						159,515	680,226	680,218	0.05	%	B
Soasta, Inc.	Warrants to Purchase Series F Preferred Stock						715,217	192,651	282,511	0.02	%	C
Utilidata, Inc.	Warrants to Purchase Stock						719,998	216,336	205,200	0.01	%	C
								1,611,891	3,998,773	0.28	%	
Utility System Construction												
Kawa Solar Holdings Limited	Ordinary Shares						2,332,594	-	-	-		C
Wired Telecommunications Carriers												
Integra Telecom, Inc.	Common Stock						1,274,522	8,433,884	5,269,511	0.37	%	C
Integra Telecom, Inc.	Warrants						346,939	19,920	162,645	0.01	%	C
V Telecom Investment S.C.A.	Common Shares						1,393	3,236,256	2,350,047	0.17	%	C

(Vivacom) (Luxembourg)	11,690,060	7,782,203	0.55	%
Total Equity Securities	80,977,922	55,247,604	3.90	%
Total Investments	$1,322,622,052	$1,276,429,892		
Cash and Cash Equivalents				
Cash Denominated in Foreign Currencies		14,354,800	1.01	%
Cash Held on Account at Various Institutions		46,520,310	3.28	%
Wells Fargo Government Money Market Fund		55,000,000	3.88	%
Bank Tokyo, Commercial Paper, 0.38%, due 10/07/16		24,998,417	1.77	%
Cash and Cash Equivalents		140,873,527	9.94	%
Total Cash and Investments		$1,417,303,419	100.00	% M

Notes to Consolidated Schedule of Investments:

(A) Investments in bank debt generally are bought and sold among institutional investors in transactions not subject to registration under the Securities Act of 1933. Such transactions are generally subject to contractual restrictions, such as approval of the agent or borrower.

(B) Non-controlled affiliate – as defined under the Investment Company Act of 1940 (ownership of between 5% and 25% of the outstanding voting securities of this issuer). See Consolidated Schedule of Changes in Investments in Affiliates.

(C) Non-income producing security.

(D) Investment denominated in foreign currency. Amortized cost and fair value converted from foreign currency to US dollars. Foreign currency denominated investments are generally hedged for currency exposure.
At September 30, 2016, such hedging activities included the derivatives listed at the end of the Consolidated Schedule of Investments. (See Note 2)

(E) Restricted security. (See Note 2)

(F) Controlled issuer – as defined under the Investment Company Act of 1940 (ownership of 25% or more of the outstanding voting securities of this issuer). Investment is not more than 50% of the outstanding voting securities of the issuer
nor deemed to be a significant subsidiary. See Consolidated Schedule of Changes in Investments in Affiliates.

(G) Investment has been segregated to collateralize certain unfunded commitments.

(H) Non-U.S. company or principal place of business outside the U.S. and as a result the investment is not a qualifying asset under Section 55(a) of the Investment Company Act. Under the Investment Company Act, the Company may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of the Company's total assets.

(I) Deemed an investment company under Section 3(c) of the Investment Company Act and as a result the investment is not a qualifying asset under Section 55(a) of the Investment Company Act. Under the Investment Company Act, the Company may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of the Company's total assets.

(J) Publicly traded company with a market capitalization greater than $250 million and as a result the investment is not a qualifying asset under Section 55(a) of the Investment Company Act. Under the Investment Company Act, the Company may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of the Company's total assets.

(K) Negative balances relate to an unfunded commitment that was acquired and/or valued at a discount.

(L) In addition to the stated coupon, investment has an exit fee payable upon repayment of the loan in an amount equal to the percentage of the original principal amount shown.

(M) All cash and investments, except those referenced in Notes G above, are pledged as collateral under certain debt as described in Note 4 to the Consolidated Financial Statements.

LIBOR or EURIBOR resets monthly (M), quarterly (Q), semiannually (S), or annually (A).

Aggregate acquisitions and aggregate dispositions of investments, other than government securities, totaled $379,816,646 and $294,224,143 respectively, for the nine months ended September 30, 2016. Aggregate acquisitions includes investment assets received as payment in kind. Aggregate dispositions includes principal paydowns on and maturities of debt investments. The total value of restricted securities and bank debt as of September 30, 2016 was $1,276,033,988 or 90.0% of total cash and investments of the Company. As of September 30, 2016 approximately 13.7% of the total assets of the Company were not qualifying assets under Section 55(a) of the 1940 Act.

Options and swaps at September 30, 2016 were as follows:

Investment	Notional Amount	Fair Value
GBP, Put Option, $1.47370, expires 3/3/17	£2,681,021	$460,972

See accompanying notes to the consolidated financial statements.

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TCP Capital Corp.

Consolidated Schedule of Investments

December 31, 2015

Issuer	Instrument	Ref	Floor	Spread	Total Coupon	Maturity	Principal	Cost	Fair Value
Debt Investments (A)									
Accounting, Tax and Payroll Services									
EGS Holdings, Inc. (Expert Global Solutions)	Holdco PIK Notes	LIBOR (A)	3.00%	10.00%	13.00%	10/3/2018	$64,783	$64,783	$64,783
Expert Global Solutions, LLC	Second Lien Term Loan	LIBOR (Q)	1.50%	11.00%	12.50%	10/3/2018	$15,249,675	15,041,186	15,249
								15,105,969	15,314
Advertising and Public Relations Services									
Doubleplay III Limited (Exterion Media) (United Kingdom)	First Lien Facility A1 Term Loan	EURIBOR (Q)	1.25%	5.75 %	7.00 %	3/18/2018	€12,249,157	15,931,220	13,171
InMobi, Inc. (Singapore)	First Lien Delayed Draw Tranche 1 Term Loan (1.25% Exit Fee)	LIBOR (M)	0.33%	10.17%	10.50%	9/1/2018	$13,145,041	12,695,719	12,776
InMobi, Inc. (Singapore)	First Lien Delayed Draw Tranche 1 Term Loan (1.25% Exit Fee)	LIBOR (M)	0.33%	10.17%	N/A	9/1/2018	$-	-	-
InMobi, Inc. (Singapore)	First Lien Delayed Draw Tranche 1 Term Loan (1.25% Exit Fee)	LIBOR (M)	0.33%	10.17%	N/A	9/1/2018	$-	-	-

										28,626,939	25,948
Air Transportation Aircraft Leased to Delta Air Lines, Inc.											
N913DL	Aircraft Secured Mortgage	Fixed	-	8.00	%	8.00	%	3/15/2017	$114,196	114,196	115,61
N918DL	Aircraft Secured Mortgage	Fixed	-	8.00	%	8.00	%	8/15/2018	$233,219	233,219	237,49
N954DL	Aircraft Secured Mortgage	Fixed	-	8.00	%	8.00	%	3/20/2019	$336,554	336,554	342,73
N955DL	Aircraft Secured Mortgage	Fixed	-	8.00	%	8.00	%	6/20/2019	$362,232	362,232	369,16
N956DL	Aircraft Secured Mortgage	Fixed	-	8.00	%	8.00	%	5/20/2019	$358,380	358,380	365,19
N957DL	Aircraft Secured Mortgage	Fixed	-	8.00	%	8.00	%	6/20/2019	$365,401	365,401	372,39
N959DL	Aircraft Secured Mortgage	Fixed	-	8.00	%	8.00	%	7/20/2019	$372,361	372,361	379,52
N960DL	Aircraft Secured Mortgage	Fixed	-	8.00	%	8.00	%	10/20/2019	$396,169	396,169	403,86
N961DL	Aircraft Secured Mortgage	Fixed	-	8.00	%	8.00	%	8/20/2019	$385,667	385,667	393,11
N976DL	Aircraft Secured Mortgage	Fixed	-	8.00	%	8.00	%	2/15/2018	$214,686	214,686	218,32
Aircraft Leased to United Airlines, Inc.											
N659UA	Aircraft Secured Mortgage	Fixed	-	12.00	%	12.00	%	2/28/2016	$313,315	313,315	318,98
N661UA	Aircraft Secured Mortgage	Fixed	-	12.00	%	12.00	%	5/4/2016	$557,684	557,684	570,30
Cargojet Airways LTD. (Canada)	Aircraft Acquisition Loan A	LIBOR (M)	-	8.50	%	8.75	%	1/31/2023	$14,250,773	13,982,969	14,252
Cargojet Airways LTD. (Canada)	Aircraft Acquisition Loan A1	LIBOR (M)	-	8.50	%	N/A		1/31/2023	$-	-	-
Mesa Air Group, Inc.	Acquisition Delayed Draw Loan	LIBOR (M)	-	7.25	%	N/A		6/17/2019	$-	-	278,28

Mesa Air Group, Inc.	Acquisition Loan	LIBOR (M)	-	7.25 %	7.62 %	7/15/2022	$15,997,019	15,724,234	16,324
								33,717,067	34,942
Apparel Manufacturing									
Broder Bros., Co.	First Lien Term Loan A (First Out)	LIBOR (Q)	1.25 %	5.75 %	7.00 %	6/3/2021	$9,940,000	9,743,116	9,741,2
Broder Bros., Co.	First Lien Term Loan B (Last Out)	LIBOR (Q)	1.25 %	12.25 %	13.50 %	6/3/2021	$9,960,000	9,762,553	9,760,8
JH Apparel Holdings, LLC	First Lien FILO Term Loan	LIBOR (M)	1.00 %	9.60 %	10.60 %	4/8/2019	$3,669,926	3,645,226	3,669,9
								23,150,895	23,171
Business Support Services									
Enerwise Global Technologies, Inc.	Sr Secured Revolving Loan	LIBOR (Q)	0.23 %	8.52 %	8.75 %	11/30/2017	$-	(69,938)	(123,7
Enerwise Global Technologies, Inc.	Sr Secured Term Loan (1.0% Exit Fee)	LIBOR (Q)	0.23 %	9.27 %	9.50 %	11/30/2019	$17,281,250	17,043,402	16,996
STG-Fairway Acquisitions, Inc. (First Advantage)	Second Lien Term Loan	LIBOR (Q)	1.00 %	9.25 %	10.25 %	6/30/2023	$31,000,000	30,546,700	31,883
								47,520,164	48,755
Chemicals									
Anuvia Plant Nutrients Holdings, LLC	Sr Secured Term Loan (8.0 % Exit Fee)	LIBOR (M)	0.23 %	10.27 %	10.50 %	2/1/2018	$7,700,000	7,993,675	8,059,2
BioAmber, Inc.	Sr Secured Term Loan (8.25% Exit Fee)	LIBOR (M)	0.23 %	9.27 %	9.50 %	12/1/2017	$10,000,000	10,226,245	10,509
Green Biologics, Inc.	Sr Secured Delayed Draw Term Loan (10.0% Exit Fee)	Prime Rate	-	7.75 %	11.25 %	5/1/2018	$15,000,000	14,927,838	15,175
								33,147,758	33,743
Communications Equipment Manufacturing									
Globecomm Systems, Inc.	First Lien Term Loan	LIBOR (Q)	1.25 %	7.63 %	8.88 %	12/11/2018	$14,629,280	14,482,987	14,256
Computer Equipment Manufacturing									

Silicon Graphics International Corp.	First Lien Term Loan	LIBOR (Q)	1.00%	9.00 %	10.00%	7/27/2018	$18,432,723	18,157,715	18,570
Computer Systems Design and Related Services									
Autoalert, LLC	First Lien Term Loan	LIBOR (Q)	0.25%	4.75% Cash + 4% PIK	9.00 %	3/31/2019	$34,564,922	34,069,278	34,459
MSC Software Corporation	Second Lien Term Loan	LIBOR (M)	1.00%	7.50 %	8.50 %	5/29/2021	$6,993,035	6,938,605	6,153,8
OnX Enterprise Solutions, Ltd. (Canada)	First Lien Term Loan B	LIBOR (Q)	-	8.00 %	8.32 %	9/3/2018	$2,337,733	2,337,733	2,355,2
OnX Enterprise Solutions, Ltd. (Canada)	First Lien Term Loan	LIBOR (Q)	-	7.00 %	7.32 %	9/3/2018	$10,426,667	10,343,578	10,322
OnX USA, LLC	First Lien Term Loan B	LIBOR (Q)	-	8.00 %	8.32 %	9/3/2018	$4,675,467	4,675,467	4,710,5
OnX USA, LLC	First Lien Term Loan	LIBOR (Q)	-	7.00 %	7.32 %	9/3/2018	$5,213,333	5,175,467	5,161,2
Vistronix, LLC	First Lien Revolver	LIBOR (Q)	0.50%	8.50 %	9.00 %	12/4/2018	$365,437	361,329	365,43
Vistronix, LLC	First Lien Term Loan	LIBOR (M)	0.50%	8.50 %	9.00 %	12/4/2018	$6,205,583	6,155,701	6,050,4
Waterfall International, Inc.	First Lien Delayed Draw Term Loan	LIBOR (Q)	-	11.67%	12.00%	9/1/2018	$4,800,000	4,678,943	4,733,2
								74,736,101	74,311
Data Processing and Hosting Services									
Asset International, Inc.	Delayed Draw Term Loan	LIBOR (M)	1.00%	7.00 %	8.00 %	7/31/2020	$3,430,383	3,396,023	3,404,8
Asset International, Inc.	Revolver Loan	LIBOR (M)	1.00%	7.00 %	8.00 %	7/31/2020	$242,376	234,663	242,37
Asset International, Inc.	First Lien Term Loan	LIBOR (M)	1.00%	7.00 %	8.00 %	7/31/2020	$8,109,426	7,979,611	8,050,3
Rightside Group, Ltd.	Second Lien Term Loan	LIBOR (Q)	0.50%	8.75 %	9.38 %	8/6/2019	$4,750,000	3,991,890	4,828,3
United TLD Holdco, Ltd. (Rightside) (Cayman Islands)	Second Lien Term Loan	LIBOR (Q)	0.50%	8.75 %	9.38 %	8/6/2019	$9,500,000	7,983,779	9,656,7
								23,585,966	26,182

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TCP Capital Corp.

Consolidated Schedule of Investments (Continued)

December 31, 2015

Issuer	Instrument	Ref	Floor	Spread	Total Coupon	Maturity	Principal	Cost	Fair Value
Debt Investments (continued)									
Electric Power Generation, Transmission and Distribution									
Holocene Renewable Energy Fund 3, LLC (Conergy)	First Lien Term Loan	Fixed	-	9% Cash + 1% PIK	10.00%	9/10/2017	$7,461,240	$7,397,199	$7,386,62
Electrical Equipment Manufacturing									
API Technologies Corp.	First Lien Term Loan	LIBOR (Q)	1.50%	8.50 %	10.00%	2/6/2018	$6,165,986	6,130,433	6,058,08
API Technologies Corp.	First Lien Term Loan	LIBOR (Q)	1.50%	8.50 %	10.00%	2/6/2018	$3,991,338	3,921,387	3,921,49
								10,051,820	9,979,57
Electronic Component Manufacturing									
Central MN Renewables, LLC (Green Biologics)	Sr Secured Revolver (3.0% Exit Fee)	Fixed	-	8.25 %	N/A	1/1/2016	$-	-	-
Redaptive, Inc.	First Lien Delayed Draw Term Loan	LIBOR (Q)	-	10.72%	N/A	7/1/2018	$-	(121,106)	-
Soraa, Inc.	Tranche A Term Loan (3.0% Exit Fee)	LIBOR (M)	0.44%	9.33 %	9.77 %	3/1/2018	$22,500,000	21,452,673	21,411,(
Soraa, Inc.	Tranche B Term Loan	LIBOR (M)	0.44%	9.33 %	9.77 %	9/1/2017	$1,687,500	1,571,025	1,567,43
								22,902,592	22,978,4
Equipment Leasing									
36th Street Capital Partners Holdings, LLC	Senior Note	Fixed	-	12.00%	12.00%	11/1/2020	$900,000	900,000	900,000
Essex Ocean, LLC	Sr Secured Term Loan	Fixed	-	8.00 %	8.00 %	3/25/2019	$-	-	-
		Fixed	-	8.00 %	8.00 %	8/15/2018	$2,631,033	2,631,033	2,641,29

Essex Ocean, LLC (Solexel)	Sr Secured Term Loan								
								3,531,033	3,541,29
Financial Investment Activities									
Institutional Shareholder Services, Inc.	Second Lien Term Loan	LIBOR (Q)	1.00%	7.50 %	8.50 %	4/30/2022	$4,471,492	4,437,802	4,270,27
iPayment, Inc.	First Lien Term Loan B2	LIBOR (Q)	1.50%	5.25 %	6.75 %	5/8/2017	$6,763,751	6,425,563	6,502,83
Magnolia Finance V plc (Cayman Islands)	Asset-Backed Credit Linked Notes	Fixed	-	13.13%	13.13%	8/2/2021	$15,000,000	15,000,000	14,881,5
								25,863,365	25,654,6
Gaming									
AP Gaming I, LLC	First Lien Revolver	LIBOR (M)	-	8.25 %	N/A	12/20/2018	$-	(1,862,302)	(1,250,0
Grocery Stores									
Bashas, Inc.	First Lien FILO Term Loan	LIBOR (M)	1.50%	7.00 %	8.50 %	10/8/2019	$10,033,866	9,995,480	10,111,1
Hospitals									
Evidera, Inc.	First Lien Term Loan	LIBOR (Q)	1.00%	9.00 %	10.00%	7/1/2018	$3,907,686	3,888,148	3,912,57
KPC Healthcare, Inc.	First Lien Term Loan	Prime Rate	-	8.25 %	11.75%	8/28/2020	$17,157,214	16,790,143	17,043,1
RegionalCare Hospital Partners, Inc.	Second Lien Term Loan	LIBOR (M)	1.00%	10.25%	11.25%	10/23/2019	$21,017,525	20,777,746	20,807,3
								41,456,037	41,763,0
Insurance Carriers									
Acrisure, LLC	Second Lien Incremental Notes	LIBOR (Q)	1.00%	9.00 %	10.00%	11/19/2022	$7,080,555	6,944,926	7,063,56
Acrisure, LLC	Second Lien Notes	LIBOR (Q)	1.00%	9.00 %	10.00%	11/19/2022	$12,720,998	12,542,859	12,690,4
Acrisure, LLC	Second Lien Incremental Notes	LIBOR (Q)	1.00%	9.00 %	10.00%	11/19/2022	$3,846,850	3,795,306	3,837,59
JSS Holdings, Inc.	First Lien Term Loan	LIBOR (Q)	1.00%	6.25 %	7.25 %	8/31/2021	$3,950,000	3,874,773	3,732,75
US Apple Holdco, LLC (Ventiv Technology)	First Lien Term Loan	LIBOR (Q)	0.50%	11.50%	12.00%	8/29/2019	$20,000,000	19,375,352	19,936,0
								46,533,216	47,260,3
Insurance Related Activities									
Confie Seguros Holding II Co.	Second Lien Term Loan	LIBOR (M)	1.25%	9.00 %	10.25%	5/8/2019	$11,061,809	10,950,946	10,951,1
Lessors of Nonfinancial Licenses									

ABG Intermediate Holdings 2, LLC	Second Lien Term Loan	LIBOR (Q)	1.00%	8.50 %	9.50 %	5/27/2022	$15,990,714	15,853,293	15,690,8
ABG Intermediate Holdings 2, LLC	Second Lien Incremental Term Loan	LIBOR (Q)	1.00%	8.50 %	9.50 %	5/27/2022	$3,474,715	3,440,934	3,409,56
								19,294,227	19,100,4
Management, Scientific, and Technical Consulting Services									
Dodge Data & Analytics, LLC	First Lien Term Loan	LIBOR (Q)	1.00%	8.75 %	9.75 %	10/31/2019	$24,693,587	24,159,891	24,267,6
Medical Equipment and Supplies Manufacturing									
Bioventus, LLC	Second Lien Term Loan	LIBOR (Q)	1.00%	10.00%	11.00%	4/10/2020	$11,000,000	10,819,241	10,835,0
Motion Picture and Video Industries									
CORE Entertainment, Inc.	First Lien Term Loan	Fixed	-	11.00%	11.00%	6/21/2017	$9,462,231	9,425,030	4,667,71
CORE Entertainment, Inc.	Second Lien Term Loan	Fixed	-	15.50%	15.50%	6/21/2018	$7,569,785	7,700,187	291,058
								17,125,217	4,958,77
Nondepository Credit Intermediation									
Caribbean Financial Group (Cayman Islands)	Sr Secured Notes	Fixed	-	11.50%	11.50%	11/15/2019	$26,975,000	26,829,614	26,705,2
Daymark Financial Acceptance, LLC	First Lien Delayed Draw Term Loan	LIBOR (Q)	-	9.50 %	9.92 %	1/12/2020	$5,000,000	4,621,333	4,919,25
Greystone Select Holdings, LLC	First Lien Term Loan	LIBOR (Q)	1.00%	8.00 %	9.00 %	3/26/2021	$16,305,999	16,125,251	16,133,1
Trade Finance Funding I, Ltd. (Cayman Islands)	Secured Class B Notes	Fixed	-	10.75%	10.75%	11/13/2018	$15,084,000	15,084,000	14,857,7
								62,660,198	62,615,3
Oil and Gas Extraction									
Jefferson Gulf Coast Energy Partners, LLC	First Lien Term Loan B	Prime Rate	-	7.50 %	11.00%	2/27/2018	$14,812,500	14,714,767	13,479,3
MD America Energy, LLC	Second Lien Term Loan	LIBOR (Q)	1.00%	8.50 %	9.50 %	8/4/2019	$8,095,238	7,784,717	6,773,04

								22,499,484	20,252,4
Other Information Services									
Simmons Research, LLC	First Lien Term Loan	LIBOR (Q)	0.50%	10.50%	11.13%	12/11/2020	$5,128,936	5,026,844	5,026,35
TCH-2 Holdings, LLC (TravelClick)	Second Lien Term Loan	LIBOR (M)	1.00%	7.75 %	8.75 %	11/6/2021	$19,988,392	19,735,864	18,789,0
								24,762,708	23,815,4
Other Manufacturing									
AGY Holding Corp.	Sr Secured Term Loan	Fixed	-	12.00%	12.00%	9/15/2016	$4,869,577	4,869,577	4,869,57
AGY Holding Corp.	Second Lien Notes	Fixed	-	11.00%	11.00%	11/15/2016	$9,268,000	7,586,317	9,268,00
Boomerang Tube, LLC	Second Lien Term Loan	LIBOR (Q)	1.50%	9.50 %	11.00%	10/11/2017	$3,825,453	4,010,758	1,759,70
Boomerang Tube, LLC	Super Priority Debtor-in-Possession	Prime Rate	-	10.00%	13.50%	11/30/2015	$1,124,444	1,124,444	1,124,44
								17,591,096	17,021,7
Other Telecommunications									
Securus Technologies, Inc.	Second Lien Term Loan	LIBOR (Q)	1.25%	7.75 %	9.00 %	4/30/2021	$14,000,000	13,860,000	7,924,00

TCP Capital Corp.

Consolidated Schedule of Investments (Continued)

December 31, 2015

Issuer	Instrument	Ref	Floor	Spread	Total Coupon	Maturity	Principal	Cost	Fair Value
Debt Investments (continued)									
Other Publishing									
MediMedia USA, Inc.	First Lien Revolver	LIBOR (M)	-	6.75 %	7.18 %	5/20/2018	$3,456,500	$2,886,378	$3,003,668
MediMedia USA, Inc.	First Lien Term Loan	LIBOR (Q)	1.25%	6.75 %	8.00 %	11/20/2018	$5,681,239	5,582,994	5,425,584
								8,469,372	8,429,252
Pharmaceuticals									
Lantheus Medical Imaging, Inc.	First Lien Term Loan	LIBOR (Q)	1.00%	6.00 %	7.00 %	6/30/2022	$5,970,000	5,879,117	5,492,400
Plastics Manufacturing									
Iracore International, Inc.	Sr Secured Notes	Fixed	-	9.50 %	9.50 %	6/1/2018	$13,600,000	13,600,000	8,918,010
Radio and Television Broadcasting									
Fuse, LLC	Sr Secured Notes	Fixed	-	10.38%	10.38%	7/1/2019	$7,312,000	7,312,000	5,776,480
NEP/NCP Holdco, Inc.	Second Lien Term Loan	LIBOR (M)	1.25%	8.75 %	10.00%	7/22/2020	$10,000,000	10,019,257	9,450,000
The Tennis Channel, Inc.	First Lien Term Loan	LIBOR (Q)	-	8.50 %	8.88 %	5/29/2017	$32,520,727	32,351,929	32,675,201
								49,683,186	47,901,681
Restaurants									
RM OpCo, LLC (Real Mex)	Convertible Second Lien Term Loan Tranche B-1	Fixed	-	8.50 %	8.50 %	3/30/2018	$1,783,036	1,779,352	1,783,036
RM OpCo, LLC (Real Mex)	First Lien Term Loan Tranche A	Fixed	-	7.00 %	7.00 %	3/21/2016	$3,719,155	3,717,664	3,719,155
RM OpCo, LLC (Real Mex)	Second Lien Term Loan Tranche B	Fixed	-	8.50 %	8.50 %	3/30/2018	$8,884,258	8,884,258	4,490,993
RM OpCo, LLC (Real Mex)	Second Lien Term Loan	Fixed	-	8.50 %	8.50 %	3/30/2018	$2,797,956	2,782,534	2,797,956

RM OpCo, LLC (Real Mex)	Tranche B-1 Sr Convertible Second Lien Term Loan B	Fixed	-	8.50 %	8.50 %	3/30/2018	$2,188,233	2,188,233	2,188,233
								19,352,041	14,979,373
Retail									
Kenneth Cole Productions, Inc.	First Lien FILO Term Loan	LIBOR (M)	1.00%	8.50 %	9.50 %	9/25/2020	$13,185,494	13,049,991	13,317,349
Connexity, Inc.	First Lien Term Loan	LIBOR (Q)	1.00%	10.00%	11.00%	2/13/2020	$6,354,563	6,354,563	6,237,956
								19,404,554	19,555,305
Satellite Telecommunications									
Avanti Communications Group, PLC (United Kingdom)	Sr Secured Notes	Fixed	-	10.00%	10.00%	10/1/2019	$9,393,000	9,393,000	7,336,027
Scientific Research and Development Services									
BPA Laboratories, Inc.	Senior Secured Notes	Fixed	-	12.25%	12.25%	4/1/2017	$38,932,000	39,001,750	40,489,280
Software Publishing									
Acronis International GmbH (Switzerland)	First Lien Term Loan	LIBOR (Q)	1.00%	9.50 %	10.50%	2/21/2017	$29,485,290	29,375,415	28,170,246
ArcServe (USA), LLC	Second Lien Term Loan	LIBOR (Q)	0.50%	8.50 %	9.00 %	1/31/2020	$30,000,000	29,529,480	28,023,000
BlackLine Systems, Inc.	First Lien Term Loan	LIBOR (Q)	1.50%	0.4% Cash + 7.6% PIK	9.50 %	9/25/2018	$14,619,396	13,946,601	14,765,590
Bluehornet Networks, Inc.	First Lien Term Loan	LIBOR (Q)	-	9.50 %	10.11%	12/3/2020	$6,062,304	5,881,725	5,880,435
Edmentum, Inc.	Jr Revolving Facility	Fixed	-	5.00 %	5.00 %	6/9/2020	$-	-	-
Edmentum Ultimate Holdings, LLC	Sr PIK Notes	Fixed	-	8.50 %	8.50 %	6/9/2020	$2,612,408	2,612,408	2,612,408
Edmentum Ultimate Holdings, LLC	Jr PIK Notes	Fixed	-	10.00%	10.00%	6/9/2020	$11,791,569	11,176,985	11,343,490
Fidelis Acquisitionco, LLC	First Lien Term Loan	LIBOR (Q)	1.00%	8.00 %	9.00 %	11/4/2019	$41,924,150	41,178,969	42,029,025

Fidelis Acquisitionco, LLC	Sr Secured Revolver	LIBOR (Q)	1.00%	8.00 %	9.00 %	11/4/2019	$1,272,857	1,272,857	1,276,039
SoundCloud Ltd. (United Kingdom)	Sr Secured Term Loan (2.0% Exit Fees)	LIBOR (Q)	0.28%	10.72%	11.00%	10/1/2018	$31,550,000	31,341,229	31,395,405
Utilidata, Inc.	First Lien Delayed Draw Term Loan (1.0% Exit Fee)	LIBOR (Q)	0.62%	9.88 %	10.50%	1/1/2019	$3,200,000	2,906,672	2,903,680
Virgin Pulse Inc.	First Lien Term Loan	LIBOR (Q)	-	8.00 %	8.63 %	5/21/2020	$7,500,000	7,398,976	7,471,875
								176,621,317	175,871,193
Textile Furnishings Mills									
Lexmark Carpet Mills, Inc.	First Lien Term Loan	LIBOR (Q)	1.00%	10.00%	11.00%	12/19/2019	$25,000,000	25,000,000	24,785,000
Lexmark Carpet Mills, Inc.	First Lien Term Loan B	LIBOR (Q)	1.00%	10.00%	11.00%	12/19/2019	$8,575,581	8,378,569	8,501,831
								33,378,569	33,286,831
Utility System Construction									
Kawa Solar Holdings Limited	Revolving Credit Facility	Fixed	-	8.20 %	8.20 %	7/2/2017	$25,000,000	25,000,000	25,000,000
Wired Telecommunications Carriers									
Alpheus Communications, LLC	First Lien Delayed Draw FILO Term Loan	LIBOR (Q)	1.00%	6.92 %	7.92 %	5/31/2018	$1,064,676	1,046,166	1,058,812
Alpheus Communications, LLC	First Lien FILO Term Loan	LIBOR (Q)	1.00%	6.92 %	7.92 %	5/31/2018	$7,938,819	7,859,897	7,895,156
Integra Telecom Holdings, Inc.	Second Lien Term Loan	LIBOR (Q)	1.25%	8.50 %	9.75 %	2/22/2020	$13,231,193	13,039,047	12,883,874
Oxford County Telephone and Telegraph Company	First Lien Term Loan	LIBOR (Q)	1.00%	7.13 %	8.13 %	8/31/2020	$4,000,000	3,943,631	3,922,000
								25,888,741	25,759,842
Wireless Telecommunications Carriers									
Gogo, LLC	First Lien Term Loan	LIBOR (Q)	1.50%	9.75 %	11.25%	3/21/2018	$32,822,506	32,877,865	33,150,731
Total Debt Investments								1,160,372,521	1,130,535,3

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TCP Capital Corp.

Consolidated Schedule of Investments (Continued)

December 31, 2015

Issuer	Instrument	Ref	Floor	Spread	Total Coupon	Maturity	Shares	Cost	Fair Value	% of Total Cash and Investments	Notes
<u>Equity Securities</u>											
Advertising and Public Relations Services											
InMobi, Inc. (Singapore)	Warrants to Purchase Stock						17,578	$230,569	$233,543	0.02%	C/E/H
Air Transportation											
Aircraft Leased to Delta Air Lines, Inc.											
N913DL	Trust Beneficial Interests						1,316	84,164	107,501	0.01%	E/F
N918DL	Trust Beneficial Interests						1,053	86,044	127,662	0.01%	E/F
N954DL	Trust Beneficial Interests						975	95,345	77,850	0.01%	E/F
N955DL	Trust Beneficial Interests						937	92,045	108,100	0.01%	E/F
N956DL	Trust Beneficial Interests						946	91,995	104,478	0.01%	E/F
N957DL	Trust Beneficial Interests						937	92,417	105,329	0.01%	E/F
N959DL	Trust Beneficial Interests						928	92,840	106,203	0.01%	E/F
N960DL	Trust Beneficial Interests						902	94,503	105,937	0.01%	E/F
N961DL							919	94,018	101,487	0.01%	E/F

	Trust Beneficial Interests					
N976DL	Trust Beneficial Interests	1,130	87,968	100,793	0.01%	E/F
Aircraft Leased to United Airlines, Inc.						
United N659UA-767, LLC (N659UA)	Trust Beneficial Interests	652	3,143,045	3,368,599	0.28%	E/F
United N661UA-767, LLC (N661UA)	Trust Beneficial Interests	632	3,062,496	3,294,024	0.27%	E/F
Epic Aero, Inc. (One Sky)	Warrants to Purchase Common Stock	1,843	855,313	3,173,450	0.26%	C/E
			7,972,193	10,881,413	0.91%	
Business Support Services						
Findly Talent, LLC	Membership Units	708,229	230,938	162,184	0.01%	C/E
STG-Fairway Holdings, LLC (First Advantage)	Class A Units	841,479	325,432	2,616,916	0.21%	C/E
			556,370	2,779,100	0.22%	
Chemicals						
Green Biologics, Inc.	Warrants to Purchase Stock	376,147	272,594	236,634	0.02%	C/E
Communications Equipment Manufacturing						
Wasserstein Cosmos Co-Invest, L.P. (Globecomm)	Limited Partnership Units	5,000,000	5,000,000	4,198,500	0.34%	B/C/E
Computer Systems Design and Related Services						
Waterfall International, Inc.	Series B Preferred Stock	1,428,571	1,000,000	999,714	0.08%	C/E
Waterfall International,	Warrants to Purchase	857,143	57,026	57,686	-	C/E

Inc.	Stock					
			1,057,026	1,057,400	0.08%	
Data Processing and Hosting Services						
Anacomp, Inc.	Class A Common Stock	1,255,527	26,711,048	1,581,964	0.13%	C/E/F
Rightside Group, Ltd.	Warrants	498,855	2,778,622	919,030	0.07%	C/E
			29,489,670	2,500,994	0.20%	
Electrical Equipment Manufacturing						
NEXTracker, Inc.	Series B Preferred Stock	558,884	-	2,929,279	0.24%	C/E
NEXTracker, Inc.	Series C Preferred Stock	17,640	-	92,460	0.01%	C/E
			-	3,021,739	0.25%	
Electronic Component Manufacturing						
Soraa, Inc.	Warrants to Purchase Common Stock	630,000	499,189	180,432	0.01%	C/E
Equipment Leasing						
36th Street Capital Partners Holdings, LLC	Membership Units	225,000	225,000	225,000	0.02%	C/E/F
Essex Ocean II, LLC	Membership Units	199,430	199,429	200,686	0.02%	C/F
			424,429	425,686	0.04%	
Financial Investment Activities						
GACP I, LP	Membership Units	8,470,305	8,589,442	8,589,760	0.70%	C/E/I
Marsico Holdings, LLC	Common Interest Units	168,698	172,694	5,061	-	C/E/I
			8,762,136	8,594,821	0.70%	
Metal and Mineral Mining						
EPMC HoldCo, LLC	Membership Units	1,312,720	-	682,614	0.06%	B/E
Other Manufacturing						
KAGY Holding Company, Inc.	Series A Preferred Stock	9,778	1,091,200	6,118,515	0.50%	B/C/E

Precision Holdings, LLC	Class C Membership Interest	33	-	1,431	-	C/E
			1,091,200	6,119,946	0.50%	
Radio and Television Broadcasting						
Fuse Media, LLC	Warrants to Purchase Common Stock	233,470	300,322	-	-	C/E
Restaurants						
RM Holdco, LLC (Real Mex)	Equity Participation	24	-	-	-	B/C/E
RM Holdco, LLC (Real Mex)	Membership Units	13,161,000	2,010,777	-	-	B/C/E
			2,010,777	-	-	
Retail						
Shop Holding, LLC (Connexity)	Class A Units	507,167	480,049	320,682	0.03%	C/E
Shop Holding, LLC (Connexity)	Warrants to Purchase Class A Units	326,691	-	8,079	-	C/E
			480,049	328,761	0.03%	

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TCP Capital Corp.

Consolidated Schedule of Investments (Continued)

December 31, 2015

Issuer	Instrument	Ref	Floor	Spread	Total Coupon	Maturity	Shares	Cost	Fair Value	% of Total Cash and Investments		N
Equity Securities (continued)												
Software Publishing												
Blackline Intermediate, Inc.	Warrants to Purchase Common Stock						1,232,731	$522,678	$1,290,175	0.11	%	C
Edmentum Ultimate Holdings, LLC	Class A Common Units						159,515	680,226	680,218	0.05	%	B
SoundCloud, Ltd. (United Kingdom)	Warrants to Purchase Preferred Stock						946,498	79,082	75,247	0.01	%	C
Utilidata, Inc.	Warrants to Purchase Stock						29,593	216,336	216,337	0.02	%	C
								1,498,322	2,261,977	0.19	%	
Wired Telecommunications Carriers												
Integra Telecom, Inc.	Common Stock						1,274,522	8,433,884	5,269,511	0.43	%	C
Integra Telecom, Inc.	Warrants						346,939	19,919	221,174	0.02	%	C
V Telecom Investment S.C.A. (Vivacom) (Luxembourg)	Common Shares						1,393	3,236,256	3,390,093	0.28	%	C
								11,690,059	8,880,778	0.73	%	
Total Equity Securities								71,334,905	52,384,338	4.30	%	

Total Investments	$1,231,707,426	$1,182,919,725		
Cash and Cash Equivalents				
Cash Denominated in Foreign Currencies		130,081	0.01	%
Cash Held on Account at Various Institutions		35,499,354	2.91	%
Cash and Cash Equivalents		35,629,435	2.92	%
Total Cash and Investments		$1,218,549,160	100.00	% M

Notes to Consolidated Schedule of Investments:

(A) Investments in bank debt generally are bought and sold among institutional investors in transactions not subject to registration under the Securities Act of 1933. Such transactions are generally subject to contractual restrictions, such as approval of the agent or borrower.

(B) Non-controlled affiliate – as defined under the Investment Company Act of 1940 (ownership of between 5% and 25% of the outstanding voting securities of this issuer). See Consolidated Schedule of Changes in Investments in Affiliates.

(C) Non-income producing security.

(D) Investment denominated in foreign currency. Amortized cost and fair value converted from foreign currency to US dollars. Foreign currency denominated investments are generally hedged for currency exposure. At December 31, 2015, such hedging activities included the derivatives listed at the end of the Consolidated Schedule of Investments. (See Note 2)

(E) Restricted security. (See Note 2)

(F) Controlled issuer – as defined under the Investment Company Act of 1940 (ownership of 25% or more of the outstanding voting securities of this issuer). Investment is not more than 50% of the outstanding voting securities of the issuer nor deemed to be a significant subsidiary. See Consolidated Schedule of Changes in Investments in Affiliates.

(G) Investment has been segregated to collateralize certain unfunded commitments.

(H) Non-U.S. company or principal place of business outside the U.S. and as a result the investment is not a qualifying asset under Section 55(a) of the Investment Company Act. Under the Investment Company Act, the Company may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of the Company's total assets.

(I) Deemed an investment company under Section 3(c) of the Investment Company Act and as a result the investment is not a qualifying asset under Section 55(a) of the Investment Company Act. Under the Investment Company Act, the Company may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of the Company's total assets.

(J) Publicly traded company with a market capitalization greater than $250 million and as a result the investment is not a qualifying asset under Section 55(a) of the Investment Company Act. Under the Investment Company Act, the Company may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of the Company's total assets.

(K) Negative balances relate to an unfunded commitment that was acquired and/or valued at a discount.

(L) In addition to the stated coupon, investment has an exit fee payable upon repayment of the loan in an amount equal to the percentage of the original principal amount shown.

(M) All cash and investments, except those referenced in Notes G above, are pledged as collateral under certain debt as described in Note 4 to the Consolidated Financial Statements.

LIBOR or EURIBOR resets monthly (M), quarterly (Q), semiannually (S), or annually (A).

Aggregate acquisitions and aggregate dispositions of investments, other than government securities, totaled $500,928,009 and $456,059,137 respectively, for the twelve months ended December 31, 2015. Aggregate acquisitions includes investment assets received as payment in kind. Aggregate dispositions includes principal paydowns on and maturities of debt investments. The total value of restricted securities and bank debt as of December 31, 2015 was $1,182,719,039, or 97.1% of total cash and investments of the Company. As of December 31, 2015, approximately 18.0% of the total assets of the Company were not qualifying assets under Section 55(a) of the 1940 Act.

Options and swaps at December 31, 2015 were as follows:

Investment	Notional Amount	Fair Value
Interest Rate Cap with Deutsche Bank AG, 4%, expires 5/15/2016	$25,000,000	$-
Euro/US Dollar Cross-Currency Basis Swap with Wells Fargo Bank, N.A., Pay Euros/Receive USD, Expires 3/31/2017	$16,401,467	$3,229,442

See accompanying notes to the consolidated financial statements.

TCP Capital Corp.

Consolidated Statements of Operations (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Investment income				
Interest income:				
Companies less than 5% owned	$35,115,862	$32,171,144	$99,016,633	$98,581,508
Companies 5% to 25% owned	1,848,171	1,516,596	4,982,075	3,828,262
Companies more than 25% owned	1,313,034	125,074	1,915,981	444,168
Lease income:				
Companies more than 25% owned	71,013	354,958	1,496,869	978,000
Other income:				
Companies less than 5% owned	120,910	1,331,277	1,241,885	3,420,283
Total investment income	38,468,990	35,499,049	108,653,443	107,252,221
Operating expenses				
Interest and other debt expenses	6,198,850	4,610,726	17,577,859	13,031,365
Management and advisory fees	4,816,043	4,703,999	13,976,545	13,681,411
Legal fees, professional fees and due diligence expenses	550,563	425,796	1,784,174	1,994,571
Administrative expenses	429,867	394,920	1,267,815	1,177,357
Director fees	97,877	67,625	295,486	233,465
Insurance expense	78,794	99,876	280,575	272,677
Custody fees	75,995	74,891	231,846	214,141
Other operating expenses	555,944	866,249	1,569,986	2,182,452
Total operating expenses	12,803,933	11,244,082	36,984,286	32,787,439
Net investment income	25,665,057	24,254,967	71,669,157	74,464,782
Net realized and unrealized gain (loss) on investments and foreign currency				
Net realized gain (loss):				
Investments in companies less than 5% owned	(763,617)	5,735,352	(4,490,140)	(3,714,114)
Investments in companies 5% to 25% owned	102,392	395	417,446	1,185
Investments in companies more than 25% owned	-	-	79,742	19,167
Net realized gain (loss)	(661,225)	5,735,747	(3,992,952)	(3,693,762)
Change in net unrealized appreciation/depreciation	869,981	(7,621,948)	53,816	28,123
Net realized and unrealized gain (loss)	208,756	(1,886,201)	(3,939,136)	(3,665,639)
Net increase in net assets from operations	25,873,813	22,368,766	67,730,021	70,799,143
Gain on repurchase of Series A preferred interests	-	-	-	1,675,000
Dividends on Series A preferred equity facility	-	(460,836)	-	(1,251,930)
Net change in accumulated dividends on Series A preferred equity facility	-	398,541	-	497,790
	(5,133,010)	(4,838,534)	(14,333,831)	(14,742,130)

Distributions of incentive allocation to the General Partner from: Net investment income				
Net increase in net assets applicable to common shareholders resulting from operations	$20,740,803	$17,467,937	$53,396,190	$56,977,873
Basic and diluted earnings per common share	$0.39	$0.36	$1.06	$1.17
Basic and diluted weighted average common shares outstanding	52,736,835	48,957,567	50,245,035	48,858,263

See accompanying notes to the consolidated financial statements.

TCP Capital Corp.

Consolidated Statements of Changes in Net Assets (Unaudited)

	Common Stock		Paid in Capital in Excess of Par	Accumulated Net Investment Income	Accumulated Net Realized Losses	Accumulated Net Unrealized Depreciation	Total Net Assets
	Shares	Par Amount					
Balance at December 31, 2014	48,710,627	$48,710	$877,103,880	$21,884,381	$(126,408,033)	$(41,499,910)	$731,129,028
Issuance of common stock from at the market offerings, net	248,614	249	3,945,817	-	-	-	3,946,066
Issuance of common stock from dividend reinvestment plan	555	-	8,116	-	-	-	8,116
Repurchase of common stock	(125,062)	(125)	(1,797,751)				(1,797,876)
Gain on repurchase of Series A preferred interests	-	-	-	-	1,675,000	-	1,675,000
Net investment income	-	-	-	100,502,812	-	-	100,502,812
Net realized and unrealized loss	-	-	-	-	(17,671,648)	(4,733,463)	(22,405,111)
Dividends on Series A preferred equity facility	-	-	-	(754,140)	-	-	(754,140)
General Partner incentive allocation	-	-	-	(19,949,734)	-	-	(19,949,734)
Regular dividends paid to common shareholders	-	-	-	(70,377,144)	-	-	(70,377,144)
Tax reclassification of stockholders' equity in	-	-	(876,706)	(9,044,382)	9,921,088	-	-

accordance with generally accepted accounting principles							
Balance at December 31, 2015	48,834,734	$48,834	$878,383,356	$22,261,793	$(132,483,593)	$(46,233,373)	$721,977,017
Issuance of common stock in public offering, net	2,336,552	2,337	34,956,233	-	-	-	34,958,570
Issuance of common stock from conversion of convertible debt	2,011,900	2,012	30,216,726	-	-	-	30,218,738
Issuance of common stock from dividend reinvestment plan	461	-	7,147	-	-	-	7,147
Issuance of convertible debt	-	-	3,309,596	-	-	-	3,309,596
Repurchase of common stock	(141,896)	(141)	(1,879,407)	-	-	-	(1,879,548)
Net investment income	-	-	-	71,669,157	-	-	71,669,157
Net realized and unrealized loss	-	-	-	-	(3,992,952)	53,816	(3,939,136)
General Partner incentive allocation	-	-	-	(14,333,831)	-	-	(14,333,831)
Regular dividends paid to common shareholders	-	-	-	(54,880,168)	-	-	(54,880,168)
Balance at September 30, 2016	53,041,751	$53,042	$944,993,651	$24,716,951	$(136,476,545)	$(46,179,557)	$787,107,542

See accompanying notes to the consolidated financial statements.

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TCP Capital Corp.

Consolidated Statements of Cash Flows (Unaudited)

	Nine Months Ended September 30,	
	2016	2015
Operating activities		
Net increase in net assets applicable to common shareholders resulting from operations	$53,396,190	$56,977,873
Adjustments to reconcile net increase in net assets applicable to common shareholders resulting from operations to net cash used in operating activities:		
Net realized loss	3,992,952	3,693,762
Change in net unrealized appreciation/depreciation of investments	121,178	(374,026)
Gain on repurchase of Series A preferred interests	-	(1,675,000)
Dividends paid on Series A preferred equity facility	-	1,251,930
Net change in accumulated dividends on Series A preferred equity facility	-	(497,790)
Net amortization of investment discounts and premiums	(9,263,325)	(9,252,856)
Amortization of original issue discount on convertible debt	361,750	308,402
Interest and dividend income paid in kind	(5,209,391)	(4,854,335)
Amortization of deferred debt issuance costs	1,947,472	1,623,333
Accrued interest on convertible debt at conversion	218,738	-
Changes in assets and liabilities:		
Purchases of investment securities	(374,607,255)	(418,493,733)
Proceeds from sales, maturities and pay downs of investments	294,224,143	305,505,796
Increase in accrued interest income - companies less than 5% owned	(2,224,606)	(4,039,131)
Increase in accrued interest income - companies 5% to 25% owned	(295,458)	(496,698)
Decrease in accrued interest income - companies more than 25% owned	13,311	10,957
Decrease (increase) in receivable for investments sold	(6,306,581)	8,991,647
Decrease in prepaid expenses and other assets	909,421	795,661
Increase in payable for investments purchased	2,725,929	5,798,002
Increase (decrease) in incentive allocation payable	(74,596)	535,494
Increase in interest payable	1,608,964	2,069,047
Increase in payable to the Advisor	369,532	271,345
Decrease in accrued expenses and other liabilities	(540,927)	(584,783)
Net cash used in operating activities	(38,632,559)	(52,435,104)
Financing activities		
Borrowings	503,700,000	415,300,000
Repayments of debt	(503,500,000)	(169,000,000)
Payments of debt issuance costs	(4,529,350)	(3,766,618)
Repurchase of Series A preferred interests	-	(132,325,000)
Dividends paid on Series A preferred equity facility	-	(1,251,930)
Regular dividends paid to common shareholders	(54,880,168)	(52,786,506)
Repurchase of common shares	(1,879,548)	(372,843)
Proceeds from issuance of convertible debt	170,000,000	-
Proceeds from shares issued in connection with dividend reinvestment plan	7,147	6,012
Proceeds from common shares sold, net of underwriting and offering costs	34,958,570	3,946,066

Net cash provided by financing activities	143,876,651	59,749,181
Net increase in cash and cash equivalents	105,244,092	7,314,077
Cash and cash equivalents at beginning of period	35,629,435	27,268,792
Cash and cash equivalents at end of period	$140,873,527	$34,582,869
Supplemental cash flow information		
Interest payments	$12,768,481	$8,110,934
Excise tax payments	$877,879	$877,879
Non-cash transactions		
Conversion of convertible debt	$30,218,738	$-

See accompanying notes to the consolidated financial statements.

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TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited)

September 30, 2016

1. Organization and Nature of Operations

TCP Capital Corp. (the “Company”) is a Delaware corporation formed on April 2, 2012 as an externally managed, closed-end, non-diversified management investment company. The Company elected to be treated as a business development company (“BDC”) under the Investment Company Act of 1940, as amended (the “1940 Act”). The Company’s investment objective is to achieve high total returns through current income and capital appreciation, with an emphasis on principal protection. The Company invests primarily in the debt of middle-market companies as well as small businesses, including senior secured loans, junior loans, mezzanine debt and bonds. Such investments may include an equity component, and, to a lesser extent, the Company may make equity investments directly. The Company was formed through the conversion on April 2, 2012 of the Company’s predecessor, Special Value Continuation Fund, LLC, from a limited liability company to a corporation in a non-taxable transaction, leaving the Company as the surviving entity. On April 3, 2012, the Company completed its initial public offering.

Investment operations are conducted in Special Value Continuation Partners, LP, a Delaware limited partnership (the “Operating Company”), of which the Company owns 100% of the common limited partner interests, or in one of the Operating Company’s wholly owned subsidiaries, TCPC Funding I, LLC, a Delaware limited liability company (“TCPC Funding”) and TCPC SBIC, LP, a Delaware limited partnership (the “SBIC”). The Operating Company has also elected to be treated as a BDC under the 1940 Act. The SBIC was organized in June 2013, and, on April 22, 2014, received a license from the United States Small Business Administration (the “SBA”) to operate as a small business investment company under the provisions of Section 301(c) of the Small Business Investment Act of 1958. These consolidated financial statements include the accounts of the Company, the Operating Company, TCPC Funding and the SBIC. All significant intercompany transactions and balances have been eliminated in the consolidation.

The Company has elected to be treated as a regulated investment company (“RIC”) for U.S. federal income tax purposes. As a RIC, the Company will not be taxed on its income to the extent that it distributes such income each year and satisfies other applicable income tax requirements. The Operating Company, TCPC Funding, and the SBIC have elected to be treated as partnerships for U.S. federal income tax purposes.

The general partner of the Operating Company is SVOF/MM, LLC, which also serves as the administrator of both the Company and the Operating Company (the “Administrator” or the “General Partner”). The managing member of the General Partner is Tennenbaum Capital Partners, LLC (the “Advisor”), which serves as the investment manager to the Company, the Operating Company, TCPC Funding, and the SBIC. Most of the equity interests in the General Partner are owned directly or indirectly by the Advisor and its employees.

Company management consists of the Advisor and the Company’s board of directors. Operating Company management consists of the General Partner and the Operating Company’s board of directors. The Advisor and the General Partner direct and execute the day-to-day operations of the Company and the Operating Company, respectively, subject to oversight from the respective board of directors, which sets the broad policies of the respective entity and performs certain functions required by the 1940 Act in the case of the Operating Company. The board of directors of the Operating Company has delegated investment management of the Operating Company’s assets to the Advisor. Each board of directors consists of six persons, four of whom are independent.

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2016

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). The Company is an investment company following accounting and reporting guidance in Accounting Standards Codification ("ASC") Topic 946, Financial Services – Investment Companies. The Company has consolidated the results of its wholly owned subsidiaries in its consolidated financial statements in accordance with ASC Topic 946. The following is a summary of the significant accounting policies of the Company and the Operating Company.

Reclassifications

Certain prior period amounts in the Consolidated Statements of Assets and Liabilities relating to deferred debt issuance costs were reclassified to debt to conform to the current period presentation resulting from the adoption of two Accounting Standards Updates (see "Recent Accounting Pronouncements"). Certain prior period amounts in the Consolidated Statements of Operations relating to interest expense, amortization of deferred debt issuance costs and commitment fees have been reclassified into "interest and other debt expenses" to conform to the current period presentation.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well the reported amounts of revenues and expenses during the reporting periods presented. Although management believes these estimates and assumptions to be reasonable, actual results could differ from those estimates and such differences could be material.

Investment Valuation

The Company's investments are generally held by the Operating Company, either directly or through either TCPC Funding or the SBIC. Management values investments at fair value in accordance with GAAP, based upon the principles and methods of valuation set forth in policies adopted by the board of directors. Fair value is generally defined as the amount for which an investment would be sold in an orderly transaction between market participants at the measurement date.

All investments are valued at least quarterly based on quotations or other affirmative pricing from independent third-party sources, with the exception of investments priced directly by the Advisor which in the aggregate comprise less than 5% of the capitalization of the Operating Company. Investments listed on a recognized exchange or market quotation system, whether U.S. or foreign, are valued using the closing price on the date of valuation.

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2016
2. Summary of Significant Accounting Policies (continued)

Investments not listed on a recognized exchange or market quotation system, but for which reliable market quotations are readily available are valued using prices provided by a nationally recognized pricing service or by using quotations from broker-dealers.

Investments for which market quotations are either not readily available or are determined to be unreliable are priced at fair value using affirmative valuations performed by independent valuation services approved by the board of directors or, for investments aggregating less than 5% of the total capitalization of the Operating Company, using valuations determined directly by the Advisor. Such valuations are determined under a documented valuation policy that has been reviewed and approved by the board of directors.

Pursuant to this policy, the Advisor provides recent portfolio company financial statements and other reporting materials to independent valuation firms as applicable, which firms evaluate such materials along with relevant observable market data to conduct independent appraisals each quarter, and their preliminary valuation conclusions are documented and discussed with senior management of the Advisor. The audit committee of the board of directors discusses the valuations, and the board of directors approves the fair value of the investments in good faith based on the input of the Advisor, the respective independent valuation firms as applicable, and the audit committee of the board of directors.

Generally, to increase objectivity in valuing the investments, the Advisor will utilize external measures of value, such as public markets or third-party transactions, whenever possible. The Advisor's valuation is not based on long-term work-out value, immediate liquidation value, nor incremental value for potential changes that may take place in the future. The values assigned to investments are based on available information and do not necessarily represent amounts that might ultimately be realized, as these amounts depend on future circumstances and cannot reasonably be determined until the individual investments are actually liquidated. The foregoing policies apply to all investments, including any in companies and groups of affiliated companies aggregating more than 5% of the Company's assets.

Fair valuations of investments in each asset class are determined using one or more methodologies including the market approach, income approach, or, in the case of recent investments, the cost approach, as appropriate. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets. Such information may include observed multiples of earnings and/or revenues at which transactions in securities of comparable companies occur, with appropriate adjustments for differences in company size, operations or other factors affecting comparability.

The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present value amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. The discount rates used for such analyses reflect market yields for comparable investments, considering such factors as relative credit quality, capital structure, and other factors.

In following these approaches, the types of factors that may be taken into account also include, as relevant: available current market data, including relevant and applicable market trading and transaction comparables, security covenants, call protection provisions, information rights, the nature and realizable value of any collateral, the portfolio company's ability to make payments, its earnings and cash flows, the markets in which the portfolio company does business, comparisons of financial ratios of peer companies that are public, merger and acquisition comparables, comparable costs of capital, the principal market in which the investment trades and enterprise values, among other factors.

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TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2016

2. Summary of Significant Accounting Policies (continued)

Investments may be categorized based on the types of inputs used in valuing such investments. The level in the GAAP valuation hierarchy in which an investment falls is based on the lowest level input that is significant to the valuation of the investment in its entirety. Transfers between levels are recognized as of the beginning of the reporting period.

At September 30, 2016, the Company's investments were categorized as follows:

Level	Basis for Determining Fair Value	Bank Debt	Other Corporate Debt	Equity Securities
1	Quoted prices in active markets for identical assets	$-	$-	$-
2	Other direct and indirect observable market inputs *	25,216,828	91,523,106	-
3	Independent third-party valuation sources that employ significant unobservable inputs	1,033,851,938	70,440,958	53,494,113
3	Advisor valuations with significant unobservable inputs	149,458	-	1,753,491
Total		$1,059,218,224	$161,964,064	$55,247,604

*For example, quoted prices in inactive markets or quotes for comparable investments

Unobservable inputs used in the fair value measurement of Level 3 investments as of September 30, 2016 included the following:

Asset Type	Fair Value	Valuation Technique	Unobservable Input	Range (Weighted Avg.)
Bank Debt	$801,891,666	Income approach	Discount rate	7.5% – 19.3% (12.0%)
	131,813,913	Market quotations	Indicative bid/ask quotes	1 – 5(2)
	48,698,938	Market comparable companies	Revenue multiples	0.4x – 4.0x(2.4x)
	51,596,879	Market comparable companies	EBITDA multiples	5.0x – 11.5x(6.9x)
Other Corporate Debt	61,172,958	Market quotations	Indicative bid/ask quotes	1 – 2(1)
	9,268,000	Market comparable companies	EBITDA multiples	7.8x(7.8x)
Equity	6,785,350	Income approach	Discount rate	5.3% – 26.2% (5.8%)
	27,675,630	Market quotations	Indicative bid/ask quotes	1(1)
	4,564,588	Market comparable companies	Revenue multiples	0.4x – 7.8x(5.3x)
	16,222,036	Market comparable companies	EBITDA multiples	6.4x – 11.5x(7.6x)
	$1,159,689,958			

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2016
2. Summary of Significant Accounting Policies (continued)

Generally, a change in an unobservable input may result in a change to the value of an investment as follows:

Input	Impact to Value if Input Increases	Impact to Value if Input Decreases
Discount rate	Decrease	Increase
Revenue multiples	Increase	Decrease
EBITDA multiples	Increase	Decrease

Changes in investments categorized as Level 3 during the three months ended September 30, 2016 were as follows:

	Independent Third-Party Valuation		
	Bank Debt	Other Corporate Debt	Equity Securities
Beginning balance	$986,374,365	$108,247,783	$53,064,896
Net realized and unrealized gains (losses)	185,985	1,148,520	(1,782,745)
Acquisitions *	143,164,985	7,310,415	5,540,103
Dispositions	(102,376,236)	-	(3,007,459)
Transfers out of Level 3 †	-	(46,265,760)	-
Transfers into Level 3 ‡	6,502,839	-	-
Reclassifications within Level 3 §	-	-	(320,682)
Ending balance	$1,033,851,938	$70,440,958	$53,494,113
Net change in unrealized appreciation/depreciation during the period on investments still held at period end (included in net realized and unrealized gains/losses, above)	$2,587,265	$1,148,520	$(1,782,745)

* Includes payments received in kind and accretion of original issue and market discounts
† Comprised of two investments that transferred to Level 2 due to increased observable market activity
‡ Comprised of one investment that transferred from Level 2 due to reduced trading volumes
§ Comprised of one investment that reclassified to Advisor Valuation

	Advisor Valuation		
	Bank Debt	Other Corporate Debt	Equity Securities
Beginning balance	$146,365	$ -	$1,855,336
Net realized and unrealized gains (losses)	3,093	-	(319,764)
Dispositions	-	-	(102,763)
Reclassifications within Level 3 *	-	-	320,682
Ending balance	$149,458	$ -	$1,753,491
Net change in unrealized appreciation/depreciation during the period on investments still held at period end (included in net realized and unrealized	$3,093	$ -	(420,896)

gains/losses, above)

*Comprised of one investment that reclassified from Independent Third-Party Valuation

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TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2016

2. Summary of Significant Accounting Policies (continued)

There were no transfers between Level 1 and 2 during the three months ended September 30, 2016.

Changes in investments categorized as Level 3 during the nine months ended September 30, 2016 were as follows:

	Independent Third-Party Valuation		
	Bank Debt	Other Corporate Debt	Equity Securities
Beginning balance	$907,967,337	$89,314,530	$49,956,123
Net realized and unrealized gains (losses)	4,677,005	(1,665,010)	(5,662,544)
Acquisitions [*]	324,878,794	23,280,718	19,764,729
Dispositions	(249,281,514)	-	(10,238,452)
Transfers out of Level 3 [†]	(5,492,400)	(46,265,760)	-
Transfers into Level 3 [‡]	51,102,716	5,776,480	-
Reclassifications within Level 3 [§]	-	-	(325,743)
Ending balance	$1,033,851,938	$70,440,958	$53,494,113
Net change in unrealized appreciation/depreciation during the period on investments still held at period end (included in net realized and unrealized gains/losses, above)	$7,944,054	$(1,665,010)	$(5,637,217)

* Includes payments received in kind and accretion of original issue and market discounts

† Comprised of three investments that transferred to Level 2 due to increased observable market activity

‡ Comprised of six investments that transferred from Level 2 due to reduced trading volumes

§ Comprised of two investments that reclassified to Advisor Valuation

	Advisor Valuation		
	Bank Debt	Other Corporate Debt	Equity Securities
Beginning balance	$1,124,504	$ -	$2,428,217
Net realized and unrealized gains (losses)	(923,349)	-	(582,896)
Acquisitions [*]	1,050,297	-	243
Dispositions	(1,101,994)	-	(417,816)
Reclassifications within Level 3 [†]	-	-	325,743
Ending balance	$149,458	$ -	$1,753,491
Net change in unrealized appreciation/depreciation during the period on investments still held at period end (included in net realized and unrealized gains/losses, above)	$(881,282)	$ -	$(999,280)

* Includes payments received in kind and accretion of original issue and market discounts

† Comprised of two investments that reclassified from Independent Third-Party Valuation

There were no transfers between Level 1 and 2 during the nine months ended September 30, 2016.

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2016

2. Summary of Significant Accounting Policies (continued)

At December 31, 2015, the Company's investments were categorized as follows:

Level	Basis for Determining Fair Value	Bank Debt	Other Corporate Debt	Equity Securities
1	Quoted prices in active markets for identical assets	$-	$-	$-
2	Other direct and indirect observable market inputs *	92,311,257	39,817,757	-
3	Independent third-party valuation sources that employ significant unobservable inputs	907,967,337	89,314,530	49,956,123
3	Advisor valuations with significant unobservable inputs	1,124,504	-	2,428,217
Total		$1,001,403,098	$129,132,287	$52,384,340

*For example, quoted prices in inactive markets or quotes for comparable investments

Unobservable inputs used in the fair value measurement of Level 3 investments as of December 31, 2015 included the following:

Asset Type	Fair Value	Valuation Technique	Unobservable Input	Range (Weighted Avg.)
Bank Debt	$715,701,737	Income approach	Discount rate	4.2% – 18.9% (11.8%)
	140,033,088	Market quotations	Indicative bid/ask quotes	1 – 5(1)
	36,550,712	Market comparable companies	Revenue multiples	0.3x – 4.5x(2.2x)
	16,806,304	Market comparable companies	EBITDA multiples	3.3x – 11.5x(7.8x)
Other Corporate Debt	80,046,530	Market quotations	Indicative bid/ask quotes	1(1)
	9,268,000	Market comparable companies	EBITDA multiples	7.3x(7.3x)
Equity	7,908,649	Income approach	Discount rate	5.9% – 26.2% (8.0%)
	15,827,563	Market quotations	Indicative bid/ask quotes	1 – 2(1)
	3,212,249	Market comparable companies	Revenue multiples	0.3x – 6.0x(3.2x)
	25,435,879	Market comparable companies	EBITDA multiples	4.4x – 11.5x(6.8x)
	$1,050,790,711			

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2016

2. Summary of Significant Accounting Policies (continued)

Changes in investments categorized as Level 3 during the three months ended September 30, 2015 were as follows:

	Independent Third-Party Valuation		
	Bank Debt	Other Corporate Debt	Equity Securities
Beginning balance	$908,884,909	$96,136,194	$38,634,245
Net realized and unrealized gains (losses)	(3,214,866)	(1,285,320)	6,167,397
Acquisitions *	111,630,494	-	2,750,607
Dispositions	(30,596,992)	-	(8,497,163)
Reclassifications within Level 3 †	(289,132)‡	-	-
Ending balance	$986,414,413	$94,850,874	$39,055,086
Net change in unrealized appreciation/depreciation during the period on investments still held at period end (included in net realized and unrealized gains/losses, above)	$(1,862,003)	$(1,285,320)	$4,284,045

* Includes payments received in kind and accretion of original issue and market discounts
† Comprised of one investment that reclassified from Advisor Valuation
‡ Negative balance relates to an unfunded commitment that was acquired and valued at a discount

	Advisor Valuation		
	Bank Debt	Other Corporate Debt	Equity Securities
Beginning balance	$(383,918)‡	$ -	$2,455,417
Net realized and unrealized gains (losses)	149,870	-	(26,540)
Acquisitions *	1,076,312	-	-
Dispositions	(6,893)	-	(1,217)
Reclassifications within Level 3 †	289,132	-	-
Ending balance	$1,124,503	$ -	$2,427,660
Net change in unrealized appreciation/depreciation during the period on investments still held at period end (included in net realized and unrealized gains/losses, above)	$149,870	$ -	$201,750

* Includes payments received in kind and accretion of original issue and market discounts
† Comprised of one investment that reclassified to Independent Third-Party Valuation
‡ Negative balance relates to an unfunded commitment that was acquired and valued at a discount

There were no transfers between Level 1 and 2 during the three months ended September 30, 2015.

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TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2016
2. Summary of Significant Accounting Policies (continued)

Changes in investments categorized as Level 3 during the nine months ended September 30, 2015 were as follows:

	Independent Third-Party Valuation		
	Bank Debt	Other Corporate Debt	Equity Securities
Beginning balance	$840,538,179	$56,621,975	$30,618,142
Net realized and unrealized gains (losses)	(14,665,802)	897,833	13,506,731
Acquisitions *	406,576,197	300,149	5,266,261
Dispositions	(223,620,986)	(2,516,390)	(10,336,048)
Transfers out of Level 3 †	(36,143,175)	(16,311,095)	-
Transfers into Level 3 ‡	13,730,000	51,247,224	-
Reclassifications within Level 3 §	-	4,611,178	-
Ending balance	$986,414,413	$94,850,874	$39,055,086
Net change in unrealized appreciation/depreciation during the period on investments still held at period end (included in net realized and unrealized gains/losses, above)	$(11,815,486)	$841,634	$7,600,170

* Includes payments received in kind and accretion of original issue and market discounts
† Comprised of five investments that transferred to Level 2 due to increased observable market activity
‡ Comprised of three investments that transferred from Level 2 due to reduced trading volumes
§ Comprised of one investment that reclassified from Advisor Valuation

	Advisor Valuation		
	Bank Debt	Other Corporate Debt	Equity Securities
Beginning balance	$-	$4,611,178	$2,324,629
Net realized and unrealized gains (losses)	134,445	-	104,248
Acquisitions *	1,725,243	-	-
Dispositions	(735,185)	-	(1,217)
Reclassifications within Level 3 †	-	(4,611,178)	-
Ending balance	$1,124,503	$-	$2,427,660
Net change in unrealized appreciation/depreciation during the period on investments still held at period end (included in net realized and unrealized gains/losses, above)	$134,445	$-	$332,538

* Includes payments received in kind and accretion of original issue and market discounts
† Comprised of one investment that reclassified to Independent Third-Party Valuation

There were no transfers between Level 1 and 2 during the nine months ended September 30, 2015.

2. Summary of Significant Accounting Policies (continued)

Investment Transactions

Investment transactions are recorded on the trade date, except for private transactions that have conditions to closing, which are recorded on the closing date. The cost of investments purchased is based upon the purchase price plus those professional fees which are specifically identifiable to the investment transaction. Realized gains and losses on investments are recorded based on the specific identification method, which typically allocates the highest cost inventory to the basis of investments sold.

Cash and Cash Equivalents

Cash consists of amounts held in accounts with brokerage firms and the custodian bank. Cash equivalents consist of highly liquid investments with an original maturity of generally three months or less. Cash equivalents are carried at amortized cost which approximates fair value. Cash equivalents are classified as Level 1 in the GAAP valuation hierarchy.

Restricted Investments

The Company may invest without limitation in instruments that are subject to legal or contractual restrictions on resale. These instruments generally may be resold to institutional investors in transactions exempt from registration or to the public if the securities are registered. Disposal of these investments may involve time-consuming negotiations and additional expense, and prompt sale at an acceptable price may be difficult. Information regarding restricted investments is included at the end of the Consolidated Schedule of Investments. Restricted investments, including any restricted investments in affiliates, are valued in accordance with the investment valuation policies discussed above.

Foreign Investments

The Company may invest in instruments traded in foreign countries and denominated in foreign currencies. Foreign currency denominated investments comprised approximately 0.2% and 1.4% of total investments at September 30, 2016 and December 31, 2015, respectively. Such positions were converted at the respective closing foreign exchange rates in effect at September 30, 2016 and December 31, 2015 and reported in U.S. dollars. Purchases and sales of investments and income and expense items denominated in foreign currencies, when they occur, are translated into U.S. dollars based on the foreign exchange rates in effect on the respective dates of such transactions. The portion of gains and losses on foreign investments resulting from fluctuations in foreign currencies is included in net realized and unrealized gain or loss from investments.

Investments in foreign companies and securities of foreign governments may involve special risks and considerations not typically associated with investing in U.S. companies and securities of the U.S. government. These risks include, among other things, revaluation of currencies, less reliable information about issuers, different transaction clearance and settlement practices, and potential future adverse political and economic developments. Moreover, investments in foreign companies and securities of foreign governments and their markets may be less liquid and their prices more volatile than those of comparable U.S. companies and the U.S. government.

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2016

2. Summary of Significant Accounting Policies (continued)

Derivatives

In order to mitigate certain currency exchange and interest rate risks, the Operating Company has entered into certain swap and option transactions. All derivatives are reported at their gross amounts as either assets or liabilities in the Consolidated Statements of Assets and Liabilities. The transactions entered into are accounted for using the mark-to-market method with the resulting change in fair value recognized in earnings for the current period. Risks may arise upon entering into these contracts from the potential inability of counterparties to meet the terms of their contracts and from unanticipated movements in interest rates and the value of foreign currencies relative to the U.S. dollar. The Company was required under the terms of its swap agreement to pledge assets as collateral to secure its obligation. As of September 30, 2016, $0.5 million of cash was held as collateral and was included in cash and cash equivalents in the Consolidated Statements of Assets and Liabilities.

During the nine months ended September 30, 2016, the Company entered into a GBP put option with a notional amount of £2.7 million. During the nine months ended September 30, 2016, the Company's interest rate cap with a notional amount of $25.0 million expired and the Company exited its cross currency basis swap with a notional amount of $16.4 million. The put option is reported in the Consolidated Statements of Assets and Liabilities as options. Gains and losses from derivatives during the nine months ended September 30, 2016 were included in net realized and unrealized gain (loss) on investments in the Consolidated Statements of Operations as follows:

Instrument	Realized Gains (Losses)	Unrealized Gains (Losses)
Put option	$-	$460,972
Cross currency basis swap	2,746,072	(3,229,442)
Interest rate cap	(51,750)	51,750

The Company did not enter into any new derivative transactions during the nine months ended September 30, 2015. At September 30, 2015, the Company held an interest rate cap with a notional amount of $25.0 million and a cross currency basis swap with a notional amount of $16.4 million. The interest rate cap and the cross currency basis swap are reported in the Consolidated Statements of Assets and Liabilities as options and unrealized appreciation on swaps, respectively. Gains and losses from derivatives during the nine months ended September 30, 2015 were included in net realized and unrealized gain (loss) on investments in the Consolidated Statements of Operations as follows:

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2016
2. Summary of Significant Accounting Policies (continued)

Instrument	Realized Gains (Losses)	Unrealized Gains (Losses)
Cross currency basis swap	$ -	$1,151,138
Interest rate cap	-	(497)

Valuations of derivatives held at September 30, 2016 and 2015 were determined using observable market inputs other than quoted prices in active markets for identical assets and, accordingly, are classified as Level 2 in the GAAP valuation hierarchy.

Deferred Debt Issuance Costs

Costs of approximately $4.1 million were incurred in September 2016 in connection with placing the Company's unsecured convertible notes (see Note 4). Costs of approximately $1.8 million were incurred during 2015 in connection with the extension of the Operating Company's credit facility (see Note 4). Costs of approximately $1.9 million were incurred during 2015 in connection with placing and extending TCPC Funding's revolving credit facility (see Note 4). Costs of approximately $0.5 million and $0.4 million were incurred during the nine months ended September 30, 2016 and year ended December 31, 2015, respectively, in connection with placing the SBA Debentures (see Note 4). These costs were deferred and are being amortized on a straight-line basis over the estimated life of the respective instruments. The impact of utilizing the straight-line amortization method versus the effective-interest method is not material to the operations of the Company.

Revenue Recognition

Interest and dividend income, including income paid in kind, is recorded on an accrual basis. Origination, structuring, closing, commitment and other upfront fees, including original issue discounts, earned with respect to capital commitments are generally amortized or accreted into interest income over the life of the respective debt investment, as are end-of-term or exit fees receivable upon repayment of a debt investment. Other fees, including certain amendment fees, prepayment fees and commitment fees on broken deals, are recognized as earned. Prepayment fees and similar income due upon the early repayment of a loan or debt security are recognized when earned and are included in interest income.

Certain debt investments are purchased at a discount to par as a result of the underlying credit risks and financial results of the issuer, as well as general market factors that influence the financial markets as a whole. Discounts on the acquisition of corporate bonds are generally amortized using the effective-interest or constant-yield method assuming there are no questions as to collectability. When principal payments on a loan are received in an amount in excess of the loan's amortized cost, the excess principal payments are recorded as interest income.

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2016
2. Summary of Significant Accounting Policies (continued)

Income Taxes

The Company intends to comply with the applicable provisions of the Internal Revenue Code of 1986, as amended, pertaining to regulated investment companies and to make distributions of taxable income sufficient to relieve it from substantially all federal income taxes. Accordingly, no provision for income taxes is required in the consolidated financial statements. The income or loss of the Operating Company, TCPC Funding and the SBIC is reported in the respective partners' income tax returns. In accordance with ASC Topic 740 – Income Taxes, the Company recognizes in its consolidated financial statements the effect of a tax position when it is determined that such position is more likely than not, based on the technical merits, to be sustained upon examination. As of September 30, 2016, all tax years of the Company, the Operating Company, TCPC Funding and the SBIC since January 1, 2012 remain subject to examination by federal tax authorities. No such examinations are currently pending.

Cost and unrealized appreciation and depreciation of the Operating Company's investments (including derivatives) for U.S. federal income tax purposes at September 30, 2016 and December 31, 2015 were as follows:

	September 30, 2016	December 31, 2015
Unrealized appreciation	$27,311,608	$30,920,149
Unrealized depreciation	(73,322,123)	(79,759,600)
Net unrealized depreciation	$(46,010,515)	$(48,839,451)
Cost	$1,322,901,379	$1,231,759,176

Recent Accounting Pronouncements

During the first quarter of 2016, the Company adopted Financial Accounting Standards Board (the "FASB") Accounting Standards Update ("ASU") 2015-02, Amendments to the Consolidation Analysis. In particular, the new pronouncement changed the manner in which a reporting entity evaluates whether 1) an entity is a variable interest entity ("VIE"), 2) fees paid to decision makers or service providers are variable interests in a VIE, and 3) variable interests in a VIE held by related parties require the reporting entity to consolidate the VIE. The pronouncement also introduced a separate consolidation analysis specific to limited partnerships and similar entities. ASU 2015-02 also eliminated the VIE consolidation model based on majority exposure to variability that applied to certain investment companies and similar entities. The adoption of this pronouncement did not have a material impact on the Company's consolidated financial statements.

The Company also adopted ASU 2015-03, Interest – Imputation of Interest (Subtopic 835-30) - Simplifying the Presentation of Debt Issuance Costs as well as ASU 2015-15, Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements – Amendments to SEC Paragraphs Pursuant to Staff Announcement at June 18, 2015. Together, these ASUs required, in most cases, that debt issuance costs be presented in the balance sheet as a direct deduction from the carrying value of the associated debt liability, consistent with the presentation of a debt discount. Debt issuance costs incurred in connection with line-of-credit arrangements, however, may continue to be presented as an asset in the balance sheet. The adoption of these ASUs resulted in the reclassification of certain debt issuance costs related to the Term Loan, convertible notes and SBA Debentures (as defined in Note 4) from deferred debt issuance costs to debt in the Consolidated Statements of Assets and Liabilities.

As of September 30, 2016 and December 31, 2015, $8.0 million and $4.2 million in debt issuance costs, respectively, were included in debt in the Consolidated Statements of Assets and Liabilities.

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2016

2. Summary of Significant Accounting Policies (continued)

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes the revenue recognition requirements in Topic 605, Revenue Recognition. Under this new pronouncement, an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 applies to all entities and, for public entities, is effective for annual periods beginning after December 15, 2017, and interim periods within those fiscal years. Early application is permitted, but no earlier than annual periods beginning after December 15, 2016 and interim periods within that reporting period. The Company does not expect adoption of this pronouncement to have a material impact on its consolidated financial statements.

On January 5, 2016, the FASB issued ASU 2016-01, Financial Instruments – Overall: Recognition and Measurement of Financial Assets and Financial Liabilities. The more significant changes to the current GAAP model resulting from ASU 2016-01 include 1) elimination of the requirement to disclose the method(s) and significant assumptions used to estimate the fair value of financial instruments measured at amortized cost, 2) requiring public entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes and 3) requiring separate presentation of financial assets and financial liabilities by measurement category and form of financial asset on the balance sheet or in the accompanying notes to the financial statements. ASU 2016-01 is effective for annual periods beginning after December 15, 2017, including interim periods within those fiscal years. Early application is permitted. The Company does not expect adoption of this pronouncement to have a material impact on its consolidated financial statements.

3. Management Fees, Incentive Compensation and Other Expenses

The Company’s management fee is calculated at an annual rate of 1.5% of total assets (excluding cash and cash equivalents) on a consolidated basis as of the beginning of each quarter and is payable to the Advisor quarterly in arrears.

Incentive compensation is only paid to the extent the total performance of the Company exceeds a cumulative 8% annual return since January 1, 2013 (the “Total Return Hurdle”). Beginning January 1, 2013, the incentive compensation equals 20% of net investment income (reduced by preferred dividends) and 20% of net realized gains (reduced by any net unrealized losses), subject to the Total Return Hurdle. The incentive compensation is payable quarterly in arrears as an allocation and distribution to the General Partner and is calculated as the difference between cumulative incentive compensation earned since January 1, 2013 and cumulative incentive compensation paid since January 1, 2013. A reserve for incentive compensation is accrued based on the amount of additional incentive compensation that would have been distributable to the General Partner assuming a hypothetical liquidation of the Company at net asset value on the balance sheet date. The General Partner’s equity interest in the Operating Company is comprised entirely of such reserve amount, if any. As of September 30, 2016 and December 31, 2015, no such reserve was accrued.

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2016

3. Management Fees, Incentive Compensation and Other Expenses (continued)

The Company bears all expenses incurred in connection with its business, including fees and expenses of outside contracted services, such as custodian, administrative, legal, audit and tax preparation fees, costs of valuing investments, insurance costs, brokers' and finders' fees relating to investments, and any other transaction costs associated with the purchase and sale of investments.

4. Leverage

Leverage is comprised of convertible senior unsecured notes due December 2019 issued by the Company (the "2019 Convertible Notes"), convertible senior unsecured notes due March 2022 issued by the Company (the "2022 Convertible Notes"), amounts outstanding under a term loan issued by the Operating Company (the "Term Loan"), amounts outstanding under a senior secured revolving credit facility issued by the Operating Company (the "SVCP Revolver" and together with the Term Loan, the "SVCP Facility"), amounts outstanding under a senior secured revolving credit facility issued by TCPC Funding (the "TCPC Funding Facility"), debentures guaranteed by the SBA (the "SBA Debentures"), and, prior to the repurchase and retirement of remaining interests on September 3, 2015, amounts outstanding under a preferred equity facility issued by the Operating Company (the "Preferred Interests"). From April 18, 2016 through its conversion to common equity on June 7, 2016, leverage also included a privately placed convertible senior unsecured note due April 2021 issued by the Company (the "CNO Note").

Total leverage outstanding and available at September 30, 2016 was as follows:

	Maturity	Rate	Carrying Value*	Available	Total Capacity
SVCP Facility					
SVCP Revolver	2018	L+2.50%†	$-	$116,000,000	$116,000,000
Term Loan	2018	L+2.50%†	100,500,000	-	100,500,000
2019 Convertible Notes ($108 million par)	2019	5.25 %	106,436,711	-	106,436,711
2022 Convertible Notes ($140 million par)	2022	4.625 %	136,725,763	-	136,725,763
TCPC Funding Facility	2020	L+2.50%‡	235,000,000	115,000,000	350,000,000
SBA Debentures	2024-2026	2.58 %§	61,000,000	14,000,000	75,000,000 **
Total leverage			639,662,474	$245,000,000	$884,662,474
Unamortized issuance costs			(7,960,812)		
Debt, net of unamortized issuance costs			$631,701,662		

* Except for the convertible notes, all carrying values are the same as the principal amounts outstanding.
† Based on either LIBOR or the lender's cost of funds, subject to certain limitations
‡ Or L+2.25% subject to certain funding requirements
§ Weighted-average interest rate, excluding fees of 0.36%
** Total capacity increased to $150.0 million on October 13, 2016.

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2016
4. Leverage (continued)

Total leverage outstanding and available at December 31, 2015 was as follows:

	Maturity	Rate	Carrying Value*	Available	Total Capacity
SVCP Facility					
SVCP Revolver	2018	L+1.75%†	$24,000,000	$92,000,000	$116,000,000
Term Loan	2018	L+1.75%†	100,500,000	-	100,500,000
2019 Convertible Notes ($108 million par)	2019	5.25 %	106,110,321	-	106,110,321
TCPC Funding Facility	2020	L+2.50%‡	229,000,000	121,000,000	350,000,000
SBA Debentures	2024-2025	2.81 %§	42,800,000	32,200,000	75,000,000 **
Total leverage			502,410,321	$245,200,000	$747,610,321
Unamortized issuance costs			(4,204,850)		
Debt, net of unamortized issuance costs			$498,205,471		

* Except for the convertible notes, all carrying values are the same as the principal amounts outstanding.
† Based on either LIBOR or the lender's cost of funds, subject to certain limitations
‡ Or L+2.25% subject to certain funding requirements
§ Weighted-average interest rate on pooled loans of $38.8 million, excluding fees of 0.36%. As of December 31, 2015, the remaining $4.0 million of the outstanding amount was not yet pooled, and bore interest at a temporary rate of 0.90% plus fees of 0.36% through March 22, 2016, the date of the next SBA pooling.
** Anticipated total capacity of $150.0 million, subject to approval by the SBA following complete funding of the Operating Company's initial $75.0 million commitment.

The combined weighted-average interest rates on total leverage outstanding at September 30, 2016 and December 31, 2015 were 3.80% and 3.20%, respectively.

Total expenses related to debt include:

	Nine Months Ended September 30, 2016	2015
Interest expense	$14,739,195	$10,488,383
Amortization of deferred debt issuance costs	1,947,472	1,623,333
Commitment fees	891,192	919,649
Total	$17,577,859	$13,031,365

Amounts outstanding under the SVCP Facility, the TCPC Funding Facility, the convertible notes and the SBA Debentures are carried at amortized cost in the Consolidated Statements of Assets and Liabilities. As of September 30, 2016, the estimated fair values of the SVCP Facility, the TCPC Funding Facility and the SBA Debentures approximated their carrying values, and the 2019 Convertible Notes and the 2022 Convertible Notes had estimated fair values of $115.2 million and $141.6 million, respectively. The estimated fair values of the SVCP Facility, the TCPC Funding Facility, the convertible notes and the SBA Debentures are determined by discounting projected remaining payments using market interest rates for borrowings of the Company and entities with similar credit risks at the measurement date. At September 30, 2016, the fair values of the SVCP Facility, the TCPC Funding Facility, the convertible notes and the SBA Debentures as prepared for disclosure purposes were deemed to be Level 3 in the GAAP valuation hierarchy.

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2016
4. Leverage (continued)

Convertible Notes

On June 11, 2014, the Company issued $108.0 million of convertible senior unsecured notes that mature on December 15, 2019, unless previously converted or repurchased in accordance with their terms. The 2019 Convertible Notes are general unsecured obligations of the Company, and rank structurally junior to the SVCP Facility and the TCPC Funding Facility. The Company does not have the right to redeem the 2019 Convertible Notes prior to maturity. The 2019 Convertible Notes bear interest at an annual rate of 5.25%, payable semi-annually. In certain circumstances, the 2019 Convertible Notes will be convertible into cash, shares of the Company's common stock or a combination of cash and shares of common stock (such combination to be at the Company's election), at an initial conversion rate of 50.9100 shares of common stock per one thousand dollar principal amount, which is equivalent to an initial conversion price of approximately $19.64 per share of common stock, subject to customary anti-dilutional adjustments. The initial conversion price was approximately 12.5% above the $17.46 per share closing price of the Company's common stock on June 11, 2014. At September 30, 2016, the principal amount of the 2019 Convertible Notes exceeded the value of the conversion rate multiplied by the per share closing price of the Company's common stock. Therefore, no additional shares have been added to the calculation of diluted earnings per common share and weighted average common shares outstanding.

Prior to the close of business on the business day immediately preceding June 15, 2019, holders may convert their 2019 Convertible Notes only under certain circumstances set forth in the indenture governing the terms of the 2019 Convertible Notes. On or after June 15, 2019 until the close of business on the scheduled trading day immediately preceding December 15, 2019, holders may convert their 2019 Convertible Notes at any time. Upon conversion, the Company will pay or deliver, as the case may be, at its election, cash, shares of the Company's common stock or a combination of cash and shares of the Company's common stock, subject to the requirements of the indenture.

On August 30, 2016, the Company issued $140.0 million of convertible senior unsecured notes that mature on March 1, 2022, unless previously converted or repurchased in accordance with their terms. The 2022 Convertible Notes are general unsecured obligations of the Company, and rank structurally junior to the SVCP Facility and the TCPC Funding Facility. The Company does not have the right to redeem the 2022 Convertible Notes prior to maturity. The 2022 Convertible Notes bear interest at an annual rate of 4.625%, payable semi-annually. In certain circumstances, the 2022 Convertible Notes will be convertible into cash, shares of the Company's common stock or a combination of cash and shares of common stock (such combination to be at the Company's election), at an initial conversion rate of 54.5019 shares of common stock per one thousand dollar principal amount of the 2022 Convertible Notes, which is equivalent to an initial conversion price of approximately $18.35 per share of common stock, subject to customary anti-dilutional adjustments. The initial conversion price was approximately 10.0% above the $16.68 per share closing price of the Company's common stock on August 30, 2016. At September 30, 2016, the principal amount of the 2022 Convertible Notes exceeded the value of the conversion rate multiplied by the per share closing price of the Company's common stock. Therefore, no additional shares have been added to the calculation of diluted earnings per common share and weighted average common shares outstanding.

Prior to the close of business on the business day immediately preceding September 1, 2021, holders may convert their 2022 Convertible Notes only under certain circumstances set forth in the indenture governing the terms of the 2022 Convertible Notes. On or after September 1, 2021 until the close of business on the scheduled trading day immediately preceding March 1, 2022, holders may convert their 2022 Convertible Notes at any time. Upon conversion, the Company will pay or deliver, as the case may be, at its election, cash, shares of the Company's common stock or a combination of cash and shares of the Company's common stock, subject to the requirements of the indenture.

The 2019 Convertible Notes and 2022 Convertible Notes are accounted for in accordance with ASC Topic 470-20 – Debt with Conversion and Other Options. Upon conversion of any of the 2019 Convertible Notes or the 2022 Convertible Notes, the Company intends to pay the outstanding principal amount in cash and, to the extent that the conversion value exceeds the principal amount, has the option to pay the excess amount in cash or shares of the Company's common stock (or a combination of cash and shares), subject to the requirements of the respective indenture. The Company has determined that the embedded conversion options in the 2019 Convertible Notes and 2022 Convertible Notes are not required to be separately accounted for as derivatives under GAAP. At the time of issuance the estimated values of the debt and equity components of the 2019 Convertible Notes were approximately 97.7% and 2.3%, respectively. At the time of issuance the estimated values of the debt and equity components of the 2022 Convertible Notes were approximately 97.6% and 2.4%, respectively.

The original issue discounts equal to the equity components of the 2019 Convertible Notes and 2022 Convertible Notes were recorded in "paid-in capital in excess of par" in the accompanying Consolidated Statements of Assets and Liabilities. As a result, the Company records interest expense comprised of both stated interest and amortization of the original issue discounts. At the time of issuance, the equity components of the 2019 Convertible Notes and the 2022 Convertible Notes were $2.5 million and $3.3 million, respectively. As of September 30, 2016 and December 31, 2015, the components of the carrying value of the 2019 Convertible Notes and 2022 Convertible Notes were as follows:

	September 30, 2016		December 31, 2015	
	2019 Convertible Notes	2022 Convertible Notes	2019 Convertible Notes	2022 Convertible Notes
Principal amount of debt	$108,000,000	$140,000,000	$108,000,000	N/A
Original issue discount, net of accretion	(1,563,289)	(3,274,237)	(1,889,679)	N/A
Carrying value of debt	$106,436,711	$136,725,763	$106,110,321	N/A

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2016
4. Leverage (continued)

For the nine months ended September 30, 2016 and 2015, the components of interest expense for the convertible notes were as follows:

	Nine Months Ended September 30,			
	2016		2015	
	2019 Convertible Notes	2022 Convertible Notes	2019 Convertible Notes	2022 Convertible Notes
Stated interest expense	$4,252,500	$ 431,667	$4,252,500	N/A
Amortization of original issue discount	326,391	35,359	308,402	N/A
Total interest expense	$4,578,891	$ 467,026	$4,560,902	N/A

The estimated effective interest rate of the debt component of the 2019 Convertible Notes, equal to the stated interest of 5.25% plus the accretion of the original issue discount, was approximately 5.75% for the nine months ended September 30, 2016. The estimated effective interest rate of the debt component of the 2022 Convertible Notes, equal to the stated interest of 4.625% plus the accretion of the original issue discount, was approximately 5.125 % for the nine months ended September 30, 2016.

SVCP Facility

The SVCP Facility consists of a $100.5 million fully-drawn senior secured term loan and a senior secured revolving credit facility which provides for amounts to be drawn up to $116.0 million, subject to certain collateral and other restrictions. The SVCP Facility matures on July 31, 2018. Most of the cash and investments held directly by the Operating Company, as well as the net assets of TCPC Funding and the SBIC, are included in the collateral for the facility.

Advances under the SVCP Facility through July 31, 2014 bore interest at an annual rate equal to 0.44% plus either LIBOR or the lender’s cost of funds (subject to a cap of LIBOR plus 20 basis points). Advances under the SVCP Facility for periods from July 31, 2014 through September 3, 2015 bore interest at an annual rate equal to 2.50% plus either LIBOR or the lender’s cost of funds (subject to a cap of LIBOR plus 20 basis points). Advances under the SVCP Facility from September 3, 2015 through July 31, 2016 bore interest at an annual rate equal to 1.75% plus either LIBOR or the lender’s cost of funds (subject to a cap of LIBOR plus 20 basis points). Advances under the SVCP Facility from July 31, 2016 through the maturity date of the facility bear interest at an annual rate of 2.50% plus either LIBOR or the lender’s cost of funds (subject to a cap of LIBOR plus 20 basis points). In addition to amounts due on outstanding debt, the SVCP Revolver accrues commitment fees of 0.20% per annum on the unused portion of the facility, or 0.25% per annum when less than $46.4 million in borrowings are outstanding. The facility may be terminated, and any outstanding amounts thereunder may become due and payable, should the Operating Company fail to satisfy certain financial or other covenants. As of September 30, 2016, the Operating Company was in full compliance with such covenants.

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2016
4. Leverage (continued)

SBA Debentures

As of September 30, 2016 the SBIC was able to issue up to $75.0 million in SBA Debentures, subject to funded regulatory capital and other customary regulatory requirements. On October 13, 2016, the SBIC received an additional $75.0 million commitment from the SBA for a total of commitment of $150.0 million. As of September 30, 2016, the Operating Company had committed $75.0 million of regulatory capital to the SBIC, all of which had been funded. SBA Debentures are non-recourse and may be prepaid at any time without penalty. Once drawn, the SBIC debentures bear an interim interest rate of LIBOR plus 30 basis points. The rate then becomes fixed at the time of SBA pooling, which occurs twice each year, and is set to the then-current 10-year treasury rate plus a spread and an annual SBA charge.

SBA Debentures outstanding as of September 30, 2016 were as follows:

Issuance Date	Maturity	Debenture Amount	Fixed Interest Rate	SBA Annual Charge
September 24, 2014	September 1, 2024	$18,500,000	3.02 %	0.36 %
March 25, 2015	March 1, 2025	9,500,000	2.52 %	0.36 %
September 23, 2015	September 1, 2025	10,800,000	2.83 %	0.36 %
March 23, 2016	March 1, 2026	4,000,000	2.51 %	0.36 %
September 21, 2016	September 1, 2026	18,200,000	2.05 %	0.36 %
		$61,000,000	2.58 %*	

* Weighted-average interest rate

TCPC Funding Facility

The TCPC Funding Facility is a senior secured revolving credit facility which provides for amounts to be drawn up to $350.0 million, subject to certain collateral and other restrictions. The facility matures on March 6, 2020, subject to extension by the lender at the request of TCPC Funding. The facility contains an accordion feature which allows for expansion of the facility to up to $400.0 million subject to consent from the lender and other customary conditions. The cash and investments of TCPC Funding are included in the collateral for the facility.

Borrowings under the TCPC Funding Facility bear interest at a rate of LIBOR plus either 2.25% or 2.50% per annum, subject to certain funding requirements, plus an administrative fee of 0.25% per annum. In addition to amounts due on outstanding debt, the facility accrues commitment fees of 0.50% per annum on the unused portion of the facility, or 0.75% per annum when the unused portion is greater than 33% of the total facility, plus an administrative fee of 0.25% per annum. The facility may be terminated, and any outstanding amounts thereunder may become due and payable, should TCPC Funding fail to satisfy certain financial or other covenants. As of September 30, 2016, TCPC Funding was in full compliance with such covenants.

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2016
4. Leverage (continued)

Preferred Interests

During 2015, the Operating Company fully repurchased and retired all outstanding Preferred Interests. On June 30, 2015, the Operating Company repurchased and retired 1,675 of the previously outstanding 6,700 Preferred Interests at a price of $31.8 million. On September 3, 2015, the Operating Company repurchased and retired the remaining 5,025 Preferred Interests outstanding at a price of $100.5 million.

When issued, the Preferred Interests were comprised of 6,700 Series A preferred limited partner interests with a liquidation preference of $20,000 per interest. The Preferred Interests accrued dividends at an annual rate equal to 0.85% plus either LIBOR or the interest holder’s cost of funds (subject to a cap of LIBOR plus 20 basis points).

CNO Note

On April 18, 2016, the Company issued $30.0 million in aggregate principal amount of a 5.25% convertible senior unsecured note due 2021 pursuant to a purchase agreement, dated as of April 18, 2016, between the Company and CNO Financial Investments Corp., a minority interest owner of the Advisor. The CNO Note had a maturity of April 30, 2021 unless previously converted. The CNO Note was convertible at the option of the holder at any time prior to the close of business on the business day immediately preceding April 30, 2021, in integral multiples of $1,000,000 principal amount. However, the CNO Note was automatically convertible in its entirety, without any further action by the holder, on the date on which the closing price of the common stock of the Company was at or above the Company’s most recent publicly reported net asset value per share of common stock for at least ten trading days (whether or not consecutive) in a 20 consecutive trading day period. The conversion price was the greater of (a) the closing price of the Company’s common shares on the conversion date and (b) the then-current net asset value of the Company. On June 7, 2016, the Company issued 2,011,900 shares of its common stock pursuant to the full conversion, at the holder’s option, of the $30.0 million in aggregate principal amount (plus accrued interest) of the CNO Note. The CNO Note was converted at a price of $15.02 per share of Common Stock. There was no gain or loss associated with the conversion of the CNO Note. No placement agent or underwriting fees were incurred in connection with the issuance or the conversion of the CNO Note.

5. Commitments, Contingencies, Concentration of Credit Risk and Off-Balance Sheet Risk

The Operating Company, TCPC Funding and the SBIC conduct business with brokers and dealers that are primarily headquartered in New York and Los Angeles and are members of the major securities exchanges. Banking activities are conducted with a firm headquartered in the San Francisco area.

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2016

5. Commitments, Contingencies, Concentration of Credit Risk and Off-Balance Sheet Risk (continued)

In the normal course of business, investment activities involve executions, settlement and financing of various transactions resulting in receivables from, and payables to, brokers, dealers and the custodian. These activities may expose the Company to risk in the event that such parties are unable to fulfill contractual obligations. Management does not anticipate any material losses from counterparties with whom it conducts business. Consistent with standard business practice, the Company, the Operating Company, TCPC Funding and the SBIC enter into contracts that contain a variety of indemnifications, and are engaged from time to time in various legal actions. The maximum exposure under these arrangements and activities is unknown. However, management expects the risk of material loss to be remote.

The Consolidated Schedules of Investments include certain revolving loan facilities and other commitments with unfunded balances at September 30, 2016 and December 31, 2015 as follow:

		Unfunded Balances	
Issuer	Maturity	September 30, 2016	December 31, 2015
AGY Holding Corp.	9/15/2018	$ 1,049,146	$ N/A
AP Gaming I, LLC	12/20/2018	12,500,000	12,500,000
Acrisure, LLC	11/19/2022	N/A	1,351,596
Alpheus Communications, LLC	5/31/2018	357,419	1,072,256
Anuvia Plant Nutrients Holdings, LLC (VitAG)	2/1/2018	N/A	4,300,000
Asset International, Inc.	7/31/2020	3,068,650	565,544
Bisnow, LLC	4/29/2021	1,200,000	N/A
BlackLine Systems, Inc.	9/25/2018	3,740,693	N/A
Cargojet Airways, LTD.	1/31/2023	N/A	14,457,306
Central MN Renewables, LLC	1/16/2016	N/A	2,100,000
Daymark Financial Acceptance, LLC	1/12/2020	N/A	20,000,000
Edmentum, Inc.	6/9/2020	3,368,586	3,368,586
Enerwise Global Technologies, Inc.	11/30/2017	4,000,000	7,500,000
Essex Ocean, LLC	3/25/2019	N/A	22,008,557
Fidelis Acquisitionco, LLC	11/4/2019	N/A	1,909,286
Globecomm Systems, Inc.	12/11/2018	800,000	N/A
Hylan Datacom & Electrical, LLC	7/25/2016	4,991,956	N/A
InMobi, Inc.	9/1/2018	7,500,000	9,354,959
Marketo, Inc.	8/16/2016	1,704,545	N/A
MediMedia USA, Inc.	5/20/2018	N/A	4,293,500
Mesa Air Group, Inc.	7/15/2022	N/A	13,575,000
Nanosys, Inc.	4/1/19	3,000,000	N/A
Redaptive, Inc.	7/1/2018	15,000,000	15,000,000
RM OpCo, LLC (Real Mex)	3/30/2018	N/A	440,774
Utilidata, Inc.	1/1/2019	N/A	4,800,000
Vistronix, LLC	12/4/2018	N/A	205,558
Waterfall International, Inc.	9/1/2018	N/A	3,200,000
Total Unfunded Balances		$ 62,280,995	$ 142,002,922

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2016
6. Related Party Transactions

The Company, the Operating Company, TCPC Funding, the SBIC, the Advisor, the General Partner and their members and affiliates may be considered related parties. From time to time, the Operating Company advances payments to third parties on behalf of the Company which are reimbursable through deductions from distributions to the Company. At September 30, 2016 and December 31, 2015, no such amounts were outstanding. From time to time, the Advisor advances payments to third parties on behalf of the Company and the Operating Company and receives reimbursement from the Company and the Operating Company. At September 30, 2016 and December 31, 2015, amounts reimbursable to the Advisor totaled $0.9 million and $0.5 million, respectively, as reflected in the Consolidated Statements of Assets and Liabilities.

Pursuant to administration agreements between the Administrator and each of the Company and the Operating Company (the “Administration Agreements”), the Administrator may be reimbursed for costs and expenses incurred by the Administrator for office space rental, office equipment and utilities allocable to the Company or the Operating Company, as well as costs and expenses incurred by the Administrator or its affiliates relating to any administrative, operating, or other non-investment advisory services provided by the Administrator or its affiliates to the Company or the Operating Company. For the nine months ended September 30, 2016 and 2015, expenses allocated pursuant to the Administration Agreements totaled $1.2 million and $1.1 million, respectively.

On November 25, 2014, the Company and the Operating Company obtained an exemptive order (the “Exemptive Order”) from the Securities and Exchange Commission permitting the Company and Operating Company to purchase certain investments from affiliated investment companies at fair value. The Exemptive Order exempts the Company and the Operating Company from provisions of Sections 17(a) and 57(a) of the 1940 Act which would otherwise restrict such transfers. All such purchases are subject to the conditions set forth in the Exemptive Order, which among others include certain procedures to verify that each purchase is done at the current fair value of the respective investment. During the nine months ended September 30, 2016 and 2015, the Company purchased approximately $0.0 million and $94.5 million, respectively, of investments from affiliates (as defined in the 1940 Act), which were classified as Level 2 in the GAAP valuation hierarchy at the time of the transfer. The selling party has no continuing involvement in the transferred assets. All of the transfers were consummated in accordance with the provisions of the Exemptive Order and were accounted for as a purchase in accordance with ASC 860, Transfers and Servicing.

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2016

7. Stockholders' Equity and Dividends

The following table summarizes the total shares issued and proceeds received in public offerings of the Company's common stock net of underwriting discounts and offering costs as well as shares issued in connection with the Company's dividend reinvestment plan for the nine months ended September 30, 2016.

	Shares Issued	Price Per Share	Net Proceeds
Shares issued from dividend reinvestment plan	461	$15.50*	$7,147
Shares issued from conversion of convertible debt †	2,011,900	15.02	-
July 13, 2016 registered direct public offering	2,336,552	15.09	34,958,570

*Weighted-average price per share
†Shares issued in connection with the full conversion of the CNO Note

The following table summarizes the total shares issued and proceeds received in public offerings of the Company's common stock net of underwriting discounts and offering costs as well as shares issued in connection with the Company's dividend reinvestment plan for the year ended December 31, 2015:

	Shares Issued	Price Per Share	Net Proceeds
At-the-market offerings	248,614	$15.87*	$3,946,066
Shares issued from dividend reinvestment plan	555	14.62*	8,116

*Weighted-average price per share

The Company's dividends are recorded on the ex-dividend date. The following table summarizes the Company's dividends declared and paid for the nine months ended September 30, 2016:

Date Declared	Record Date	Payment Date	Type	Amount Per Share	Total Amount
February 24, 2016	March 17, 2016	March 31, 2016	Regular	$ 0.36	$ 17,530,963
May 10, 2016	June 16, 2016	June 30, 2016	Regular	0.36	18,254,229
August 9, 2016	September 16, 2016	September 30, 2016	Regular	0.36	19,094,976
				$ 1.08	$ 54,880,168

The following table summarizes the Company's dividends declared and paid for the nine months ended September 30, 2015:

Date Declared	Record Date	Type

		Payment Date		Amount Per Share	Total Amount
March 10, 2015	March 19, 2015	March 31, 2015	Regular	$ 0.36	$ 17,535,826
May 7, 2015	June 16, 2015	June 30, 2015	Regular	0.36	17,625,370
August 6, 2015	September 16, 2015	September 30, 2015	Regular	0.36	17,625,310
				$ 1.08	$ 52,786,506

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TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2016
7. Stockholders' Equity and Dividends (continued)

On February 24, 2015, the Company's board of directors approved a stock repurchase plan (the "Company Repurchase Plan") to acquire up to $50.0 million in the aggregate of the Company's common stock at prices at certain thresholds below the Company's net asset value per share, in accordance with the guidelines specified in Rule 10b-18 and Rule 10b5-1 of the Securities Exchange Act of 1934. The Company Repurchase Plan is designed to allow the Company to repurchase its common stock at times when it otherwise might be prevented from doing so under insider trading laws. The Company Repurchase Plan requires an agent selected by the Company to repurchase shares of common stock on the Company's behalf if and when the market price per share is at certain thresholds below the most recently reported net asset value per share. Under the plan, the agent will increase the volume of purchases made if the price of the Company's common stock declines, subject to volume restrictions. The timing and amount of any stock repurchased depends on the terms and conditions of the Company Repurchase Plan, the market price of the common stock and trading volumes, and no assurance can be given that any particular amount of common stock will be repurchased. The Company Repurchase Plan was re-approved on August 3, 2016, to be in effect through the earlier of two trading days after the Company's third quarter 2016 earnings release unless further extended or terminated by the Company's board of directors, or such time as the approved $50.0 million repurchase amount has been fully utilized, subject to certain conditions. On November 2, 2016, the Company's board of directors re-approved the Company Repurchase Plan, to be in effect through the earlier of two trading days after the Company's fourth quarter 2016 earnings release or such time as the approved $50.0 million repurchase amount has been fully utilized, subject to certain conditions.

The following table summarizes the total shares repurchased and amounts paid by the Company under the Company Repurchase Plan, including broker fees, for the nine months ended September 30, 2016.

	Shares Repurchased	Price Per Share	Total Cost
Company Repurchase Plan	141,896	$13.25*	$1,879,548

*Weighted-average price per share

8. Earnings Per Share

In accordance with ASC 260, Earnings per Share, basic earnings per share is computed by dividing earnings available to common shareholders by the weighted average number of shares outstanding during the period. Other potentially dilutive common shares, if any, and the related impact to earnings, are considered when calculating earnings per share on a diluted basis. The following information sets forth the computation of the net increase in net assets per share resulting from operations for the nine months ended September 30, 2016 and 2015:

	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Net increase in net assets applicable to common shareholders resulting from operations	$53,396,190	$56,977,873
Weighted average shares outstanding	50,245,035	48,858,263
Earnings per share	$1.06	$1.17

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2016

9. Subsequent Events

On October 13, 2016, the SBIC received an additional $75.0 million commitment from the SBA, increasing its total commitment to $150.0 million.

On November 2, 2016, the Company's board of directors re-approved the Company Repurchase Plan, to be in effect through the earlier of two trading days after the Company's fourth quarter 2016 earnings release or such time as the approved $50.0 million repurchase amount has been fully utilized, subject to certain conditions.

On November 8, 2016, the Company's board of directors declared a fourth quarter regular dividend of $0.36 per share payable on December 30, 2016 to stockholders of record as of the close of business on December 16, 2016.

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2016
10. Financial Highlights

	Nine Months Ended September 30, 2016		2015	
Per Common Share				
Per share NAV at beginning of period	$14.78		$15.01	
Investment operations:				
Net investment income	1.43		1.52	
Net realized and unrealized losses	(0.08	)	(0.07	)
Dividends on Series A preferred equity facility	-		(0.01	)
Incentive allocation reserve and distributions	(0.29	)	(0.30	)
Total from investment operations	1.06		1.14	
Issuance of common stock	0.02		-	
Issuance of convertible debt	0.06		-	
Repurchase of Series A preferred interests	-		0.03	
Distributions to common shareholders from:				
Net investment income	(1.08	)	(1.08	)
Per share NAV at end of period	$14.84		$15.10	
Per share market price at end of period	$16.38		$13.56	
Total return based on market value (1), (2)	25.3	%	(12.8	%)
Total return based on net asset value (1), (3)	7.7	%	7.8	%
Shares outstanding at end of period	53,041,751		48,934,498	

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TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2016
10. Financial Highlights (continued)

	Nine Months Ended September 30,			
	2016		2015	
Ratios to average common equity: (4), (5)				
Net investment income (6)	10.2	%	11.5	%
Expenses	6.6	%	5.9	%
Expenses and incentive allocation (7)	8.5	%	7.9	%
Ending common shareholder equity	$787,107,542		$738,899,630	
Portfolio turnover rate	23.8	%	25.3	%
Weighted-average leverage outstanding (8)	$528,593,078		$505,921,876	
Weighted-average interest rate on leverage (9)	3.7	%	3.0	%
Weighted-average number of common shares	50,245,035		48,858,263	
Average leverage per share (8)	$10.52		$10.35	

(1) Not annualized.
(2) Total return based on market value equals the change in ending market value per share during the period plus declared dividends per share during the period, divided by the market value per share at the beginning of the period.
(3) Total return based on net asset value equals the change in net asset value per share during the period plus declared dividends per share during the period, divided by the net asset value per share at the beginning of the period.
(4) Annualized, except for incentive allocation.
(5) These ratios include interest expense but do not reflect the effect of dividends on the preferred equity facility.
(6) Net of incentive allocation.
(7) Includes incentive allocation payable to the General Partner and all Company expenses.
(8) Includes both debt and preferred leverage.
(9) Includes dividends on the preferred leverage facility.

TCP Capital Corp.

Consolidated Schedule of Changes in Investments in Affiliates [1] (Unaudited)

Nine Months Ended September 30, 2016

Security	Dividends or Interest [2]	Fair Value at December 31, 2015	Acquisitions [3]	Dispositions [4]	Fair Value at September 30, 2016
36th Street Capital Partners Holdings, LLC, Membership Units	$-	$225,000	$5,582,051	$(62,445)	$5,744,606
36th Street Capital Partners Holdings, LLC, Subordinated Promissory Note, 12%, due 11/1/20	1,194,755	900,000	23,280,718	-	24,180,718
AGY Holding Corp., Senior Secured 2nd Lien Notes, 11%, due 11/15/16	764,610	9,268,000	-	-	9,268,000
AGY Holding Corp., Senior Secured Term Loan, 12%, due 9/15/16	444,756	4,869,577	-	-	4,869,577
Anacomp, Inc., Class A Common Stock	-	1,581,964	-	(188,329)	1,393,635
Edmentum Ultimate Holdings, LLC, Junior PIK Notes, 10%, due 6/9/20	1,019,534	11,343,490	999,957	(117,815)	12,225,632
Edmentum Ultimate Holdings, LLC, Senior PIK Notes, 8.5%, due 6/9/20	175,251	2,612,408	172,036	-	2,784,444
Edmentum, Inc., Junior Revolving Facility, 5%, due 6/9/20	51,210	-	2,762,241	(2,762,241)	-
Edmentum Ultimate Holdings, LLC, Class A Common Units	-	680,218	-	-	680,218
EPMC HoldCo, LLC, Membership Units	-	682,614	102,392	(574,971)	210,035
Essex Ocean II, LLC, Membership Units	-	200,686	59,668	(87,449)	172,905
Globecomm Systems Inc., Senior Secured 1st Lien Term Loan, LIBOR + 7.625%, 1.25% LIBOR Floor, due 12/11/18	986,959	14,256,233	561,807	(300,720)	14,517,320
KAGY Holding Company, Inc., Series A Preferred Stock	-	6,118,515	45,967	(975,138)	5,189,344
Kawa Solar Holdings Limited, Bank Guarantee Credit Facility, 8.2% Cash + 3.5% PIK, due 7/2/17	631,560	25,000,000	89,833	(4,384,889)	20,704,944
Kawa Solar Holdings Limited, Revolving Credit Facility, 8.2%, due 7/2/17	1,004	-	4,000,000	-	4,000,000
Kawa Solar Holdings Limited, Ordinary Shares	-	-	-	-	-
N659UA Aircraft Secured Mortgage, 12%, due 2/28/16	4,554	318,980	-	(318,980)	-
N661UA Aircraft Secured Mortgage, 12%, due 5/4/16	11,822	570,303	-	(570,303)	-
N913DL Aircraft Secured Mortgage, 8%, due 3/15/17	2,322	115,617	-	(115,617)	-
	5,109	237,494	-	(237,494)	-

N918DL Aircraft Secured Mortgage, 8%, due 8/15/18					
N954DL Aircraft Secured Mortgage, 8%, due 3/20/19	7,829	342,734	-	(342,734)	-
N955DL Aircraft Secured Mortgage, 8%, due 6/20/19	8,463	369,162	-	(369,162)	-
N956DL Aircraft Secured Mortgage, 8%, due 5/20/19	8,365	365,197	-	(365,197)	-
N957DL Aircraft Secured Mortgage, 8%, due 6/20/19	8,537	372,392	-	(372,392)	-
N959DL Aircraft Secured Mortgage, 8%, due 7/20/19	8,708	379,522	-	(379,522)	-
N960DL Aircraft Secured Mortgage, 8%, due 10/20/19	9,289	403,869	-	(403,869)	-
N961DL Aircraft Secured Mortgage, 8%, due 8/20/19	9,028	393,115	-	(393,115)	-
N976DL Aircraft Secured Mortgage, 8%, due 2/15/18	4,636	218,321	-	(218,321)	-
N913DL Equipment Trust Beneficial Interests	494,813	107,501	375	(107,876)	-
N918DL Equipment Trust Beneficial Interests	8,483	127,662	89,515	(217,177)	-
N954DL Equipment Trust Beneficial Interests	8,743	77,850	17,496	(95,346)	-
N955DL Equipment Trust Beneficial Interests	8,278	108,100	2,433	(110,533)	-
N956DL Equipment Trust Beneficial Interests	8,362	104,478	2,571	(107,049)	-
N957DL Equipment Trust Beneficial Interests	8,249	105,329	2,637	(107,966)	-
N959DL Equipment Trust Beneficial Interests	8,139	106,203	2,702	(108,905)	-
N960DL Equipment Trust Beneficial Interests	7,785	105,937	3,088	(109,025)	-
N961DL Equipment Trust Beneficial Interests	7,976	101,487	3,159	(104,646)	-
N976DL Equipment Trust Beneficial Interests	8,635	100,793	755	(101,548)	-
RM Holdco, LLC, Equity Participation	-	-	-	-	-
RM Holdco, LLC, Membership Units	220,401	-	-	-	-
RM OpCo, LLC, Senior Secured 1st Lien Term Loan Tranche A, 7%, due 3/21/16	241,801	3,719,155	1,145,458	-	4,864,613
RM OpCo, LLC, Senior Secured 2nd Lien Term Loan Tranche B, 8.5%, due 3/30/18	595,894	4,490,993	925,943	(1,435,210)	3,981,726
RM OpCo, LLC, Senior Secured 2nd Lien Term Loan Tranche B-1, 8.5%, due 3/30/18	187,667	2,797,956	187,003	-	2,984,959
RM OpCo, LLC, Convertible 2nd Lien Term Loan Tranche B-1, 8.5%, due 3/30/18	123,278	1,783,036	122,855	(3,684)	1,902,207
RM OpCo, LLC, Senior Convertible 2nd Lien Term Loan B, 8.5%, due 3/30/18	170,715	2,188,233	1,234,368	-	3,422,601
United N659UA-767, LLC (N659UA)	416,216	3,368,599	448,126	(528,675)	3,288,050
United N661UA-767, LLC (N661UA)	511,189	3,294,024	635,980	(605,609)	3,324,395
Wasserstein Cosmos Co-Invest, L.P., Limited Partnership Units	-	4,198,500	-	(2,198,500)	2,000,000

Notes to Consolidated Schedule of Changes in Investments in Affiliates:

(1) The issuers of the securities listed on this schedule are considered affiliates under the Investment Company Act of 1940 due to the ownership by the Company of 5% or more of the issuers' voting securities.

(2) Also includes fee and lease income as applicable.
(3) Acquisitions include new purchases, PIK income, amortization of original issue and market discounts and net unrealized appreciation.
(4) Dispositions include decreases in the cost basis from sales, paydowns, mortgage amortizations, aircraft depreciation and net unrealized depreciation.

TCP Capital Corp.

Consolidated Schedule of Changes in Investments in Affiliates [(1)]

Year Ended December 31, 2015

Security	Dividends or Interest [(2)]	Fair Value at December 31, 2014	Acquisitions [(3)]	Dispositions [(4)]	Fair Value at December 31, 2015
36th Street Capital Partners Holdings, LLC, Membership Units	$15,600	$-	$225,000	$-	$225,000
36th Street Capital Partners Holdings, LLC, Subordinated Promissory Note, 12%, due 11/1/20	-	-	900,000	-	900,000
AGY Holding Corp., Senior Secured 2nd Lien Notes, 11%, due 11/15/16	1,019,480	9,017,764	250,236	-	9,268,000
AGY Holding Corp., Senior Secured Term Loan, 12%, due 9/15/16	592,466	4,869,577	-	-	4,869,577
Anacomp, Inc., Class A Common Stock	-	916,535	665,429	-	1,581,964
Edmentum Ultimate Holdings, LLC, Junior PIK Notes, 10%, due 6/9/20	715,131	-	12,054,264	(710,774)	11,343,490
Edmentum Ultimate Holdings, LLC, Senior PIK Notes, 8.5%, due 6/9/20	124,828	-	2,612,408	-	2,612,408
Edmentum, Inc., Junior Revolving Facility, 5%, due 6/9/20	22,329	-	2,105,366	(2,105,366)	-
Edmentum Ultimate Holdings, LLC, Class A Common Units	-	-	680,218	-	680,218
EPMC HoldCo, LLC, Membership Units	-	682,614	-	-	682,614
Essex Ocean II, LLC, Membership Units	-	-	200,686	-	200,686
Globecomm Systems Inc., Senior Secured 1st Lien Term Loan, LIBOR + 7.625%, 1.25% LIBOR Floor, due 12/11/18	1,330,125	14,656,950	121,560	(522,277)	14,256,233
KAGY Holding Company, Inc., Series A Preferred Stock	-	121,975	5,996,540	-	6,118,515
N659UA Aircraft Secured Mortgage, 12%, due 2/28/16	120,307	1,659,003	-	(1,340,023)	318,980
N661UA Aircraft Secured Mortgage, 12%, due 5/4/16	137,289	1,899,950	-	(1,329,647)	570,303
N913DL Aircraft Secured Mortgage, 8%, due 3/15/17	12,800	209,168	-	(93,551)	115,617
N918DL Aircraft Secured Mortgage, 8%, due 8/15/18	21,901	320,440	-	(82,946)	237,494
N954DL Aircraft Secured Mortgage, 8%, due 3/20/19	30,753	437,679	315	(95,260)	342,734
N955DL Aircraft Secured Mortgage, 8%, due 6/20/19	32,662	460,258	539	(91,635)	369,162
N956DL Aircraft Secured Mortgage, 8%, due 5/20/19	32,415	457,902	479	(93,184)	365,197

N957DL Aircraft Secured Mortgage, 8%, due 6/20/19	32,947	464,283	544	(92,435)	372,392
N959DL Aircraft Secured Mortgage, 8%, due 7/20/19	33,476	470,601	612	(91,691)	379,522
N960DL Aircraft Secured Mortgage, 8%, due 10/20/19	35,326	493,258	831	(90,220)	403,869
N961DL Aircraft Secured Mortgage, 8%, due 8/20/19	34,574	484,908	694	(92,487)	393,115
N976DL Aircraft Secured Mortgage, 8%, due 2/15/18	20,940	314,588	-	(96,267)	218,321
N913DL Equipment Trust Beneficial Interests	25,444	117,497	90,909	(100,905)	107,501
N918DL Equipment Trust Beneficial Interests	21,074	135,890	81,670	(89,898)	127,662
N954DL Equipment Trust Beneficial Interests	21,205	72,604	112,997	(107,751)	77,850
N955DL Equipment Trust Beneficial Interests	20,000	111,010	103,527	(106,437)	108,100
N956DL Equipment Trust Beneficial Interests	20,172	106,800	105,581	(107,903)	104,478
N957DL Equipment Trust Beneficial Interests	19,872	107,682	105,105	(107,458)	105,329
N959DL Equipment Trust Beneficial Interests	19,577	108,579	104,638	(107,014)	106,203
N960DL Equipment Trust Beneficial Interests	18,590	107,865	104,750	(106,678)	105,937
N961DL Equipment Trust Beneficial Interests	19,044	102,826	107,207	(108,546)	101,487
N976DL Equipment Trust Beneficial Interests	20,825	102,006	101,347	(102,560)	100,793
RM Holdco, LLC, Equity Participation	-	792	-	(792)	-
RM Holdco, LLC, Membership Units	-	-	-	-	-
RM OpCo, LLC, Senior Secured 1st Lien Term Loan Tranche A, 7%, due 3/21/16	272,075	3,900,025	18,674	(199,544)	3,719,155
RM OpCo, LLC, Senior Secured 2nd Lien Term Loan Tranche B, 8.5%, due 3/30/18	736,422	6,457,325	731,070	(2,697,402)	4,490,993
RM OpCo, LLC, Senior Secured 2nd Lien Term Loan Tranche B-1, 8.5%, due 3/30/18	238,052	2,567,717	239,889	(9,650)	2,797,956
RM OpCo, LLC, Convertible 2nd Lien Term Loan Tranche B-1, 8.5%, due 3/30/18	165,715	1,636,314	164,641	(17,919)	1,783,036
RM OpCo, LLC, Senior Convertible 2nd Lien Term Loan B, 8.5%, due 3/30/18	120,207	631,164	1,557,069	-	2,188,233
United N659UA-767, LLC (N659UA)	581,125	3,177,822	1,268,821	(1,078,044)	3,368,599
United N661UA-767, LLC (N661UA)	569,770	3,078,923	1,230,498	(1,015,397)	3,294,024
Wasserstein Cosmos Co-Invest, L.P., Limited Partnership Units	-	4,175,000	1,050,000	(1,026,500)	4,198,500

Notes to Consolidated Schedule of Changes in Investments in Affiliates:

(1) The issuers of the securities listed on this schedule are considered affiliates under the Investment Company Act of 1940 due to the ownership by the Company of 5% or more of the issuers' voting securities.

(2) Also includes fee and lease income as applicable.

(3) Acquisitions include new purchases, PIK income, accretion of original issue and market discounts and net unrealized appreciation.

(4) Dispositions include decreases in the cost basis from sales, paydowns, mortgage amortizations, aircraft depreciation and net unrealized depreciation.

TCP Capital Corp.

Consolidated Schedule of Restricted Securities of Unaffiliated Issuers (Unaudited)

September 30, 2016

Investment	Acquisition Date
Avanti Communications Group, PLC, Senior Secured Notes, 10%, due 10/1/19	9/26/13
BlackLine Intermediate, Inc., Warrants to Purchase Common Stock	9/25/13
Boomerang Tube Holdings, Inc., Common Stock	2/2/16
BPA Laboratories, Inc., Senior Secured Notes, 12.25%, due 4/1/17 (144A)	3/5/12
Caribbean Financial Group, Senior Secured Notes, 11.5%, due 11/15/19	10/19/12
Epic Aero, Inc. (One Sky), Warrants to Purchase Common Stock	12/4/13
Findly Talent, LLC, Membership Units	1/1/14
Fuse Media, LLC, Warrants to Purchase Common Stock	8/3/12
Fuse, LLC, Senior Secured Notes, 10.375%, due 7/1/19	6/18/14
GACP I, LP, Membership Units	10/1/15
Gogo Intermediate Holdings, LLC, Senior Secured Notes, 12.5%, due 7/1/22	6/9/16
Green Biologics, Inc., Warrants to Purchase Stock	12/22/14
InMobi, Inc., Warrants to Purchase Stock	9/18/15
Integra Telecom, Inc., Common Stock	11/19/09
Integra Telecom, Inc., Warrants	11/19/09
Iracore International, Inc., Senior Secured Notes, 9.5%, due 6/1/18	5/8/13
Magnolia Finance V plc, Asset-Backed Credit Linked Notes, 13.125%, due 8/2/21	8/1/13
Marsico Holdings, LLC, Common Interest Units	9/10/12
Nanosys, Inc., Warrants to Purchase Common Stock	3/29/16
NEXTracker, Inc., Series B Preferred Stock	12/17/14
NEXTracker, Inc., Series C Preferred Stock	6/12/15
Rightside Group, Ltd., Warrants	8/6/14
Shop Holding, LLC (Connexity), Class A Units	6/2/11
Soasta, Inc., Warrants to Purchase Series F Preferred Stock	3/4/16
Soraa, Inc., Warrants to Purchase Common Stock	8/29/14
SoundCloud, Ltd., Warrants to Purchase Preferred Stock	4/30/15
STG-Fairway Holdings, LLC (First Advantage), Class A Units	12/30/10
Trade Finance Funding I, Ltd., Secured Class B Notes, 10.75%, due 11/13/18	11/13/13
Utilidata, Inc., Warrants to Purchase Stock	12/22/15
V Telecom Investment S.C.A. (Vivacom), Common Shares	11/9/12
Waterfall International, Inc., Series B Preferred Stock	9/16/2015
Waterfall International, Inc., Warrants to Purchase Stock	9/16/2015

TCP Capital Corp.

Consolidated Schedule of Restricted Securities of Unaffiliated Issuers

December 31, 2015

Investment	Acquisition Date
Avanti Communications Group, PLC, Senior Secured Notes, 10%, due 10/1/19	9/26/13
BlackLine Intermediate, Inc., Warrants to Purchase Common Stock	9/25/13
BPA Laboratories, Inc., Senior Secured Notes, 12.25%, due 4/1/17 (144A)	3/5/12
Caribbean Financial Group, Senior Secured Notes, 11.5%, due 11/15/19	10/19/12
Findly Talent, LLC, Membership Units	1/1/14
Flight Options Holdings I, Inc. (One Sky), Warrants to Purchase Common Stock	12/4/13
Fuse Media, LLC, Warrants to Purchase Common Stock	8/3/12
Fuse, LLC, Senior Secured Notes, 10.375%, due 7/1/19	6/18/14
GACP I, LP, Membership Units	10/1/15
Green Biologics, Inc., Warrants to Purchase Stock	12/22/14
InMobi, Inc., Warrants to Purchase Stock	9/18/15
Integra Telecom, Inc., Common Stock	11/19/09
Integra Telecom, Inc., Warrants	11/19/09
Iracore International, Inc., Senior Secured Notes, 9.5%, due 6/1/18	5/8/13
Magnolia Finance V plc, Asset-Backed Credit Linked Notes, 13.125%, due 8/2/21	8/1/13
Marsico Holdings, LLC, Common Interest Units	9/10/12
NEXTracker, Inc., Series B Preferred Stock	12/17/14
NEXTracker, Inc., Series C Preferred Stock	6/12/15
Precision Holdings, LLC, Class C Membership Interests	Var. 2010 & 2011
Rightside Group, Ltd., Warrants	8/6/14
Shop Holding, LLC (Connexity), Class A Units	6/2/11
Shop Holding, LLC (Connexity), Warrants to Purchase Class A Units	6/2/11
Soraa, Inc., Warrants to Purchase Common Stock	8/29/14
SoundCloud, Ltd., Warrants to Purchase Preferred Stock	4/30/15
STG-Fairway Holdings, LLC (First Advantage), Class A Units	12/30/10
Trade Finance Funding I, Ltd., Secured Class B Notes, 10.75%, due 11/13/18	11/13/13
Utilidata, Inc., Warrants to Purchase Stock	12/22/15
V Telecom Investment S.C.A. (Vivacom), Common Shares	11/9/12
Waterfall International, Inc., Series B Preferred Stock	9/16/2015
Waterfall International, Inc., Warrants to Purchase Stock	9/16/2015

TCP Capital Corp.

Consolidating Statement of Assets and Liabilities (Unaudited)

September 30, 2016

	TCP Capital Corp. Standalone	Special Value Continuation Partners, LP Consolidated	Eliminations	TCP Capital Corp. Consolidated
Assets				
Investments, at fair value:				
Companies less than 5% owned	$-	$1,144,719,963	$-	$1,144,719,963
Companies 5% to 25% owned	-	68,900,676	-	68,900,676
Companies more than 25% owned	-	62,809,253	-	62,809,253
Investment in subsidiary	1,026,886,283	-	(1,026,886,283)	-
Total investments	1,026,886,283	1,276,429,892	(1,026,886,283)	1,276,429,892
Cash and cash equivalents	-	140,873,527	-	140,873,527
Receivable for investments sold	-	6,306,581	-	6,306,581
Accrued interest income	-	12,119,817	-	12,119,817
Deferred debt issuance costs	-	4,216,157	-	4,216,157
Options	-	460,972	-	460,972
Prepaid expenses and other assets	661,170	760,453	-	1,421,623
Total assets	1,027,547,453	1,441,167,399	(1,026,886,283)	1,441,828,569
Liabilities				
Debt, net of unamortized issuance costs	237,256,886	394,444,776	-	631,701,662
Payable for investment securities purchased	-	9,151,343	-	9,151,343
Incentive allocation payable	-	5,133,010	-	5,133,010
Interest payable	2,097,083	2,423,138	-	4,520,221
Payable to the Advisor	411,988	465,878	-	877,866
Accrued expenses and other liabilities	673,954	2,662,971	-	3,336,925
Total liabilities	240,439,911	414,281,116	-	654,721,027
Net assets	$787,107,542	$1,026,886,283	$(1,026,886,283)	$787,107,542
Composition of net assets				
Common stock	$53,042	$-	$-	$53,042
Additional paid-in capital	944,993,651	1,180,024,317	(1,180,024,317)	944,993,651
Accumulated deficit	(157,939,151)	(153,138,034)	153,138,034	(157,939,151)
Net assets	$787,107,542	$1,026,886,283	$(1,026,886,283)	$787,107,542

TCP Capital Corp.

Consolidating Statement of Assets and Liabilities

December 31, 2015

	TCP Capital Corp. Standalone	Special Value Continuation Partners, LP Consolidated	Eliminations	TCP Capital Corp. Consolidated
Assets				
Investments, at fair value:				
Companies less than 5% owned	$-	$1,099,208,475	$-	$1,099,208,475
Companies 5% to 25% owned	-	69,008,931	-	69,008,931
Companies more than 25% owned	-	14,702,319	-	14,702,319
Investment in subsidiary	827,455,601	-	(827,455,601)	-
Total investments	827,455,601	1,182,919,725	(827,455,601)	1,182,919,725
Cash and cash equivalents	-	35,629,435	-	35,629,435
Deferred debt issuance costs	-	5,390,241	-	5,390,241
Accrued interest income	-	9,613,064	-	9,613,064
Unrealized appreciation on swaps	-	3,229,442	-	3,229,442
Prepaid expenses and other assets	283,913	2,047,131	-	2,331,044
Total assets	827,739,514	1,238,829,038	(827,455,601)	1,239,112,951
Liabilities				
Debt	103,738,064	394,467,407	-	498,205,471
Payable for investment securities purchased	-	6,425,414	-	6,425,414
Incentive allocation payable	-	5,207,606	-	5,207,606
Interest payable	247,916	2,663,341	-	2,911,257
Payable to the Advisor	247,574	260,760	-	508,334
Accrued expenses and other liabilities	1,528,943	2,348,909	-	3,877,852
Total liabilities	105,762,497	411,373,437	-	517,135,934
Net assets	$721,977,017	$827,455,601	$(827,455,601)	$721,977,017
Composition of net assets				
Common stock	$48,834	$-	$-	$48,834
Additional paid-in capital	878,383,356	981,033,295	(981,033,295)	878,383,356
Accumulated deficit	(156,455,173)	(153,577,694)	153,577,694	(156,455,173)
Net assets	$721,977,017	$827,455,601	$(827,455,601)	$721,977,017

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TCP Capital Corp.

Consolidating Statement of Operations (Unaudited)

Nine Months Ended September 30, 2016

	TCP Capital Corp. Standalone	Special Value Continuation Partners, LP Consolidated	Eliminations	TCP Capital Corp. Consolidated
Investment income				
Interest income:				
Companies less than 5% owned	$-	$99,016,633	$-	$99,016,633
Companies 5% to 25% owned	-	4,982,075	-	4,982,075
Companies more than 25% owned	-	1,915,981	-	1,915,981
Lease income:				
Companies more than 25% owned	-	1,496,869	-	1,496,869
Other income:				
Companies less than 5% owned	-	1,241,885	-	1,241,885
Total investment income	-	108,653,443	-	108,653,443
Operating expenses				
Interest and other debt expenses	5,819,334	11,758,525	-	17,577,859
Management and advisory fees	-	13,976,545	-	13,976,545
Legal fees, professional fees and due diligence expenses	973,172	811,002	-	1,784,174
Administration expenses	-	1,267,815	-	1,267,815
Director fees	97,295	198,191	-	295,486
Insurance expense	90,345	190,230	-	280,575
Custody fees	2,625	229,221	-	231,846
Other operating expenses	708,438	861,548	-	1,569,986
Total expenses	7,691,209	29,293,077	-	36,984,286
Net investment income (loss)	(7,691,209)	79,360,366	-	71,669,157
Net realized and unrealized gain (loss) on investments and foreign currency				
Net realized gain (loss):				
Investments in companies less than 5% owned	-	(4,490,140)	-	(4,490,140)
Investments in companies 5% to 25% owned	-	417,446	-	417,446
Investments in companies more than 5% owned	-	79,742	-	79,742
Net realized loss	-	(3,992,952)	-	(3,992,952)
Change in net unrealized appreciation/depreciation	-	53,816	-	53,816
Net realized and unrealized loss	-	(3,939,136)	-	(3,939,136)
Net increase (decrease) in net assets from operations	(7,691,209)	75,421,230	-	67,730,021
Interest in earnings of subsidiary	61,087,399	-	(61,087,399)	-
	-	-	(14,333,831)	(14,333,831)

Distributions of incentive allocation to the General Partner from net investment income				
Net increase in net assets applicable to common equityholders resulting from operations	$53,396,190	$75,421,230	$(75,421,230)	$53,396,190

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TCP Capital Corp.

Consolidating Statement of Operations (Unaudited)

Nine Months Ended September 30, 2015

	TCP Capital Corp. Standalone	Special Value Continuation Partners, LP Consolidated	Eliminations	TCP Capital Corp. Consolidated
Investment income				
Interest income:				
Companies less than 5% owned	$-	$98,581,508	$-	$98,581,508
Companies 5% to 25% owned	-	3,828,262	-	3,828,262
Companies more than 25% owned	-	444,168	-	444,168
Lease income:				
Companies more than 25% owned	-	978,000	-	978,000
Other income:				
Companies less than 5% owned	153,217	3,267,066	-	3,420,283
Total investment income	153,217	107,099,004	-	107,252,221
Operating expenses				
Management and advisory fees	-	13,681,411	-	13,681,411
Interest expense	4,560,902	5,927,481	-	10,488,383
Legal fees, professional fees and due diligence expenses	1,287,695	706,876	-	1,994,571
Amortization of deferred debt issuance costs	513,581	1,109,752	-	1,623,333
Administration expenses	-	1,177,357	-	1,177,357
Commitment fees	-	919,649	-	919,649
Insurance expense	90,505	182,172	-	272,677
Director fees	76,622	156,843	-	233,465
Custody fees	2,625	211,516	-	214,141
Other operating expenses	921,473	1,260,979	-	2,182,452
Total expenses	7,453,403	25,334,036	-	32,787,439
Net investment income (loss)	(7,300,186)	81,764,968	-	74,464,782
Net realized and unrealized gain (loss) on investments and foreign currency				
Net realized gain (loss):				
Investments in companies less than 5% owned	-	(3,714,114)	-	(3,714,114)
Investments in companies 5% to 25% owned	-	1,185	-	1,185
Investments in companies more than 5% owned	-	19,167	-	19,167
Net realized loss	-	(3,693,762)	-	(3,693,762)
Change in net unrealized appreciation/depreciation	-	28,123	-	28,123
Net realized and unrealized loss	-	(3,665,639)	-	(3,665,639)
Net increase (decrease) in net asets from operations	(7,300,186)	78,099,329	-	70,799,143
Interest in earnings of subsidiary	64,278,059	-	(64,278,059)	-
Gain on repurchase of Series A preferred interests	-	1,675,000	-	1,675,000

Dividends paid on Series A preferred equity facility	-	(1,251,930)	-	(1,251,930)
Net change in accumulated dividends on Series A preferred equity facility	-	497,790	-	497,790
Distributions of incentive allocation to the General Partner from net investment income	-	-	(14,742,130)	(14,742,130)
Net increase in net assets applicable to equity holders resulting from operations	$56,977,873	$79,020,189	$(79,020,189)	$56,977,873

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The information contained in this section should be read in conjunction with our unaudited consolidated financial statements and related notes thereto appearing elsewhere in this quarterly report on Form 10-Q. Some of the statements in this report (including in the following discussion) constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which relate to future events or the future performance or financial condition of TCP Capital Corp. (the "Holding Company"). For simplicity, this report uses the terms "Company," "we," "us" and "our" to include the Holding Company and, where appropriate in the context, Special Value Continuation Partners, LP (the "Operating Company"), on a consolidated basis. The forward-looking statements contained in this report involve a number of risks and uncertainties, including statements concerning:

- our, or our portfolio companies', future business, operations, operating results or prospects;
- the return or impact of current and future investments;
- the impact of a protracted decline in the liquidity of credit markets on our business;
- the impact of fluctuations in interest rates on our business;
- the impact of changes in laws or regulations governing our operations or the operations of our portfolio companies;
- our contractual arrangements and relationships with third parties;
- the general economy and its impact on the industries in which we invest;
- the financial condition of and ability of our current and prospective portfolio companies to achieve their objectives;
- our expected financings and investments;
- the adequacy of our financing resources and working capital;
- the ability of our investment adviser to locate suitable investments for us and to monitor and administer our investments;
- the timing of cash flows, if any, from the operations of our portfolio companies;
- the timing, form and amount of any dividend distributions; and
- our ability to maintain our qualification as a regulated investment company and as a business development company.

We use words such as "anticipate," "believe," "expect," "intend," "will," "should," "could," "may," "plan" and similar words t forward-looking statements. The forward looking statements contained in this annual report involve risks and uncertainties. Our actual results could differ materially from those implied or expressed in the forward-looking statements for any reason, including the factors set forth as "Risk Factors" in this report.

We have based the forward-looking statements included in this report on information available to us on the date of this report, and we assume no obligation to update any such forward-looking statements. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that we may make directly to you or through reports that we have filed or in the future may file with the SEC, including annual reports on Form 10-K, registration statements on Form N-2, quarterly reports on Form 10-Q and current reports on Form 8-K.

Overview

The Holding Company is a Delaware corporation formed on April 2, 2012 and is an externally managed, closed-end, non-diversified management investment company. The Holding Company was formed through the conversion of a pre-existing closed-end investment company. The Holding Company elected to be treated as a business development company ("BDC") under the Investment Company Act of 1940, as amended (the "1940 Act"). Our investment objective is to seek to achieve high total returns through current income and capital appreciation, with an emphasis on principal protection. We invest primarily in the debt of middle-market companies as well as small businesses, including senior secured loans, junior loans, mezzanine debt and bonds. Such investments may include an equity component, and, to a lesser extent, we may make equity investments directly. Investment operations are conducted either in Special Value Continuation Partners, LP, a Delaware Limited Partnership (the "Operating Company"), of which the Holding Company owns 100% of the common limited partner interests, or in one of the Operating Company's wholly-owned subsidiaries, TCPC Funding I, LLC ("TCPC Funding") and TCPC SBIC, LP (the "SBIC"). The Operating Company has also elected to be treated as a BDC under the 1940 Act. The General Partner of the Operating Company is SVOF/MM, LLC ("SVOF/MM"), which also serves as the administrator (the "Administrator") of the Holding Company and the Operating Company. The managing member of SVOF/MM is Tennenbaum Capital Partners, LLC (the "Advisor"), which serves as the investment manager to the Holding Company, the Operating Company, TCPC Funding, and the SBIC. Most of the equity interests in the General Partner are owned directly or indirectly by the Advisor and its employees. The SBIC was organized as a Delaware limited partnership in June 2013. On April 22, 2014, the SBIC received a license from the United States Small Business Administration (the "SBA") to operate as a small business investment company under the provisions of Section 301(c) of the Small Business Investment Act of 1958.

The Holding Company has elected to be treated as a regulated investment company ("RIC") for U.S. federal income tax purposes. As a RIC, the Holding Company will not be taxed on its income to the extent that it distributes such income each year and satisfies other applicable income tax requirements. The Operating Company, TCPC Funding, and the SBIC have elected to be treated as partnerships for U.S. federal income tax purposes.

Our leverage program is comprised of $116.0 million in available debt under a senior secured revolving credit facility issued by the Operating Company (the "SVCP Revolver"), a $100.5 million term loan issued by the Operating Company (the "Term Loan" and together with the SVCP Revolver, the "SVCP Facility"), $350.0 million in available debt under a senior secured revolving credit facility issued by TCPC Funding (the "TCPC Funding Facility"), $108.0 million in convertible senior unsecured notes issued by the Holding Company maturing in 2019 (the "2019 Convertible Notes"), $140.0 million in convertible senior unsecured notes issued by the Holding Company maturing in 2022 (the "2022 Convertible Notes") and $75.0 million in committed leverage from the SBA (the "SBA Program" and, together with the SVCP Facility, the TCPC Funding Facility and the convertible notes the "Leverage Program"). Prior to the repurchase and retirement of the remaining preferred interests on September 3, 2015, the Leverage Program also included amounts outstanding under a preferred equity facility issued by the Operating Company (the "Preferred Interests").

To qualify as a RIC, we must, among other things, meet certain source-of-income and asset diversification requirements and timely distribute to our stockholders generally at least 90% of our investment company taxable income, as defined by the Internal Revenue Code of 1986, as amended, for each year. Pursuant to this election, we generally will not have to pay corporate level taxes on any income that we distribute to our stockholders provided that we satisfy those requirements.

Investments

Our level of investment activity can and does vary substantially from period to period depending on many factors, including the amount of debt and equity capital available to middle-market companies, the level of merger and acquisition activity, the general economic environment and the competitive environment for the types of investments we make.

As a BDC, we are required to comply with certain regulatory requirements. For instance, we generally have to invest at least 70% of our total assets in “qualifying assets,” including securities and indebtedness of private U.S. companies, public U.S. operating companies whose securities are not listed on a national securities exchange or registered under the Securities Exchange Act of 1934, as amended, public domestic operating companies having a market capitalization of less than $250.0 million, cash, cash equivalents, U.S. government securities and high-quality debt investments that mature in one year or less. We are also permitted to make certain follow-on investments in companies that were eligible portfolio companies at the time of initial investment but that no longer meet the definition. As of September 30, 2016, 86.3% of our total assets were invested in qualifying assets.

Revenues

We generate revenues primarily in the form of interest on the debt we hold. We also generate revenue from dividends on our equity interests, capital gains on the disposition of investments, and certain lease, fee, and other income. Our investments in fixed income instruments generally have an expected maturity of three to five years, although we have no lower or upper constraint on maturity. Interest on our debt investments is generally payable quarterly or semi-annually. Payments of principal of our debt investments may be amortized over the stated term of the investment, deferred for several years or due entirely at maturity. In some cases, our debt investments and preferred stock investments may defer payments of cash interest or dividends or PIK. Any outstanding principal amount of our debt investments and any accrued but unpaid interest will generally become due at the maturity date. In addition, we may generate revenue in the form of prepayment fees, commitment, origination, structuring or due diligence fees, end-of-term or exit fees, fees for providing significant managerial assistance, consulting fees and other investment related income.

Expenses

Our primary operating expenses include the payment of a base management fee and, depending on our operating results, incentive compensation, expenses reimbursable under the management agreement, administration fees and the allocable portion of overhead under the administration agreement. The base management fee and incentive compensation remunerates the Advisor for work in identifying, evaluating, negotiating, closing and monitoring our investments. Our administration agreement with SVOF/MM, LLC (the "Administrator") provides that the Administrator may be reimbursed for costs and expenses incurred by the Administrator for office space rental, office equipment and utilities allocable to us under the administration agreement, as well as any costs and expenses incurred by the Administrator or its affiliates relating to any non-investment advisory, administrative or operating services provided by the Administrator or its affiliates to us. We also bear all other costs and expenses of our operations and transactions (and the Holding Company's common stockholders indirectly bear all of the costs and expenses of the Holding Company, the Operating Company, TCPC Funding and the SBIC), which may include those relating to:

- our organization;
- calculating our net asset value (including the cost and expenses of any independent valuation firms);
- interest payable on debt, if any, incurred to finance our investments;
- costs of future offerings of our common stock and other securities, if any;
- the base management fee and any incentive compensation;
- dividends and distributions on our preferred shares, if any, and common shares;
- administration fees payable under the administration agreement;
- fees payable to third parties relating to, or associated with, making investments;
- transfer agent and custodial fees;
- registration fees;
- listing fees;
- taxes;
- director fees and expenses;
- costs of preparing and filing reports or other documents with the SEC;
- costs of any reports, proxy statements or other notices to our stockholders, including printing costs;
- our fidelity bond;
- directors and officers/errors and omissions liability insurance, and any other insurance premiums;
- indemnification payments;
- direct costs and expenses of administration, including audit and legal costs; and

- all other expenses reasonably incurred by us and the Administrator in connection with administering our business, such as the allocable portion of overhead under the administration agreement, including rent and other allocable portions of the cost of certain of our officers and their respective staffs.

The investment management agreement provides that the base management fee be calculated at an annual rate of 1.5% of our total assets (excluding cash and cash equivalents) payable quarterly in arrears. For purposes of calculating the base management fee, “total assets” is determined without deduction for any borrowings or other liabilities. The base management fee is calculated based on the value of our total assets (excluding cash and cash equivalents) at the end of the most recently completed calendar quarter.

Additionally, the investment management agreement and the Amended and Restated Limited Partnership Agreement provide that the Advisor or its affiliates may be entitled to incentive compensation under certain circumstances. According to the terms of such agreements, no incentive compensation was incurred prior to January 1, 2013. Beginning January 1, 2013, the incentive compensation equals the sum of (1) 20% of all ordinary income since January 1, 2013 and (2) 20% of all net realized capital gains (net of any net unrealized capital depreciation) since January 1, 2013, with each component being subject to a total return requirement of 8% of contributed common equity annually. The incentive compensation is payable to the General Partner by the Operating Company pursuant to the Amended and Restated Limited Partnership Agreement. If the Operating Company is terminated or for any other reason incentive compensation is not paid by the Operating Company, it would be paid pursuant to the investment management agreement between us and the Advisor. The determination of incentive compensation is subject to limitations under the 1940 Act and the Advisers Act.

Critical accounting policies

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires 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. Management considers the following critical accounting policies important to understanding the financial statements. In addition to the discussion below, our critical accounting policies are further described in the notes to our financial statements.

Valuation of portfolio investments

We value our portfolio investments at fair value based upon the principles and methods of valuation set forth in policies adopted by our board of directors. Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Market participants are buyers and sellers in the principal (or most advantageous) market for the asset that (i) are independent of us, (ii) are knowledgeable, having a reasonable understanding about the asset based on all available information (including information that might be obtained through due diligence efforts that are usual and customary), (iii) are able to transact for the asset, and (iv) are willing to transact for the asset or liability (that is, they are motivated but not forced or otherwise compelled to do so).

Investments for which market quotations are readily available are valued at such market quotations unless the quotations are deemed not to represent fair value. We generally obtain market quotations from recognized exchanges, market quotation systems, independent pricing services or one or more broker-dealers or market makers. However, short term debt investments with remaining maturities within 90 days are generally valued at amortized cost, which approximates fair value. Debt and equity securities for which market quotations are not readily available, which is the case for many of our investments, or for which market quotations are deemed not to represent fair value, are valued at fair value using a consistently applied valuation process in accordance with our documented valuation policy that has been reviewed and approved by our board of directors, who also approve in good faith the valuation of such securities as of the end of each quarter. Due to the inherent uncertainty and subjectivity of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may differ significantly from the values that would have been used had a readily available market value existed for such investments and may differ materially from the values that we may ultimately realize. In addition, changes in the market environment and other events may have differing impacts on the market quotations used to value some of our investments than on the fair values of our investments for which market quotations are not readily available. Market quotations may be deemed not to represent fair value in certain circumstances where we believe that facts and circumstances applicable to an issuer, a seller or purchaser, or the market for a particular security cause current market quotations to not reflect the fair value of the security. Examples of these events could include cases where a security trades infrequently causing a quoted purchase or sale price to become stale, where there is a “forced” sale by a distressed seller, where market quotations vary substantially among market makers, or where there is a wide bid-ask spread or significant increase in the bid-ask spread.

The valuation process approved by our board of directors with respect to investments for which market quotations are not readily available or for which market quotations are deemed not to represent fair value is as follows:

- The investment professionals of the Advisor provide recent portfolio company financial statements and other reporting materials to independent valuation firms approved by our board of directors.

- Such firms evaluate this information along with relevant observable market data to conduct independent appraisals each quarter, and their preliminary valuation conclusions are documented and discussed with senior management of the Advisor.

- The fair value of smaller investments comprising in the aggregate less than 5% of our total capitalization may be determined by the Advisor in good faith in accordance with our valuation policy without the employment of an independent valuation firm.

- The audit committee of the board of directors discusses the valuations, and the board of directors approves the fair value of the investments in our portfolio in good faith based on the input of the Advisor, the respective independent valuation firms (to the extent applicable) and the audit committee of the board of directors.

Those investments for which market quotations are not readily available or for which market quotations are deemed not to represent fair value are valued utilizing a market approach, an income approach, or both approaches, as appropriate. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities (including a business). The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. In following these approaches, the types of factors that we may take into account in determining the fair value of our investments include, as relevant and among other factors: available current market data, including relevant and applicable market trading and transaction comparables, applicable market yields and multiples, security covenants, call protection provisions, information rights, the nature and realizable value of any collateral, the portfolio company's ability to make payments, its earnings and discounted cash flows, the markets in which the portfolio company does business, comparisons of financial ratios of peer companies that are public, merger and acquisition comparables, our principal market (as the reporting entity) and enterprise values.

When valuing all of our investments, we strive to maximize the use of observable inputs and minimize the use of unobservable inputs. Inputs refer broadly to the assumptions that market participants would use in pricing an asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of us. Unobservable inputs are inputs that reflect our assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances.

Our investments may be categorized based on the types of inputs used in their valuation. The level in the GAAP valuation hierarchy in which an investment falls is based on the lowest level input that is significant to the valuation of the investment in its entirety. Investments are classified by GAAP into the three broad levels as follows:

Level 1 — Investments valued using unadjusted quoted prices in active markets for identical assets.

Level 2 — Investments valued using other unadjusted observable market inputs, e.g. quoted prices in markets that are not active or quotes for comparable instruments.

Level 3 — Investments that are valued using quotes and other observable market data to the extent available, but which also take into consideration one or more unobservable inputs that are significant to the valuation taken as a whole.

As of September 30, 2016, none of our investments were categorized as Level 1, 9.1% were categorized as Level 2, 90.7% were Level 3 investments valued based on valuations by independent third party sources, and 0.2% were Level 3 investments valued based on valuations by the Advisor.

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 the financial statements.

Revenue recognition

Interest and dividend income, including income paid in kind, is recorded on an accrual basis. Origination, structuring, closing, commitment and other upfront fees, including original issue discounts, earned with respect to capital commitments are generally amortized or accreted into interest income over the life of the respective debt investment, as are end-of-term or exit fees receivable upon repayment of a debt investment. Other fees, including certain amendment fees, prepayment fees and commitment fees on broken deals, are recognized as earned. Prepayment fees and similar income due upon the early repayment of a loan or debt security are recognized when earned and are included in interest income.

Certain of our debt investments are purchased at a discount to par as a result of the underlying credit risks and financial results of the issuer, as well as general market factors that influence the financial markets as a whole. Discounts on the acquisition of corporate bonds are generally amortized using the effective-interest or constant-yield method assuming there are no questions as to collectability. When principal payments on a loan are received in an amount in excess of the loan’s amortized cost, the excess principal payments are recorded as interest income.

Net realized gains or losses and net change in unrealized appreciation or depreciation

We measure 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. Realized gains and losses are computed using the specific identification method. Net change in unrealized appreciation or depreciation reflects the change in portfolio investment values during the reporting period, including the reversal of previously recorded unrealized appreciation or depreciation when gains or losses are realized.

Portfolio and investment activity

During the three months ended September 30, 2016, we invested approximately $146.6 million, comprised of new investments in 8 new and 5 existing portfolio companies, as well as draws made on existing commitments and PIK received on prior investments. Of these investments, 96.2% were in senior secured debt comprised of senior loans ($133.4 million, or 91.0% of total acquisitions) and senior secured notes ($7.7 million, or 5.2% of total acquisitions). The remaining $5.5 million (3.8% of total acquisitions) were additional equity interests in two portfolios of debt and lease assets. Additionally, we received approximately $108.2 million in proceeds from sales or repayments of investments during the three months ended September 30, 2016.

During the three months ended September 30, 2015, we invested approximately $120.6 million, comprised of new investments in 7 new and 4 existing portfolio companies, as well as draws made on existing commitments and PIK received on prior investments. Of these investments, 98.7% were in senior secured debt, comprised of senior loans ($116.6 million, or 96.7% of total acquisitions) and senior secured notes ($2.5 million, or 2.0% of total acquisitions). The remaining $1.5 million (1.3% of total acquisitions) were equity investments. Additionally, we received approximately $65.3 million in proceeds from sales or repayments of investments during the three months ended September 30, 2015.

During the nine months ended September 30, 2016, we invested approximately $379.8 million, comprised of new investments in 17 new and 11 existing portfolio companies, as well as draws made on existing commitments and PIK received on prior investments. Of these investments, 95.1% were in senior secured debt comprised of senior loans ($313.7 million, or 82.6% of total acquisitions) and senior secured notes ($47.3 million, or 12.5% of total acquisitions). The remaining $18.7 million (4.9% of total acquisitions) were comprised of $17.8 million in equity interests in two portfolios of debt and lease assets, as well as $0.9 million in two warrant positions received in connection with debt investments. Additionally, we received approximately $294.2 million in proceeds from sales or repayments of investments during the nine months ended September 30, 2016.

During the nine months ended September 30, 2015 we invested approximately $423.3 million, comprised of new investments in 16 new and 22 existing portfolio companies, as well as draws made on existing commitments and PIK received on prior investments. Of these investments, 99.5% were in senior secured debt, comprised of senior loans ($379.2 million, or 89.6% of total acquisitions) and senior secured notes ($41.9 million, or 9.9% of total acquisitions). The remaining $2.3 million (0.5% of total acquisitions) were equity investments. Additionally, we received approximately $305.5 million in proceeds from sales or repayments of investments during the nine months ended September 30, 2015.

At September 30, 2016, our investment portfolio of $1,276.4 million (at fair value) consisted of 88 portfolio companies and was invested 95.7% in debt investments, substantially all of which was in senior secured debt. In aggregate, our investment portfolio was invested 78.3% in senior secured loans, 17.4% in senior secured notes and 4.3% in equity investments. Our average portfolio company investment at fair value was approximately $14.5 million. Our largest portfolio company investment by value was approximately $45.4 million and our five largest portfolio company investments by value comprised approximately 14.7% of our portfolio at September 30, 2016.

At December 31, 2015, our investment portfolio of $1,182.9 million (at fair value) consisted of 88 portfolio companies and was invested 95.5% in debt investments, of which 99.9% was in senior secured debt and 0.1% in unsecured and subordinated debt. In aggregate, our investment portfolio was invested 81.5% in senior secured loans, 14.0% in senior secured notes, 0.1% in unsecured and subordinated debt, and 4.4% in equity investments. Our average portfolio company investment at fair value was approximately $13.4 million. Our largest portfolio company investment by value was approximately $43.3 million and our five largest portfolio company investments by value comprised approximately 15.7% of our portfolio at December 31, 2015.

The industry composition of our portfolio at fair value at September 30, 2016 was as follows:

Industry	Percent of Total Investments	
Software Publishing	19.7	%
Nondepository Credit Intermediation	6.0	%
Computer Systems Design and Related Services	5.7	%
Other Information Services	5.6	%
Business Support Services	4.4	%
Retail	3.6	%
Wired Telecommunications Carriers	3.4	%
Scientific Research and Development Services	3.1	%
Financial Investment Activities	3.1	%
Insurance Related Activities	2.7	%
Equipment Leasing	2.5	%
Textile Furnishings Mills	2.4	%
Hospitals	2.1	%
Utility System Construction	1.9	%
Chemicals	1.9	%
Insurance Carriers	1.9	%
Management, Scientific, and Technical Consulting Services	1.8	%
Air Transportation	1.8	%
Apparel Manufacturing	1.8	%
Communications Equipment Manufacturing	1.7	%
Radio and Television Broadcasting	1.7	%
Wholesalers	1.6	%
Electronic Component Manufacturing	1.5	%
Lessors of Nonfinancial Licenses	1.5	%
Other Manufacturing	1.5	%
Restaurants	1.3	%
Computer Equipment Manufacturing	1.3	%
Data Processing and Hosting Services	1.2	%
Advertising and Public Relations Services	1.2	%
Building Equipment Contractors	1.1	%
Activities Related to Real Estate	1.0	%
Other	8.0	%
Total	100.0	%

The weighted average effective yield of the debt securities in our portfolio was 11.19% at September 30, 2016 and 10.95% at December 31, 2015. At September 30, 2016, 80.5% of our debt investments bore interest based on floating rates, such as LIBOR, EURIBOR, the Federal Funds Rate or the Prime Rate, and 19.5% bore interest at fixed rates. The percentage of our floating rate debt investments that bore interest based on an interest rate floor was 78.6% at

September 30, 2016. At December 31, 2015, 80.4% of our debt investments bore interest based on floating rates, such as LIBOR, EURIBOR, the Federal Funds Rate or the Prime Rate, and 19.6% bore interest at fixed rates. The percentage of our floating rate debt investments that bore interest based on an interest rate floor was 77.9% at December 31, 2015.

Results of operations

Investment income

Investment income totaled $38.5 million and $35.5 million, respectively, for the three months ended September 30, 2016 and 2015, of which $38.3 million and $33.8 million were attributable to interest and fees on our debt investments, $0.1 million and $0.4 million to lease income, and $0.1 million and $1.3 million to other income, respectively. Included in interest and fees on our debt investments were $3.0 million and $1.0 million of non-recurring income related to prepayments for the three months ended September 30, 2016 and 2015, respectively. The increase in investment income in the three months ended September 30, 2016 compared to the three months ended September 30, 2015 reflects an increase in interest income due to the higher non-recurring income related to a higher level of prepayments in the three months ended September 30, 2016 compared to the three months ended September 30, 2015, partially offset by decreases in other income and lease income.

Investment income totaled $108.7 million and $107.3 million, respectively, for the nine months ended September 30, 2016 and 2015, of which $105.9 million and $102.9 million were attributable to interest and fees on our debt investments, $1.5 million and $1.0 million to lease income and $1.3 million and $3.4 million to other income, respectively. Included in interest and fees on our debt investments were $5.9 million and $6.0 million of non-recurring income related to prepayments for the nine months ended September 30, 2016 and 2015, respectively. The increase in investment income in the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015 reflects an increase in interest income due to the larger portfolio size and an increase in lease income in the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015, partially offset by a decrease in other income.

Expenses

Total operating expenses for the three months ended September 30, 2016 and 2015 were $12.8 million and $11.2 million respectively, comprised of $6.2 million and $4.6 million in interest expense and related fees, $4.8 million and $4.7 million in base management fees, $0.6 million and $0.4 million in legal and other professional fees, $0.4 million and $0.4 million in administrative expenses, and $0.8 million and $1.1 million in other expenses, respectively. The increase in expenses in the three months ended September 30, 2016 compared to the three months ended September 30, 2015 primarily reflects the increase in interest expense and other costs related to the increase in available and outstanding debt, including the conversion of the Preferred Interests to term debt, as well as the higher average interest rate following the issuance of the 2022 Convertible Notes and the increase in LIBOR rates.

Total operating expenses for the nine months ended September 30, 2016 and 2015 were $37.0 million and $32.8 million, respectively, comprised of $17.6 million and $13.0 million in interest expense and related fees, $14.0 million and $13.7 million in base management fees, $1.8 million and $2.0 million in legal and professional fees, $1.2 million and $1.2 million in administrative expenses, and $2.4 million and $2.9 million in other expenses, respectively. The increase in expenses in the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015 primarily reflects the increase in interest expense and other costs related to the increase in available and outstanding debt, including the conversion of the Preferred Interests to term debt, as well as the higher average interest rate following the issuance of the 2022 Convertible Notes and the increase in LIBOR rates.

Net investment income

Net investment income was $25.7 million and $24.3 million, respectively, for the three months ended September 30, 2016 and 2015. The increase in net investment income in the three months ended September 30, 2016 compared to the three months ended September 30, 2015 primarily reflects the increase in investment income, partially offset by the increase in expenses in the three months ended September 30, 2016.

Net investment income was $71.7 million and $74.5 million, respectively, for the nine months ended September 30, 2016 and 2015. The decrease in net investment income in the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015 primarily reflects the increase in expenses, partially offset by the increase in investment income in the nine months ended September 30, 2016.

Net realized and unrealized gain or loss

Net realized gains (losses) for the three months ended September 30, 2016 and 2015 were $(0.7) million and $5.7 million, respectively. The net realized gain during the three months ended September 30, 2015 was primarily comprised of a $5.9 million gain on the disposition of most of our investment in NEXTracker, Inc.

For the three months ended September 30, 2016 and 2015, the change in net unrealized appreciation/depreciation was an increase of $0.9 million and a decrease of $7.6 million, respectively. The change in net unrealized appreciation/depreciation for the three months ended September 30, 2016 was comprised primarily of mark-to-market adjustments resulting from narrower market yield spreads during the quarter. The change in net unrealized appreciation/depreciation for the three months ended September 30, 2015 was primarily comprised of a $4.0 million unrealized gain on our investment in KAGY Holding Company, Inc., a $3.6 million reversal of prior period unrealized appreciation on our investment in NEXTracker, Inc., $2.4 million in unrealized depreciation on our loan to CORE Entertainment, Inc., and other mark-to-market adjustments primarily due to increases in market yield spreads.

Net realized losses for the nine months ended September 30, 2016 and 2015 were $4.0 million and $3.7 million, respectively. The net realized loss during the nine months ended September 30, 2016 was due primarily to the taxable reorganization of our investment in Boomerang Tube, LLC. The net realized loss during the nine months ended September 30, 2015 was due primarily to the restructure of our loan to Edmentum, in which we received debt and equity in a delevered company, partially offset by the $5.9 million gain on the partial disposition of our NEXTracker investment.

For the nine months ended September 30, 2016 and 2015, the change in net unrealized appreciation/depreciation was an increase of $0.1 million and $0.0 million, respectively.

Income tax expense, including excise tax

The Holding Company has elected to be treated as a RIC under Subchapter M of the Internal Revenue Code (“the Code”) and operates in a manner so as to qualify for the tax treatment applicable to RICs. To qualify as a RIC, the Holding Company must, among other things, timely distribute to its stockholders generally at least 90% of its investment company taxable income, as defined by the Code, for each year. The Company has made and intends to continue to make the requisite distributions to its stockholders which will generally relieve the Company from U.S. federal income taxes.

Depending on the level of taxable income earned in a tax year, we may choose to carry forward taxable income in excess of current year dividend distributions from such current year taxable income into the next tax year and pay a 4% excise tax on such income. Any excise tax expense is recorded at year end as such amounts are known. There was no U.S. federal excise tax recorded during the three and nine months ended September 30, 2016 and 2015.

Gain on repurchase of Series A preferred interests

Gains on the repurchase of Series A preferred interests for the nine months ended September 30, 2016 and 2015 were $0.0 million and $1.7 million, respectively. The gain on repurchase of Series A preferred interests during the nine months ended September 30, 2015 was due to the repurchase of 1,675 Preferred Interests on June 30, 2015 at a price of $31.8 million.

Dividends to preferred equity holders

Dividends on the Preferred Interests for the three months ended September 30, 2016 and 2015 were $0.0 million and $0.1 million, respectively. Dividends on the Preferred Interests for the nine months ended September 30, 2016 and 2015 were $0.0 million and $0.8 million, respectively. The decrease in dividends on Preferred Interests during the three and nine months ended September 30, 2016 compared to the three and nine months ended September 30, 2015 was due to the repurchase and retirement of all remaining Preferred Interests during 2015.

Incentive compensation

Incentive compensation distributable to the General Partner for the three months ended September 30, 2016 and 2015 was $5.1 million and $4.8 million, respectively. Incentive compensation distributable to the General Partner for the nine months ended September 30, 2016 and 2015 was $14.3 million and $14.7 million, respectively. Incentive compensation for the three and nine months ended September 30, 2016 and 2015 was distributable due to our performance exceeding the total return threshold and was calculated by multiplying net investment income, less preferred dividends (if any), by 20%.

Net increase in net assets applicable to common shareholders resulting from operations

The net increase in net assets applicable to common shareholders resulting from operations was $20.7 million and $17.5 million for the three months ended September 30, 2016 and 2015, respectively. The higher net increase in net assets applicable to common shareholders resulting from operations during the three months ended September 30, 2016 is primarily due to the higher net investment income during the three months ended September 30, 2016 compared to the three months September 30, 2015 and the net realized and unrealized gains during the three months ended September 30, 2016 compared to the net realized and unrealized losses during the three months ended September 30, 2015. The net increase in net assets applicable to common shareholders resulting from operations was $53.4 million and $57.0 million for the nine months ended September 30, 2016 and 2015, respectively. The lower net increase in net assets applicable to common shareholders resulting from operations during the nine months ended September 30, 2016 is primarily due to the lower net investment income in the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015.

Liquidity and capital resources

Since our inception, our liquidity and capital resources have been generated primarily through the initial private placement of common shares of SVCF (the predecessor entity) which were subsequently converted to common stock of the Holding Company, the net proceeds from the initial and secondary public offerings of our common stock, amounts outstanding under our Leverage Program, and cash flows from operations, including investments sales and repayments and income earned from investments and cash equivalents. The primary uses of cash have been investments in portfolio companies, cash distributions to our equity holders, payments to service our Leverage Program and other general corporate purposes.

The following table summarizes the total shares issued and proceeds received in offerings of the Company's common stock net of underwriting discounts and offering costs as well as shares issued in connection with the Company's dividend reinvestment plan for the nine months ended September 30, 2016.

	Shares Issued	Price Per Share	Net Proceeds
Shares issued from dividend reinvestment plan	461	$15.50*	$7,147
Shares issued from conversion of convertible debt †	2,011,900	15.02	-
July 13, 2016 registered direct public offering	2,336,552	15.09	34,958,570

*Weighted-average price per share.

† On April 18, 2016, the Company issued $30.0 million in aggregate principal amount of a 5.25% convertible senior unsecured note due 2021 to CNO Financial Investments Corp. (the "CNO Note"). On June 7, 2016, the Company issued 2,011,900 shares of its common stock pursuant to the full conversion, at the holder's option, of the $30.0 million in aggregate principal amount (plus accrued interest) of the CNO Note. The CNO Note was converted at a price of $15.02 per share of common stock. No placement agent or underwriting fees were incurred in connection with the issuance or the conversion of the CNO Note.

The following table summarizes the total shares issued and proceeds received in offerings of the Company's common stock net of underwriting discounts and offering costs as well as shares issued in connection with the Company's dividend reinvestment plan for the year ended December 31, 2015.

	Shares Issued	Price Per Share	Net Proceeds
At-the-market offerings	248,614	$15.87*	$3,946,066
Shares issued from dividend reinvestment plan	555	14.62*	8,116

*Weighted-average price per share.

On October 3, 2014, we entered into an at-the-market equity offering program (the "ATM Program") with Raymond James & Associates Inc. through which we may offer and sell, by means of at-the-market offerings from time to time, shares of our common stock having an aggregate offering price of up to $100,000,000.

On February 24, 2015, the Company's board of directors approved a stock repurchase plan (the "Company Repurchase Plan") to acquire up to $50.0 million in the aggregate of the Company's common stock at prices at certain thresholds below the Company's net asset value per share, in accordance with the guidelines specified in Rule 10b-18 and Rule 10b5-1 of the Securities Exchange Act of 1934. The Company Repurchase Plan is designed to allow the Company to repurchase its common stock at times when it otherwise might be prevented from doing so under insider trading laws. The Company Repurchase Plan requires an agent selected by the Company to repurchase shares of common stock on the Company's behalf if and when the market price per share is at certain thresholds below the most recently reported net asset value per share. Under the plan, the agent will increase the volume of purchases made if the price of the Company's common stock declines, subject to volume restrictions. The timing and amount of any stock repurchased depends on the terms and conditions of the Company Repurchase Plan, the market price of the common stock and trading volumes, and no assurance can be given that any particular amount of common stock will be repurchased. The Company Repurchase Plan was re-approved on November 2, 2016, to be in effect through the earlier of two trading days after our fourth quarter 2016 earnings release, unless further extended or terminated by our board of directors, or such time as the approved $50.0 million repurchase amount has been fully utilized, subject to certain conditions. The following table summarizes the total shares repurchased and amounts paid by the Company under the Company Repurchase Plan, including broker fees, for the nine months ended September 30, 2016:

	Shares Repurchased	Price Per Share	Total Cost
Company Repurchase Plan	141,896	$13.25*	$1,879,548

*Weighted-average price per share

Total leverage outstanding and available under the combined Leverage Program at September 30, 2016 were as follows:

	Maturity	Rate	Carrying Value*	Available	Total Capacity
SVCP Facility					
SVCP Revolver	2018	L+1.75%†	$-	$116,000,000	$116,000,000
Term Loan	2018	L+1.75%†	100,500,000	-	100,500,000
2019 Convertible Notes ($108 million par)	2019	5.25%	106,436,711	-	106,436,711
2022 Convertible Notes ($140 million par)	2022	4.625%	136,725,763	-	136,725,763
TCPC Funding Facility	2020	L+2.50%‡	235,000,000	115,000,000	350,000,000
SBA Debentures	2024-2026	2.58%§	61,000,000	14,000,000	75,000,000 **
Total leverage			639,662,474	$245,000,000	$884,662,474
Unamortized issuance costs			(7,960,812)		
Debt, net of unamortized issuance costs			$631,701,662		

*Except for the convertible notes, all carrying values are the same as the principal amounts outstanding.
†Based on either LIBOR or the lender's cost of funds, subject to certain limitations
‡Or L+2.25% subject to certain funding requirements
§Weighted-average interest rate, excluding fees of 0.36%
**Total capacity increased to $150.0 million on October 13, 2016.

On July 13, 2015, we obtained exemptive relief from the SEC to permit us to exclude the debt of our SBA Debentures from our 200% asset coverage test under the 1940 Act. The exemptive relief provides us with increased flexibility under the 200% asset coverage test by permitting the SBIC to borrow up to $150.0 million more than it would otherwise be able to absent the receipt of this exemptive relief. At September 30, 2016 the SBIC had a $75.0 million commitment from the SBA, which increased to $150.0 million on October 13, 2016.

Net cash used in operating activities during the nine months ended September 30, 2016 was $38.6 million. Our primary use of cash in operating activities during this period consisted of the settlement of acquisitions of investments (net of dispositions) of $80.4 million, partially offset by net investment income less incentive allocation (net of non-cash income and expenses) of approximately $41.8 million.

Net cash provided by financing activities was $143.9 million during the nine months ended September 30, 2016, consisting primarily of $140.0 million from the issuance of the 2022 Convertible Notes, $35.0 million of net proceeds from the registered direct public offering of our common stock on July 13, 2016, $30.0 million from proceeds from the issuance of the CNO Note (which was subsequently converted to common equity), and $0.2 million of net borrowings reduced by the $54.9 million in regular dividends on common equity, payment of $4.5 million in debt issuance costs, and $1.9 million in common shares repurchases.

At September 30, 2016, we had $140.9 million in cash and cash equivalents.

The SVCP Facility and the TCPC Funding Facility are secured by substantially all of the assets in our portfolio, including cash and cash equivalents, and are subject to compliance with customary affirmative and negative covenants, including the maintenance of a minimum shareholders' equity, the maintenance of a ratio of not less than 200% of total assets (less total liabilities other than indebtedness) to total indebtedness, and restrictions on certain payments and issuance of debt. Unfavorable economic conditions may result in a decrease in the value of our investments, which would affect both the asset coverage ratios and the value of the collateral securing the SVCP Facility and the TCPC Funding Facility, and may therefore impact our ability to borrow under the SVCP Facility and the TCPC Funding Facility. In addition to regulatory restrictions that restrict our ability to raise capital, the Leverage Program contains various covenants which, if not complied with, could accelerate repayment of debt, thereby materially and adversely affecting our liquidity, financial condition and results of operations. At September 30, 2016, we were in compliance with all financial and operational covenants required by the Leverage Program.

Unfavorable economic conditions, while potentially creating attractive opportunities for us, may decrease liquidity and raise the cost of capital generally, which could limit our ability to renew, extend or replace the Leverage Program on terms as favorable as are currently included therein. If we are unable to renew, extend or replace the Leverage Program upon the various dates of maturity, we expect to have sufficient funds to repay the outstanding balances in full from our net investment income and sales of, and repayments of principal from, our portfolio company investments, as well as from anticipated debt and equity capital raises, among other sources. Unfavorable economic conditions may limit our ability to raise capital or the ability of the companies in which we invest to repay our loans or engage in a liquidity event, such as a sale, recapitalization or initial public offering. The SVCP Facility, the 2019 Convertible Notes, the 2022 Convertible Notes and the TCPC Funding Facility mature in July 2018, December 2019, March 2022 and March 2020, respectively. Any inability to renew, extend or replace the Leverage Program could adversely impact our liquidity and ability to find new investments or maintain distributions to our stockholders.

Challenges in the market are intensified for us by certain regulatory limitations under the Code and the 1940 Act. To maintain our qualification as a RIC, we must satisfy, among other requirements, an annual distribution requirement to pay out at least 90% of our ordinary income and short-term capital gains to our stockholders. Because we are required to distribute our income in this manner, and because the illiquidity of many of our investments may make it difficult for us to finance new investments through the sale of current investments, our ability to make new investments is highly dependent upon external financing. While we anticipate being able to continue to satisfy all covenants and repay the outstanding balances under the Leverage Program when due, there can be no assurance that we will be able to do so, which could lead to an event of default.

Contractual obligations

In addition to obligations under our Leverage Program, we have entered into several contracts under which we have future commitments. Pursuant to an investment management agreement, the Advisor manages our day-to-day operations and provides investment advisory services to us. Payments under the investment management agreement are equal to a percentage of the value of our gross assets (excluding cash and cash equivalents) and an incentive compensation, plus reimbursement of certain expenses incurred by the Advisor. Under our administration agreement, the Administrator provides us with administrative services, facilities and personnel. Payments under the administration agreement are equal to an allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations to us, and may include rent and our allocable portion of the cost of certain of our officers and their respective staffs. We are responsible for reimbursing the Advisor for due diligence and negotiation expenses, fees and expenses of custodians, administrators, transfer and distribution agents, counsel and directors, insurance, filings and registrations, proxy expenses, expenses of communications to investors, compliance expenses, interest, taxes, portfolio transaction expenses, costs of responding to regulatory inquiries and reporting to regulatory authorities, costs and expenses of preparing and maintaining our books and records, indemnification, litigation and other extraordinary expenses and such other expenses as are approved by the directors as being reasonably related to our organization, offering, capitalization, operation or administration and any portfolio investments, as applicable. The Advisor is not responsible for any of the foregoing expenses and such services are not investment advisory services under the 1940 Act. Either party may terminate each of the investment management agreement and administration agreement without penalty upon not less than 60 days' written notice to the other.

Distributions

Our quarterly dividends and distributions to common stockholders are recorded on the ex-dividend date. Distributions are declared considering our estimate of annual taxable income available for distribution to stockholders and the amount of taxable income carried over from the prior year for distribution in the current year. We do not have a policy to pay distributions at a specific level and expect to continue to distribute substantially all of our taxable income. We cannot assure stockholders that they will receive any distributions or distributions at a particular level.

The following tables summarize dividends declared for the nine months ended September 30, 2016 and 2015:

Date Declared	Record Date	Payment Date	Type	Amount Per Share	Total Amount
February 24, 2016	March 17, 2016	March 31, 2016	Regular	$ 0.36	$ 17,530,963
May 10, 2016	June 16, 2016	June 30, 2016	Regular	0.36	18,254,229
August 9, 2016	September 16, 2016	September 30, 2016	Regular	0.36	19,094,976
				$ 1.08	$ 54,880,168

Date Declared	Record Date	Payment Date	Type	Amount Per Share	Total Amount
March 10, 2015	March 19, 2015	March 31, 2015	Regular	$ 0.36	$ 17,535,826
May 7, 2015	June 16, 2015	June 30, 2015	Regular	0.36	17,625,370
August 6, 2015	September 16, 2015	September 30, 2015	Regular	0.36	17,625,310
				$ 1.08	$ 52,786,506

The following table summarizes the total shares issued in connection with our dividend reinvestment plan for the nine months ended September 30, 2016 and 2015:

	2016	2015
Shares Issued	311	253
Average Price Per Share	$15.08	$15.64
Proceeds	$4,691	$3,962

We have elected to be taxed as a RIC under Subchapter M of the Code. In order to maintain favorable RIC tax treatment, we must distribute annually to our stockholders at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, out of the assets legally available for distribution. In order to avoid certain excise taxes imposed on RICs, we must distribute during each calendar year an amount at least equal to the sum of:

- 98% of our ordinary income (not taking into account any capital gains or losses) for the calendar year;

- 98.2% of the amount by which our capital gains exceed our capital losses (adjusted for certain ordinary losses) for the one-year period generally ending on October 31 of the calendar year; and

- certain undistributed amounts from previous years on which we paid no U.S. federal income tax.

We may, at our discretion, carry forward taxable income in excess of calendar year distributions and pay a 4% excise tax on this income. If we choose to do so, all other things being equal, this would increase expenses and reduce the amounts available to be distributed to our stockholders. We will accrue excise tax on estimated taxable income as required. In addition, although we currently intend to distribute realized net capital gains (i.e., net long-term capital gains in excess of short-term capital losses), if any, at least annually, out of the assets legally available for such distributions, we may in the future decide to retain such capital gains for investment.

We have adopted an “opt in” dividend reinvestment plan for our common stockholders. As a result, if we declare a dividend or other distribution payable in cash, each stockholder that has not “opted in” to our dividend reinvestment plan will receive such dividends in cash, rather than having their dividends automatically reinvested in additional shares of our common stock.

We may not be able to achieve operating results that will allow us to make dividends and distributions at a specific level or to increase the amount of these dividends and distributions from time to time. Also, we may be limited in our ability to make dividends and distributions due to the asset coverage test applicable to us as a BDC under the 1940 Act and due to provisions in our existing and future credit facilities. If we do not distribute a certain percentage of our income annually, we will suffer adverse tax consequences, including possible loss of favorable RIC tax treatment. In addition, in accordance with U.S. generally accepted accounting principles and tax regulations, we include in income certain amounts that we have not yet received in cash, such as PIK interest, which represents contractual interest added to the loan balance that becomes due at the end of the loan term, or the accrual of original issue or market discount. Since we may recognize income before or without receiving cash representing such income, we may have difficulty meeting the requirement to distribute at least 90% of our investment company taxable income to obtain tax benefits as a RIC and may be subject to an excise tax.

In order to satisfy the annual distribution requirement applicable to RICs, we have the ability to declare a large portion of a dividend in shares of our common stock instead of in cash. As long as a portion of such dividend is paid in cash and certain requirements are met, the entire distribution would be treated as a dividend for U.S. federal income tax purposes.

Related Parties

We have entered into a number of business relationships with affiliated or related parties, including the following:

- Each of the Holding Company, the Operating Company, TCPC Funding, and the SBIC has entered into an investment management agreement with the Advisor.

- The Administrator provides us with administrative services necessary to conduct our day-to-day operations. For providing these services, facilities and personnel, the Administrator may be reimbursed by us for expenses incurred by the Administrator in performing its obligations under the administration agreement, including our allocable portion of the cost of certain of our officers and the Administrator's administrative staff and providing, at our request and on our behalf, significant managerial assistance to our portfolio companies to which we are required to provide such assistance.

- We have entered into a royalty-free license agreement with the Advisor, pursuant to which the Advisor has agreed to grant us a non-exclusive, royalty-free license to use the name "TCP."

- Pursuant to its limited partnership agreement, the general partner of the Operating Company is SVOF/MM, LLC. SVOF/MM, LLC is an affiliate of the Advisor and the general partner or managing member of certain other funds managed by the Advisor.

The Advisor and its affiliates, employees and associates currently do and in the future may manage other funds and accounts. The Advisor and its affiliates may determine that an investment is appropriate for us and for one or more of those other funds or accounts. Accordingly, conflicts may arise regarding the allocation of investments or opportunities among us and those accounts. In general, the Advisor will allocate investment opportunities pro rata among us and the other funds and accounts (assuming the investment satisfies the objectives of each) based on the amount of committed capital each then has available. The allocation of certain investment opportunities in private placements is subject to independent director approval pursuant to the terms of the co-investment exemptive order applicable to us. In certain cases, investment opportunities may be made other than on a pro rata basis. For example, we may desire to retain an asset at the same time that one or more other funds or accounts desire to sell it or we may not have additional capital to invest at a time the other funds or accounts do. If the Advisor is unable to manage our investments effectively, we may be unable to achieve our investment objective. In addition, the Advisor may face conflicts in allocating investment opportunities between us and certain other entities that could impact our investment returns. While our ability to enter into transactions with our affiliates is restricted under the 1940 Act, we have received an exemptive order from the SEC permitting certain affiliated investments subject to certain conditions. As a result, we may face conflict of interests and investments made pursuant to the exemptive order conditions which could in certain circumstances affect adversely the price paid or received by us or the availability or size of the position purchased or sold by us.

Recent Developments

From October 1, 2016 through November 4, 2016, the Operating Company has invested approximately $82.9 million primarily in five senior secured loans, as well as equity interests in a portfolio of debt assets with a combined effective yield of approximately 10.0%.

On October 13, 2016, the SBIC received an additional $75.0 million commitment from the SBA, increasing its total commitment to $150.0 million.

On November 2, 2016, our board of directors re-approved the Company Repurchase Plan, to be in effect through the earlier of two trading days after our fourth quarter 2016 earnings release or such time as the approved $50.0 million repurchase amount has been fully utilized, subject to certain conditions.

On November 8, 2016, our board of directors declared a fourth quarter regular dividend of $0.36 per share payable on December 30, 2016 to stockholders of record as of the close of business on December 16, 2016.

Item 3: Quantitative and qualitative disclosure about market risk

We are subject to financial market risks, including changes in interest rates. At September 30, 2016, 80.5% of our debt investments bore interest based on floating rates, such as LIBOR, EURIBOR, the Federal Funds Rate or the Prime Rate. The interest rates on such investments generally reset by reference to the current market index after one to six months. At September 30, 2016, the percentage of our floating rate debt investments that bore interest based on an interest rate floor was 78.6%. Floating rate investments subject to a floor generally reset by reference to the current market index after one to six months only if the index exceeds the floor.

Interest rate sensitivity refers to the change in earnings that may result from changes in the level of interest rates. Because we fund a portion of our investments with borrowings, our net investment income is affected by the difference between the rate at which we invest and the rate at which we borrow. 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. We assess our portfolio companies periodically to determine whether such companies will be able to continue making interest payments in the event that interest rates increase. There can be no assurances that the portfolio companies will be able to meet their contractual obligations at any or all levels of increases in interest rates.

Based on our September 30, 2016 balance sheet, the following table shows the annual impact on net income (excluding the related incentive compensation impact) of base rate changes in interest rates (considering interest rate floors for variable rate instruments) assuming no changes in our investment and borrowing structure:

Basis Point Change	Interest income	Interest Expense	Net Income
Up 300 basis points	$ 29,376,868	$ (11,895,000)	$ 17,481,868
Up 200 basis points	19,306,154	(7,930,000)	11,376,154
Up 100 basis points	9,251,715	(3,965,000)	5,286,715
Down 100 basis points	(2,671,690)	3,369,060	697,370
Down 200 basis points	(2,671,690)	3,369,060	697,370
Down 300 basis points	(2,671,690)	3,369,060	697,370

Item 4. Controls and Procedures

As of the period covered by this report, we, including our chief executive officer and chief financial officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act). Based on our evaluation, our management, including the chief executive officer and chief financial officer, concluded that our disclosure controls and procedures were effective in timely alerting management, including the chief executive officer and chief financial officer, of material information about us required to be included in our periodic SEC filings. However, in evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, are based upon certain assumptions about the likelihood of future events and 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. There has not been any change in our internal controls over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

PART II - Other Information

Item 1. Legal Proceedings

Although we may, from time to time, be involved in litigation arising out of our operations in the normal course of business or otherwise, as of September 30, 2016, we are currently not a party to any pending material legal proceedings.

Item 1A. Risk Factors

There have been no material changes from the risk factors previously disclosed in our most recent annual report on Form 10-K, as filed with the Securities and Exchange Commission on February 29, 2016.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4: Mine Safety Disclosures.

None.

Item 5: Other Information.

None.

Item 6: Exhibits

Number	Description
3.1	Articles of Incorporation of the Registrant (1)
3.2	Bylaws of the Registrant (2)
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934*
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934*
32.1	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U. S. C. 1350)*

* Filed herewith.

(1) Incorporated by reference to Exhibit (a)(2) to the Registrant’s Registration Statement under the Securities Act of 1933 (File No. 333-172669), on Form N-2, filed on May 13, 2011

(2) Incorporated by reference to Exhibit (b)(2) to the Registrant’s Registration Statement under the Securities Act of 1933 (File No. 333-172669), on Form N-2, filed on May 13, 2011

SIGNATURES

Pursuant to the requirements of the Securities Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, there unto duly authorized.

TCP CAPITAL CORP.

Date: November 8, 2016

By:	/s/ Howard M. Levkowitz
Name:	Howard M. Levkowitz
Title:	Chief Executive Officer

Date: November 8, 2016

By:	/s/ Paul L. Davis
Name:	Paul L. Davis
Title:	Chief Financial Officer