



MVC | CAPITAL

Investor Presentation Covering Q2 2020

June 2020

Forward Looking Statement

This presentation contains “forward-looking statements.” These statements include the plans and objectives of management for future operations, the performance of portfolio companies, financial results and performance of the Company, transitioning to a yield portfolio, making yielding investments, monetizing the equity portfolio, accessing additional leverage, identifying loan investments with terms indicated herein, continuing to make and grow distributions, loan portfolio growth, and availability of funds. Information in this presentation is not an update or reaffirmation of previously disclosed information. These forward-looking statements are subject to the inherent uncertainties in predicting future results and conditions. Certain factors that could cause actual results to differ materially are included in the “Risk Factors” section of the Company’s periodic filings with the SEC, and include uncertainties of economic, competitive and market conditions, uncertainties in the Company’s ability to deliver value to all shareholders and execute its yield investment strategy, the performance of the Company’s investments, the level of dividends or other distributions to be made, and future business decisions, all of which are difficult or impossible to predict accurately, and many of which are beyond the control of the Company. Although the Company believes that the assumptions underlying the forward-looking statements included herein are reasonable, any of the assumptions could be inaccurate and therefore there can be no assurance that the forward-looking statements included herein will prove to be accurate. Therefore, the inclusion of such information should not be regarded as a representation by the Company for any other person that the objectives and plans of the Company will be achieved. This presentation should be read in conjunction with the Company’s recent SEC filings.

Overview of MVC Capital

Evolution of MVC

1999 – MVC Capital, Inc. (“MVC” or the “Company”) formed as an externally-managed Business Development Company (“BDC”)

2003 – Michael Tokarz assumed roles of Chairman and Portfolio Manager

2006 – The Tokarz Group Advisers, LLC (“TTGA”) became MVC’s external investment advisor

Fiscal 2014 – David Williams who led Fifth Third Bank’s mezzanine finance group was hired to lead the Company’s transition to yield

Transition to Yield

- Early focus was on realizing capital loss carry forwards through equity investing
- Current focus on monetizing equity and redeployment into yield
- \$226.3 million investment portfolio of primarily yielding securities in small and medium-sized businesses
 - Transitioned to yield-focused BDC: 69% yielding at Fiscal Q2 2020 in comparison to 29% yielding at the beginning of fiscal 2015

Consistent Distributions to Shareholders

- Over \$287 million distributed to shareholders through April 30, 2020 (including buy backs and tender offers)
- As of April 30, 2020, a total of \$8.25 per share has been distributed since instituting the dividend policy in 2005.

Equity / Notes Ticker	MVC / MVCD
Exchange	NYSE
Current Stock Price ¹	\$7.01
NAV per share ²	\$10.49
Price / NAV per share	0.67x
Annualized Dividend Yield ⁴	9.7%
Market Capitalization ¹	\$124.3 Million

Company Highlights

Experienced Management Team

Experienced leadership team comprised of lower middle market specialists with strong credit quality expertise and a proven record having generated solid historical realized returns over many credit cycles.

Alignment to Shareholders

Enhanced shareholder value through attractive contract terms, insider ownership, portfolio monetizations, beneficial refinancing arrangements, and attractive share repurchases/tender offers conducted.

Market Opportunity

The Lower Middle Market (“LMM”) has the largest number of potential transactions, but is burdened by inconsistent and overly prescribed bank providers and unpredictable non-bank providers. Given the Yield Team’s history investing in this segment of the market, MVC is poised to fill the void.

Unique Deal Flow

Well-established, nationwide Commercial Bank Partners (“CBP”) network provides unique LMM deal flow and attractive risk-adjusted returns.

Significant Access to Capital

Access to potential significant investment capital for future debt investments through cash, potential increased leverage capacity, and realizing potential equity monetizations.

Co-Investment Opportunities

Expected to help enhance deal flow, accessing larger deals, while improving diversification and granularization across the portfolio (smaller investment sizes). Top tier BDC investment partner provides extra verification on all co-investment opportunities.

Consistent Distributions

MVC has paid uninterrupted quarterly dividends to shareholders that have increased over time. As of April 30, 2020, a total of \$8.25 per share has been distributed since instituting the dividend policy in 2005.

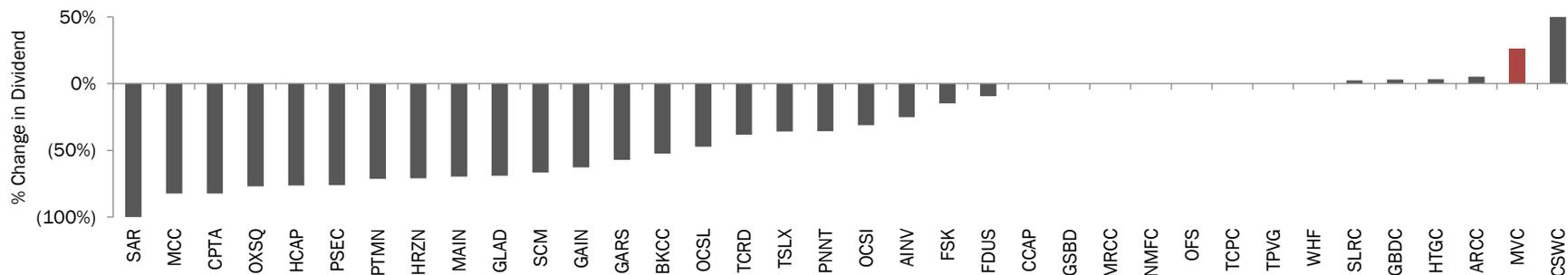
Continual Distributions To Shareholders^{3,4}

Paid Dividends for the Last 60 Quarters (through April 2020)

- MVC has consistently paid quarterly dividends, and on two occasions supplemented with special cash dividends.
- Cumulative dividends per share of \$8.25 since fiscal 2004 through April 30, 2020



One of Six BDCs to Grow its Dividend Since 2015⁵



Experienced Management Team

MVC Leadership

Michael Tokarz

40+ Years' Experience

- Chairman & Portfolio Manager of MVC Capital and The Tokarz Group Advisers, LLC
- Buyout pioneer and former General Partner of KKR for 17 years. Investment experience includes: Safeway, Beatrice, Walter
- Over 12 years of lending experience at Continental Illinois

MVC Debt Leadership

David Williams

35+ Years' Experience

- Joined MVC in 2014, as Sr. Managing Director
- Responsible for managing MVC Capital's Mezzanine Finance Group (the "Lending Team") and its investments
- Founder of Fifth Third Bank's Mezzanine Finance Group. 31+ years in commercial banking
- At Fifth Third, led or co-led more than 150 mezzanine transactions, representing over \$800 million in volume

Scott Schuenke

18+ Years' Experience

- Chief Financial Officer of MVC Capital, responsible for overseeing the financial operations of MVC Capital, its wholly-owned subsidiaries and TTGA
- Was MVC's corporate controller from June 2004 until he became CFO in 2013. Was also CCO from October 2004 through January 2015
- Additionally provides financial expertise and monitoring to various portfolio companies, including serving on certain boards

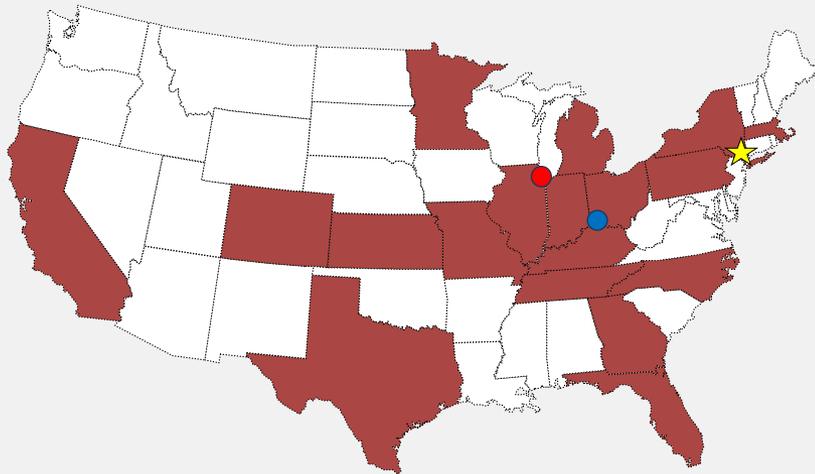
Harrison Mullin

20+ Years' Experience

- Joined MVC Capital in October 2014, as Managing Director, to help manage the company's junior debt strategy - led 10 yielding investments representing over \$60 million at MVC Capital
- Spent 12 years at Fifth Third where he led 55 mezzanine deals, representing over \$350 million of junior capital investment
- Co-managed east coast operations at NetRoadshow, and was lead associate at Dillon & Read Co.'s equity capital markets desk

Unique Deal Sourcing Overview

Nationwide Deal Network



- ★ **MVC Headquarters** (Purchase, NY)
- **Lending team** (Cincinnati, OH)
- **Mid-West Office** (Chicago, IL)
- **Commercial Bank Partner states**

MVC's unique network of trusted relationship managers of CBPs often provides 'first look', non-auction opportunities for 2nd lien debt investments

Unique Sourcing, Unique Structure

- MVC hired Fifth Third Bank's mezzanine finance group (led by David Williams) in October 2014
- **The lending team has built its network of CBPs through its 40+ years of commercial banking experience**
- CBPs streamline execution and lower costs for borrowers by providing 'unitranche-like' structure
 - Expedites time to closing via coordinated diligence, approval, and documentation process
 - Reduces financial reporting and compliance processes over life of loan
 - 'Pre-baked'/coordinated inter-creditor agreements
- Additional sources of deal flow include:
 - **Private Equity** – 70+ PEG relationships; top 20 have provided repeat opportunities
 - **Midwest Focus** – Debt team's Cincinnati, OH office and local network provides opportunities not available to big market (NYC, etc.) managers; drives attractive risk-adjusted pricing for MVC
 - **Tokarz and TTGA Factor** – Mike Tokarz and TTGA platform open doors and create more traditional sourcing opportunities

Ample Liquidity, Capacity For Growth^{6,7}



\$140 Million of Available Dry Powder

Significant potential earnings power without the need for external equity financing and without stretching on loan structure or credit quality^{6,9}

Investment Strategy

Criteria⁹

- Target investment size and TTM EBITDA of \$3 – \$25 million
 - Specialization in EBITDA between \$2 – \$10 million
 - Focus on EBITDA Margins: 10%+
- Focus on LMM companies with <4.5x Debt/EBITDA through MVC tranche (< 3.1X on MVC investments)¹⁰
- Typically 2nd lien or investments with Commercial Bank Partners (CBP) supplying senior facility to complete “unitranche-like” structure
- Current coupon targets: 10-13%

Terms

- Maturity: Up to 6 years
- Structure: Bullet with cash flow recapture
- Targeted Cash Coupon: 10% - 13%
- Upfront fees
- As appropriate, Equity kickers and Co-investments
- PIK (1-3% typically)

Uses

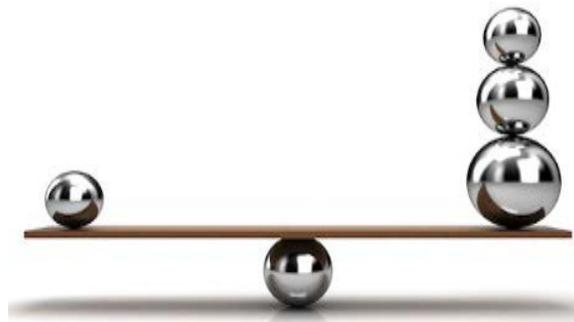
- Growth Capital
- Bridge Financing
- Management Buy-ins/Buy-outs
- Leveraged Dividends
- Recapitalizations
- Restructurings
- Private Equity LBOs

Yielding Portfolio Snapshot¹⁰

MVC Lending Team Deal Statistics*	
	MVC (2014-2020)
Capital Deployed	\$ 186,500,922
# Investments	26
Avg Investment Size	\$ 7,173,112
Avg Yield	13.5%
Avg FD/EBITDA+	3.10X
Avg Fixed Charge Coverage Ratio+	1.96X
Avg Life (Fully Repaid)	633 Days (1.7 Years)

Structural Element(s)

Leverage
Equity Composition
Collateral
FCCR
Liquidity



Risk Factor(s)

Customer Concentration
Industry Risk
Cyclicality or Commodity Risk
Mediocre Mgmt & Sponsor

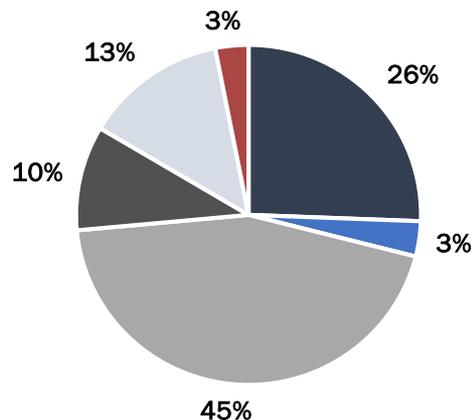
Diverse, Risk Adjusted Portfolio

Yield team has a 15+ year track record originating LMM loans – experienced multiple recessions

Over \$1 Billion originated since 2001 across 178 investments, primarily second lien loans through April 30, 2020

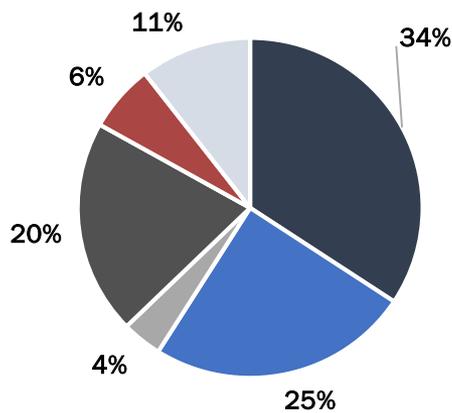
- Average senior and total leverage at underwriting of 2.12X and 3.10X, respectively on deals at MVC
- Weighted average yield on all Lending team deals at MVC of 13.5%

Investment by Security Type*



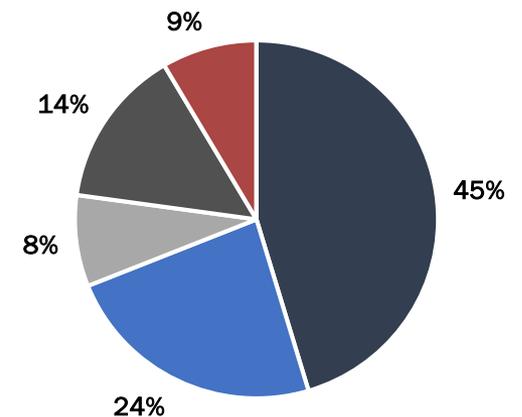
- First Lien
- First Lien w/ Warrants
- Second Lien
- Second Lien & Equity Coinvest
- Second Lien w/ Warrants
- Second Lien w/ Warrants & Equity

Investment by Industry*



- Manufacturing
- Consumer Related
- Healthcare
- Business Services
- Technology
- Other

Investment by Region*



- Midwest
- South
- West
- East
- Southwest

*Covers \$207m million in capital deployed (i.e. the yield team's investments, including co-investment) through April 30, 2020

Investment Case Studies

MVC's Yield Team has the experience, flexibility and creativity to deploy capital into a wide variety of lower middle market applications

- The team has structured recaps, buyouts, and growth capital investments in every conceivable flavor. They have partnered with funded and unfunded sponsors, family and individual owned businesses including minority and woman owned businesses and ESOPs.
- Debt structuring (current interest vs. PIK, amortizing vs. non-amortizing) is managed in conjunction with bank partners to find the appropriate balance for a given situation.
- The team is comfortable co-investing in the equity and/or using structured equity.
- Depending on the transaction, the team can leverage its experience and network of relationships to add value as an advisor as well as a capital provider.

Yielding Case Studies*

				
Transaction Description	Purchased this team-originated Note from Fifth Third and restructured the senior facilities	Provided acquisition capital to an unfunded private equity sponsor	Refinanced debt & supported an add-on acquisition	Refinanced debt & supported an add-on acquisition
Investment	\$10.5mm Second Lien Note	\$4.9mm Second Lien Note & \$750k minority equity investment	\$5.5mm First Lien Note	\$10mm Second Lien Note
Note Pricing	12.0% Current Interest, 4.0% PIK, 7.5% purchase discount	1.0% OID, 11.0% Current Interest, 2.0% PIK	2.0% OID, 10.5% Current Interest	1.0% OID, 12.0% current pay, 2.0% Warrant
Deal Source	Legacy investment. Created solution for private equity owner and bank	Relationship with the local boutique investment bank	Private equity sponsor with whom the team has a 10+ year relationship	Relationships with the MVC Capital external manager

*Investment examples are for illustrative purposes only and may not be representative of the past track record or future investments.

Summary

Portfolio Focused on Yield

- Continued focus on monetizing remaining equity investments as MVC continues its shift to a more yield-focused portfolio, which is intended to help drive increases in dividends
- Capitalizing on the experience of the yield team's long-term track record of managing large volumes of loans throughout various credit cycles
- Solid investment pipeline at MVC

Lower Middle Market Focus

- The lower middle market companies are increasingly being underserved by traditional financing sources, such as banks
- BDCs and other alternative financing sources are filling the gap, providing needed capital to companies with strong fundamentals

Unique Deal Flow

- MVC's investment team sources opportunities through its extensive network of contacts
- Unique network of trusted relationship managers of CBPs provides 'first look', non-auction opportunities for 2nd lien debt investments
- Companies are attracted to working with MVC because of its reputation of providing both excellent operating and financial support, evidenced by repeat customers

MVC Opportunity

- Experienced investment professionals
- Significant shareholder alignment¹¹
- Consistent historical dividend with recent growth and with potential to expand with more yielding investments and possible equity monetizations providing added capacity for yield investing

APPENDIX

Selected Financial Data – Balance Sheet^{12,13}

(\$ in thousands, except per share amounts)	For the Year Ended October 31,			
	2017	2018	2019	Q2 2020
Assets				
Cash & Cash Equivalents	\$ 101,374	\$ 10,587	\$ 6,690	\$ 45,574
Restricted Cash & Cash Equivalents	\$ 5,300	\$ 5,301	\$ 5,009	\$ 5,044
Yielding Investments	\$ 174,295	\$ 191,527	\$ 242,177	\$ 156,642
Equity Investments	\$ 118,230	\$ 132,980	\$ 98,068	\$ 69,683
Total Investments	\$ 292,525	\$ 324,507	\$ 340,245	\$ 226,325
Other Assets	\$ 4,210	\$ 6,683	\$ 10,219	\$ 7,568
Total Assets	\$ 403,409	\$ 347,078	\$ 362,163	\$ 284,511
Liabilities				
Senior Notes II	\$ -	\$ 111,959	\$ 112,703	\$ 93,421
Senior Notes	\$ 112,626	\$ -	\$ -	\$ -
Revolving Credit Facility IV	\$ -	\$ -	\$ 15,100	\$ -
Provision & Payable for Incentive Comp	\$ 6,448	\$ 2,503	\$ 1,528	\$ 1,528
Other Liabilities	\$ 4,846	\$ 5,893	\$ 4,873	\$ 3,546
Total Liabilities	\$ 123,920	\$ 120,355	\$ 134,204	\$ 98,495
Total Shareholders' Equity	\$ 279,489	\$ 226,723	\$ 227,959	\$ 186,016
Total Liabilities and Shareholders' Equity	\$ 403,409	\$ 347,078	\$ 362,163	\$ 284,511
Net Asset Value Per Share	\$ 13.24	\$ 12.46	\$ 12.86	\$ 10.49

Selected Financial Data – Income Statement^{12,13}

	For the year ended			For the quarter ended				
				Apr 30, 2019	July 31, 2019	Oct 31, 2019	Jan 31, 2020	Apr 30, 2020
(Unaudited; \$ in thousands, except per share amount)	2017	2018	2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
Dividend Income	702	2,126	2,833	2,027	0	0	0	0
Interest Income	16,571	19,395	26,772	6,361	7,207	7,831	7,462	7,472
Fee income & other income	2,831	1,364	945	206	262	215	324	180
Total operating income (see note below)	20,104	22,885	30,550	8,594	7,469	8,046	7,786	7,652
Operating expenses net of waiver	25,701	19,125	18,967	4,373	4,666	4,934	4,479	4,167
Net Operating Income / (loss) before taxes	(5,597)	3,760	11,583	4,221	2,803	3,112	3,307	3,485
Tax expense	2	2	2	1	0	1	1	0
Net operating income (loss)	(5,599)	3,758	11,581	4,220	2,803	3,111	3,306	3,485
Adjusted Items:								
Incentive Compensation ¹⁴	5,598	(2,061)	0	0	0	0	0	0
Interest and other borrowing costs (including extinguishment of debt)	10,288	12,522	9,655	2,283	2,511	2,377	2,206	2,125
Net operating income after taxes and before adjusted items	10,287	14,219	21,236	6,503	5,314	5,488	5,512	5,610
Net realized gain / (loss) on investments and foreign currency	89,896	203	(7,107)	3,273	(3,916)	(11,690)	1,108	266
Net change in unrealized appreciation (depreciation) on investments	(56,973)	12,522	11,842	8,471	1,461	11,636	2	(44,083)
Net increase / (decrease) in net assets resulting from operations	27,324	14,219	16,316	15,964	348	3,057	4,416	(40,332)
Net increase / (decrease) in net assets resulting from operations	1.22	(0.55)	0.92	0.90	0.02	0.17	0.25	(2.28)
Dividends declared per share	0.555	0.600	0.620	0.150	0.150	0.170	0.170	0.170

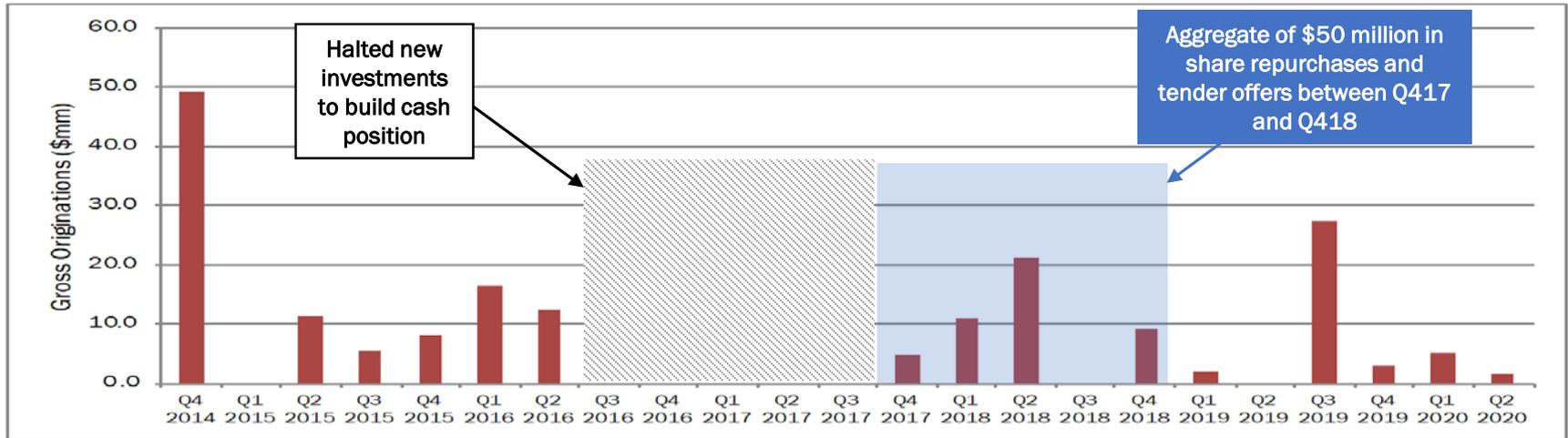
Portfolio Company Summary – Equity Investments 4/30/20

Security	Fair Value (\$)	% of Portfolio
Security Holdings B.V.	17,934,000	7.9%
MVC Automotive Group GmbH	14,209,000	6.3%
FOLIOfn, Inc.	11,387,000	5.0%
MVC Private Equity Fund LP	8,732,193	3.9%
Advantage Insurance, Inc.	4,917,163	2.2%
JSC Tekers Holdings	4,527,000	2.0%
Equus Total Return, Inc.	3,647,667	1.6%
GTM Intermediate Holdings, Inc.	1,352,173	0.6%
U.S. Spray Drying Holding Company	970,000	0.4%
Black Diamond Equipment Rentals, LLC	897,000	0.4%
Tuf-Tug Inc.	605,050	0.3%
SMA Holdings, Inc.	504,555	0.2%
Rume Inc.	0	0.0%
Trientis GmbH	0	0.0%
Total Equity Investments	\$69,682,801	30.8%

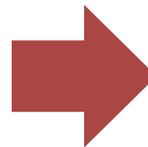
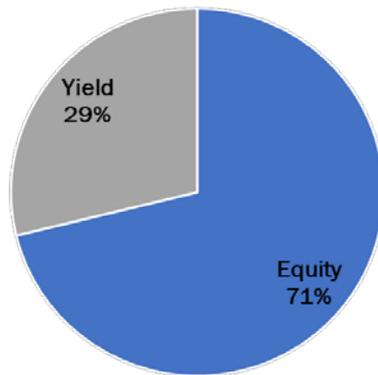
Portfolio Company Summary – Yielding Investments 4/30/20

Security	Fair Value (\$)	% of Portfolio
Custom Alloy Corporation	35,074,441	15.5%
Security Holdings B.V.	13,797,745	6.1%
HTI Technologies and Industries, Inc.	10,484,352	4.6%
Legal Solutions Holdings, Inc.	9,503,125	4.2%
International Precision Components Corporation	7,839,802	3.5%
Turf Products, LLC	7,470,902	3.3%
Black Diamond Equipment Rentals, LLC	7,310,231	3.2%
MVC Automotive Group GmbH	7,149,166	3.2%
Jedson Engineering, Inc.	6,883,121	3.0%
SMA Holdings, Inc.	6,552,785	2.9%
United States Technologies, Inc.	5,133,333	2.3%
Tuf-Tug Inc.	5,036,183	2.2%
RuMe Inc.	5,009,424	2.2%
Highpoint Global LLC	5,000,516	2.2%
Powers Equipment Acquisition Company, LLC	4,955,752	2.2%
GTM Intermediate Holdings, Inc.	4,890,759	2.2%
Dukane IAS, LLC	4,546,413	2.0%
U.S. Gas & Electric, Inc.	3,185,428	1.4%
U.S. Spray Drying Holding Company	3,000,000	1.3%
Global Prairie PBC, Inc.	2,973,360	1.3%
Initials, Inc.	650,079	0.3%
Trientis GmbH	194,918	0.1%
Total Yielding Investments	\$156,641,835	69.2%

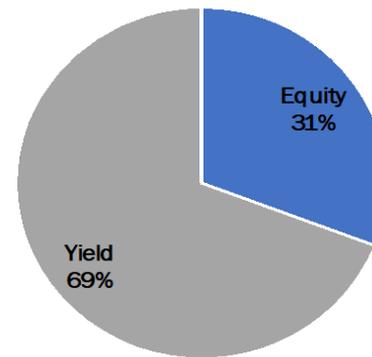
Lending Team Track Record



October 31, 2014



April 30, 2020



Footnotes

1. As of June 5, 2020
2. NAV as of April 30, 2020
3. Past performance is no guarantee of future results
4. Relative dividend growth based on Q4 2015
5. BDC dividends:
 - SAR deferred its dividend for the quarter due to uncertainty around Covid-19: <https://ir.saratogainvestmentcorp.com/news-releases/news-release-details/saratoga-investment-corp-announces-fiscal-year-end-and-fourth-4>
 - CCAP, having acquired ABDC, declared its first dividend on 3/5/20
 - CSWC did not pay a consistent quarterly dividend until 2016, resulting in a '15 to '18 dividend growth rate of 708%. Only special dividends that have been consistently paid since 2015 are included for the purposes of this chart.
 - KCAP changed its ticker to PTMN and MCC discontinued dividend payments.
6. The indicated target is for illustration purposes only and is based on current views based on current market circumstances. There can be no assurance that MVC will access leverage to the levels indicated, or that additional leverage will be accessed at all. There also can be no assurance that equity portfolio monetizations occur and that they occur at the current fair values. Thus, there can be NO assurance that the targeted portfolio composition will be achieved.
7. Assumes monetizations at current fair values.
8. New BDC legislation allows for increased leverage with Board approval / shareholder approval and making certain disclosures. MVC has not asked for this additional flexibility as of the date of this presentation.
9. Structure criteria are based on current interest rate and market circumstances, among other factors. These criteria are subject to change without notice at any time.
10. These investments represent all investments made by the Lending Team for MVC since joining in October 2014 through April 30, 2020. Past performance is no guarantee of future results. These examples are provided for illustration purposes only. See most recent public filings for MVC's full financial results. No assurance can be given that any investment opportunity will be profitable or that results similar to historic results will be achieved in the future. Financial data is unaudited. Please also reference the track record on MVC's website.
11. For these purposes, "shareholder alignment" refers to material MVC stock ownership by Mr. Tokarz and MVC Board of Directors, management fee waivers and management compensation tied to level of NAV discount.
12. Financial data for the periods shown is from MVC's Form 10-K and Form 10-Q filings with the SEC during such periods. The numbers shown for selected Financial Data are rounded and unaudited.
13. Reflects reductions of approximately \$2.0 million as of January 31, 2018 related to the reclassification of the unamortized debt issuance costs
14. Incentive compensation is a non-cash item that is accrued

Important Disclosures

There can be no assurance that the Company will achieve its investment objective. Past performance does not guarantee future results. Our share value may fluctuate. Investors should consider the investment objectives, risks and expenses carefully before investing. The latest Company Form 10-K and subsequent quarterly reports filed on Form 10-Q contain more detailed information about the Company.

Our Company is subject to certain significant risks relating to our business and investment objective, including, for example, the potential volatility of our common stock price, the illiquidity of our investments in portfolio companies and significant credit risk associated with our debt/loan investments in portfolio companies such that these portfolio companies may not pay interest and/or principal and the entire investment may be lost. For a detailed description of the risk factors impacting the Company, please read the “Risk Factors” section of our recent SEC filings. In addition to the risk factors of MVC, the PE Fund is subject to additional risks – see the Company’s Form 10-K. Past performance is no guarantee of future results.

Under no circumstance should the performance of the Lending Team/Yield Team prior to its tenure at MVC Capital, Inc. be viewed as a substitute for the performance of MVC Capital, Inc. The Yield Team’s performance prior to joining MVC Capital, Inc. was attributable to a team that included employees who are not a part of MVC Capital, Inc. or its Yield Team. The Yield Team’s prior performance was also not subject to certain investment limitations, requirements and other restrictions, which if applicable, may have adversely affected the performance results. Further, any investment on MVC Capital, Inc.’s behalf is subject to approval by MVC Capital’s Portfolio Manager, Michael Tokarz.

There also can be no assurance that future dividend payments will match or exceed historic ones, or that they will be made at all. This presentation is for informational purposes only. Some data/information contained in this Presentation is provided as of certain date (s). Such data/information is subject to change at any time. MVC does not undertake any obligation to update or revise the data/information within this Presentation.

See also Forward Looking Statement Disclosures on Page 2.