September 20, 2018 | Equity Research

TriplePoint Venture Growth BDC Corp.

TPVG: Initiating Coverage With Outperform Rating

Attractive Asset Class And Growth Opportunity

Outperform/$14.25

BDC
Overweight

Initiation of Coverage

- **A moderately priced BDC (0.96x NAV) that in our view offers attractive, differentiated deal flow in a more and more difficult direct lending marketplace.** In this report we will outline the characteristics of TPC's (Triple Point Capital) venture lending platform, the late stage / 'venture growth' venture lending market and the advantages it offers in sourcing attractive deal flow. In summary, our **Outperform** rating is based on (1) those distinct attributes (sourcing channels, quality underwriting) that go into the platform, which have provided ~14% collateral-level performance since its IPO in 2014, (2) a modest price to NAV of 0.96x, in line versus 0.96x for the Wells Fargo BDC Index and (3) relief from past challenges – namely diversification and leverage utilization – in light of the platform's co-investment exemptive relief granted from the SEC earlier this year and an uptick in deal flow that should follow from VC fundraising. These past headwinds should not be understated; despite superlative collateral returns, TPVG's NAV-based return (i.e., to the shareholder) has been only 9% and largely due to its struggle to deliver full portfolio deployment. With this and the outlook to improve leveraged returns, we ascribe a **$14.25 price target** which reflects 1.05x NAV and a 10% dividend yield at market price. We initiate NOI estimates of $2.03 and $1.86 for 2019 and 2019 respectively.
- **Attractive Assets & Good Investors.** TPVG's portfolio yields appear to be down the fairway at ~10%, but are laden with commitment fees, origination fees and EOT payments (a form of OID which we will discuss). We also see management as good at their job, an often overlooked fundamental factor in BDCs that does not become quantifiable until credit losses show up; while TVPG's ~1.9% loss rate is on the higher end versus cash flow lending, it is well consumed by asset-level performance and is matched with a shareholder-oriented fee structure (1.50% / 20% / full lookback). We can also judge strong credit performance by the high level of repayments with pre-2015 originated debt representing only 18% of the total.
- **The Market Opportunity for 'Venture Growth'.** We see TPC as unique even within the VL vertical in that it focuses exclusively on tech companies and more so competes with equity class in late series VC rounds. This in our view represents a relationship-based financing solution that competes more so with equity (venture capital) rounds; investments are therefore often underpinned by higher-qualify / performing companies given that they merit debt investment. The vertical has also been more so shielded from the broader forces of direct lending which we ascribe to its smaller size and degree of requisite expertise. This considers that new entrants into venture debt will often focus on life sciences, where issuers are public or private-equity backed and more likely accessible. That said, we see recent levels of VC capital raised as supportive of increased deal flow going forward.

$ CASH EPS	2017A	2018E Curr.	2018E Prior	2019E Curr.	2019E Prior
Q1 (Mar.)	0.50	0.34 A	NC	**0.53**	**NE**
Q2 (June)	0.55	**0.50 A**	**NC**	**0.48**	**NE**
Q3 (Sep.)	0.27	**0.65**	**NE**	**0.44**	**NE**
Q4 (Dec.)	0.30	**0.55**	**NE**	**0.41**	**NE**
FY	1.62	**2.03**	**NE**	**1.86**	**NE**
CY	1.62	2.03		1.86	
FY P/E	8.0x	6.4x		7.0x	
Rev.(MM)	52	54		49	

Source: Company Data, Wells Fargo Securities, LLC estimates, and Reuters
NA = Not Available, NC = No Change, NE = No Estimate, NM = Not Meaningful
V = Volatile
Cash EPS is net operating income which is EPS excluding realized and unrealized gains and losses.

Ticker	**TPVG**
Price Target/Prior:	**$14.25/NE**
Price (09/20/2018)	**$12.98**
52-Week Range:	$11-15
Shares Outstanding: (MM)	17.7
Market Cap.: (MM)	$229.8
S&P 500:	2,930.78
Avg. Daily Vol.:	203,533
Dividend/Yield: (MM)	$1.44/11.1%
LT Debt: (MM)	$15,937.0
LT Debt/Total Cap.:	40.1%
ROE:	9.0%
3-5 Yr. Est. Growth Rate:	3%
CY 2018 Est. P/C. EPS-to-Growth:	2.1x
Last Reporting Date:	08/01/2018 After Close

NC = No Change
Source: Company Data, Wells Fargo Securities, LLC estimates, and Reuters

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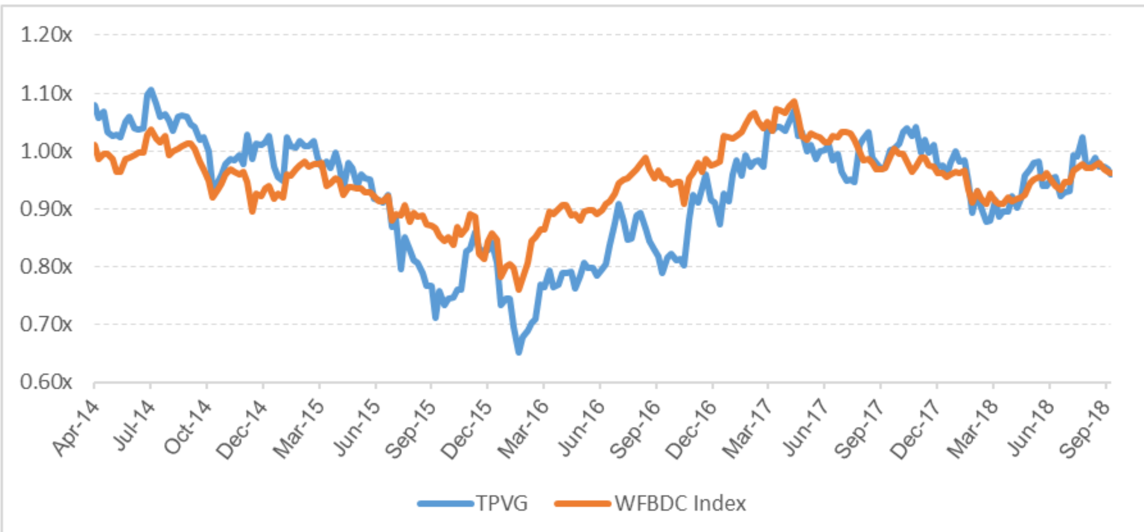
Investment Rationale

A moderately priced BDC (0.96x NAV) that offers attractive, differentiated deal flow in a more and more difficult direct lending marketplace. In this report we will outline the characteristics of TPC's (Triple Point Capital) venture lending platform, the late stage / 'venture growth' venture lending market and the advantages it offers in sourcing attractive deal flow. In summary, our Outperform rating is based on (1) those distinct attributes (sourcing channels, quality underwriting) that go into the platform, which have provided ~14% collateral-level performance since its IPO in 2014, (2) a modest price to NAV of 0.96x, in line versus 0.96x for the Wells Fargo BDC Index (see **Figure 1**) and (3) relief from past challenges – namely diversification and leverage utilization – in light of the platform's co-investment exemptive relief granted from the SEC earlier this year and an uptick in deal flow that should follow from VC fundraising. With this we ascribe a $14.25 price target which reflects 1.05x NAV and a 10% dividend yield at market price.

Figure 1. TPVG Price to NAV vs. WFBDC Index (as of September 2018)



Source: Company reports and Wells Fargo Securities, LLC

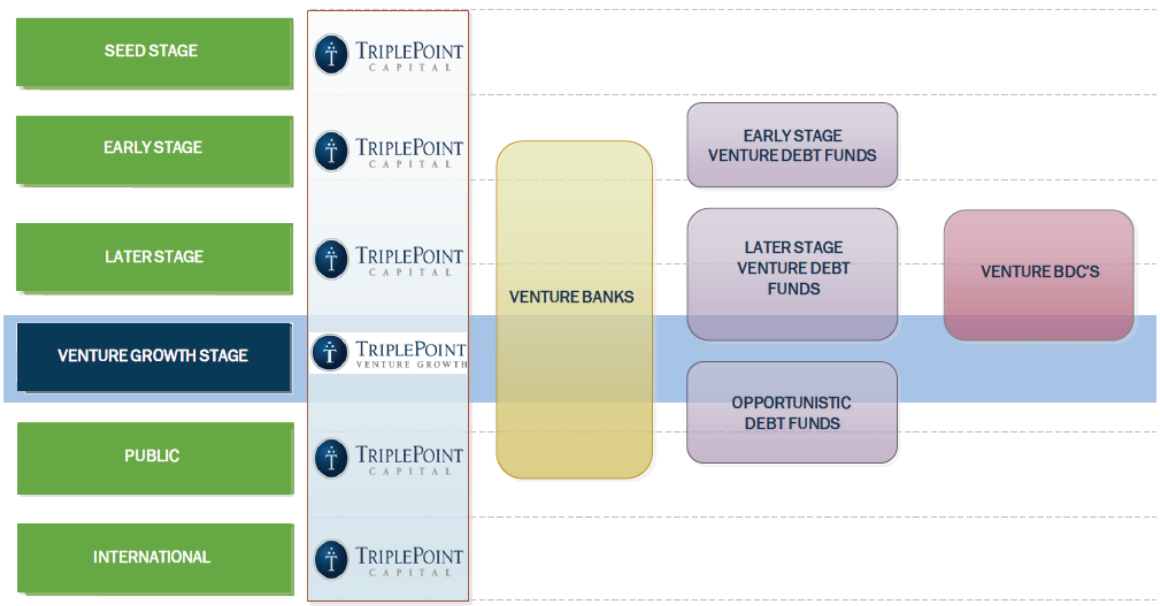
We note that while our Outperform rating comes in spite of an in line valuation to the WFBDC Index, we believe that the space will continue to stratify in valuation as a maturing direct lending market and eventual economic downturn will create more 'winners and losers' in the BDC industry. We see the asset class as now long past the days of providing access to plentiful / attractive collateral, due to capital inflows (financial and human) into the space. With this, before even getting to 'the model' (management fee, G&A, funding profile), investors must consider: (1) does this manager have an edge in terms of sourcing high quality deal flow, allowing for attractive yields with meaningful input on credit documentation and (2) are they good investors, which is often overlooked given direct lending is a 'credit' asset class, even though collateral generally presents double-digit 'equity like' returns and all of the downside that comes with it. With TPC, we will outline that our answers are 'yes and yes,' as we believe the company is differentiated even within the venture lending asset class, which itself has not yet experienced the same level of investor stratification that we now see in traditional / cash flow direct lending.

TPVG – Company Background

TriplePoint's roots come from Comdisco, an early-stage venture leasing and lending company that pioneered the venture debt asset class in structuring secured loans with warrants to fund startup companies. Over time, Comdisco grew into a full-service 'life cycle' lender to VC-backed companies, investing as a specialized finance company in early stage, late stage, and venture growth stages at the issuer level. In 2011 the company reformed into an asset manager at the platform level to manage client accounts separately before finally raising BDC capital in 2014 upon TPVG's IPO. This would create a vehicle entirely dedicated to the 'venture growth' category, for which (a) it saw the market opportunity in light of VC backed issuers staying private for longer and (b) it saw as fitting into the BDC structure as returns were more so 'debt like' given more interest income albeit with less valuation upside on the warrants – although those structures are not to be dismissed.

The manager's style has always been working with a select group of Venture Capital managers to provide debt solutions across their portfolio companies. Importantly, the platform is solely faced on the technology vertical of venture capital – i.e., not life sciences, clean energy, etc. So historically, issuer portfolio companies have included names like Facebook (NASDAQ:FB) at its venture growth stage and more recently PillPack and Ring, each acquired in the ~$1 Bn range by Amazon (NASDAQ:AMZN) this year. In building and maintaining relationships with high quality VCs, we believe the platform is advantaged with a strong funnel of 'first-look' deal flow and is proven to have maintained that with sustained strong commitments (as we will show). So while TPVG is dedicated to venture growth, the platform does manage capital for all stages, allowing for a more dynamic product offering which of course is desirable for issuers and sponsors. The below illustration (**Figure 2**, provided by the company) shows the platform's 'start to finish' capabilities which allow benefits including incumbency-based deal flow as companies grow.

Figure 2. Triple Point Platform Strategies (Illustrative)

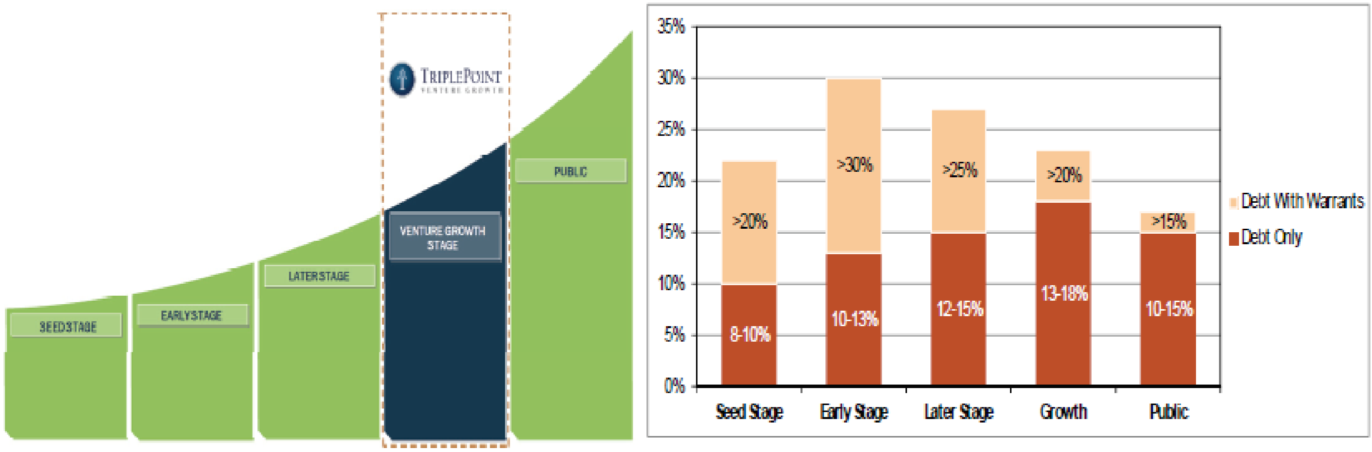


Source: Company reports

In this construct, a seed/early stage venture-backed company (without a proven business model, etc.) would be a 'Series A' type issuer, with financing more so secured by hard collateral but with higher warrant / equity upside. By contrast, a venture growth company is on the other extreme being a more established model. In many cases, issuers have meaningful revenue and recently experienced multiple rounds of financing; however, these companies may not yet be EBITDA positive due to significant expansion and R&D costs. VC's may also have motives to keep valuation at prevailing levels – *and so achieve the next 'milestone' and consequent leg up in valuation* with debt capital. In these cases TPVG is accessing equity (normally warrant) exposure with attractive upside potential, although nearly not to the degree of 'early stage' VC investment.

As outlined in **Figure 3** (also a company illustration) venture growth stage companies often are the last stop before going public lending to venture growth stage companies the "all in" IRRs for venture debt investments are under 20% (more likely 15-17%). We note that these returns are well above the BDC average yields – and excess yields are a product of both sourcing/arrangement *and risk*.

Figure 3. Venture Debt Economics (Illustrative)

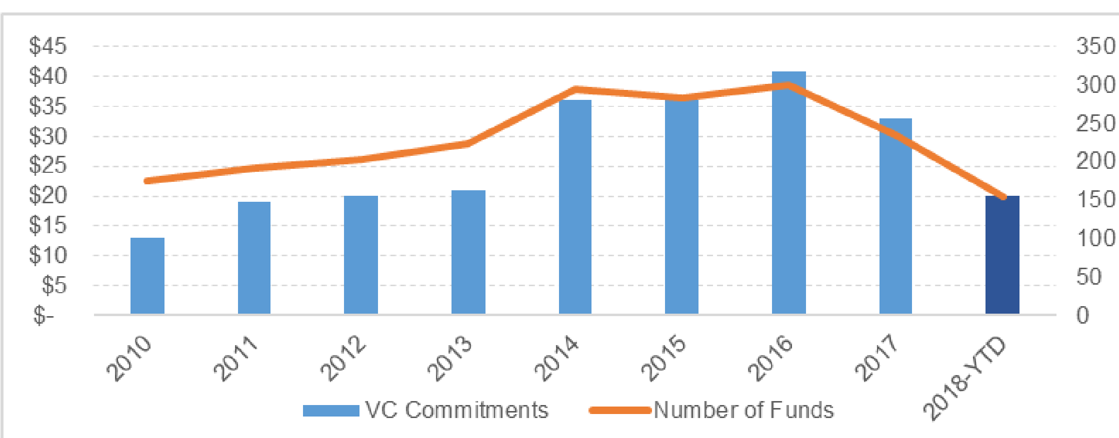


Source: Company reports

<u>*We see the "venture growth" opportunity as attractive given (1) capital raised by VC platforms and (2) an elongated timeline to liquidity for issuers*</u>. In the news we all see coverage of significant investor flows into venture capital (**Figure 4**), high valuations and companies' inclination to stay private for longer, which is likely a function of this environment. While still challenging, we see this as positive forces for TPC in that they support demand for venture debt. This considers that more plentiful capital should allow issuers to remain private, expanding the opportunity set for strong deal flow as the features of venture debt (being cheaper than equity) should remain attractive to VCs. See **Figure 5**.

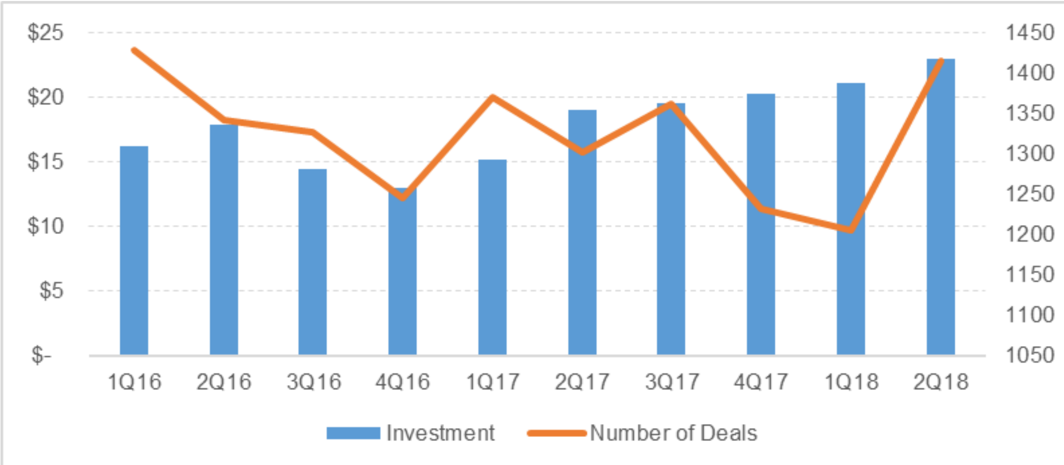
TPC generally seeks deal flow subsequent to recent equity rounds (e.g., within one year or so) which would suggest good performance within portfolio companies as those rounds typically succeed milestones reached. And given several rounds have typically been raised, loan to values will likely be ~5-10%, suggesting very low risk. Of course the "value" part of the equation is less durable than that of an established company and that makes picking winners very important. Furthermore we recognize that TPC's demonstrated economics will likely draw in competition for this strategy at some point, but we do not see anybody building a similar strategy at this time. With this we are not estimating any meaningful yield compression in the near to intermediate term in our model.

Figure 4. VC Fund Commitments (as of 6/30/18) ($ in Billions)



Source: Company reports, National Venture Capital Association's *PitchBook-NVCA Venture Monitor*

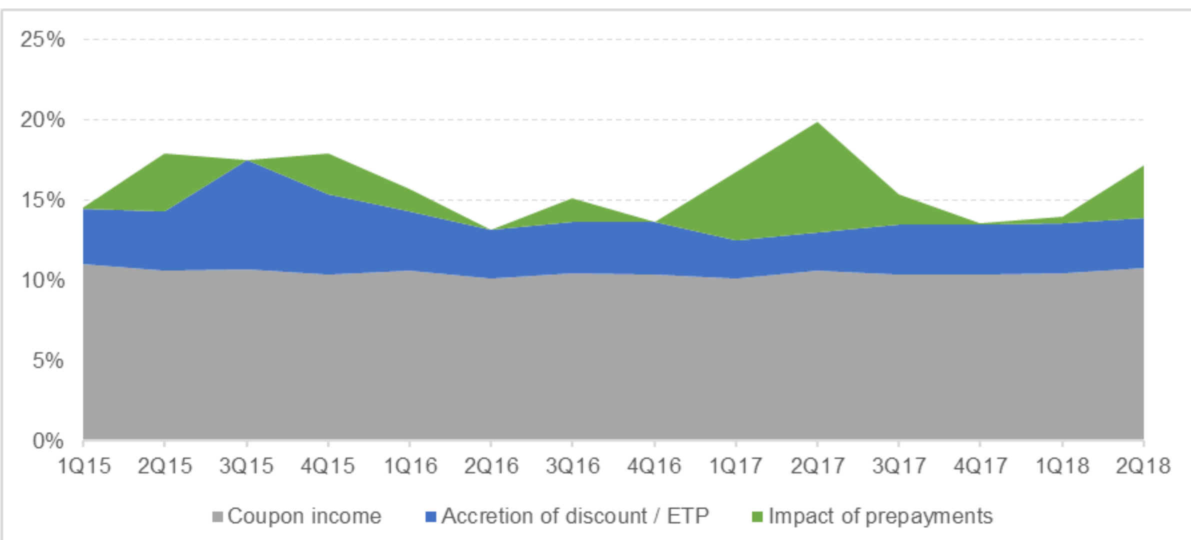
Figure 5. VC Fund Investments (as of 6/30/18) ($ in Billions)



Source: Company reports, National Venture Capital Association's *PitchBook-NVCA Venture Monitor*

Since the IPO, we estimate the strategy has delivered ~14% asset level performance. As follows in **Figure 6**, we show TPVG's reported portfolio yield breakdown between (a) coupon income (cash and PIK interest), (b) accretion of OID / EPT income and (c) acceleration of that OID / EPT income related to prepays. This has averaged 15.9% versus a credit cost component of 1.9% since the IPO in early 2014, we estimate. We note that losses were largely related to one name (Intermodal) where recovery was very low (about 20%), highlighting that there is certainly risk to the strategy; however management's cumulative track record and the prospects for improved diversification should improve investors' sense of a credit loss expectation in our view. The prepayment impact has averaged ~2% points of portfolio yield, although very lumpy, and would likely slow under periods of volatility as prepays generally derive from M&A related portfolio company exits.

Figure 6. TPVG Portfolio Return (as of 6/30/18) (Reported)



Source: Company reports and Wells Fargo Securities, LLC

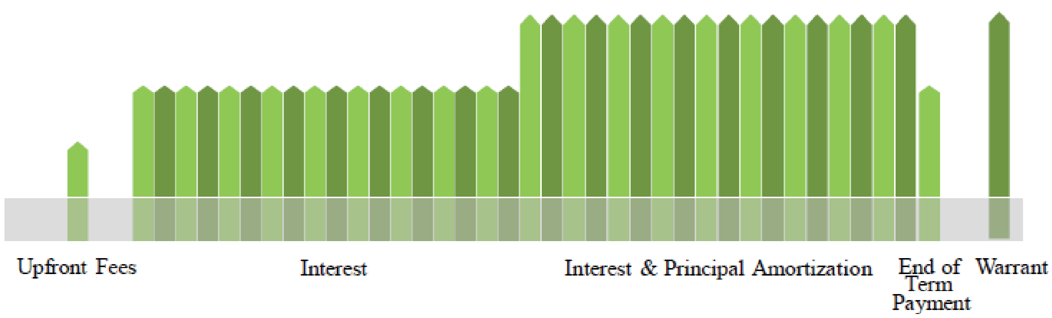
Loan structures: strong amortization, issuance discount (ETPs) and warrant upside. Aside from much different issuers and collateral vis a vis the traditional middle market, venture lending structures are nuanced in higher components of (1) amortization, (2) issuance discount – including the *end of term payment* (EOT or ETP) and (3) warrants. We show another company illustration (**Figure 7**) for the typical structure and highlight a few points as follows:

Amortization. Being senior secured VC loans are often characterized by accelerated, more Term Loan A-like amortization structures vis-à-vis middle market loans (institutional). Here we see an interest-only period, which typically varies from 0-24 months.

End of Term Payment. Venture loans often entail an end of term payment that we do not see in the stated interest rate but is contractual in any circumstance (as opposed to call protection) and is amortized over the life of the loan. With this we view it as enhanced OID, albeit less visible in financial statements, and ranges from 3-10%. As we will outline in the modeling section, this is the source of meaningful 'earnings pops' that TPVG sees when a major loan moves off the books, as all remaining OID/EPT will be accelerated into current earnings. As follows in **Figure 8**, we show EOT percentages of new originations and the total portfolio. In recent quarters EOT has been ~6% which marks a decline from past levels, which we see as a function of a mix shift into shorter-term loans. Our portfolio data shows headline EOT, which is now overstated as those structures are amortizing.

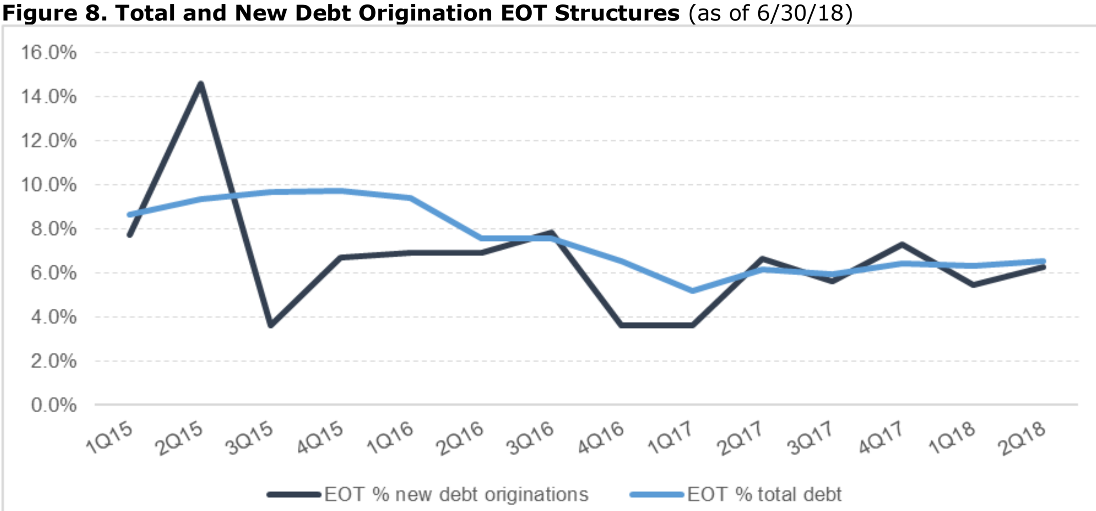
Warrants. We see warrants as one of the most attractive features of the strategy currently as TPVG provides access to high quality VC deal flow at a low cost. That is, low cost on the accounting perspective (i.e., not a dividend or portfolio drag) – management contends that the warrant consideration will entail ~5% of its capital commitment on an economic basis. So while valuations are already mature and upside is less than that of warrants we see in early stage companies, we note that exposures are reflective of highly sought after deal flow, often in circumstances where the issuer is so high-quality that the VC chose debt to hold the upside. Further down in **Figures 9** and **10**, we show equity / warrants as a percentage of new originations and the total portfolio. Then in **Figure 11** we show the equity portion is likely overstated, given originations have run at a lower percentage of commitments.

Figure 7. Prototypical Loan Structure (Illustrative)



Source: Company reports and Wells Fargo Securities, LLC

Figure 8. Total and New Debt Origination EOT Structures (as of 6/30/18)



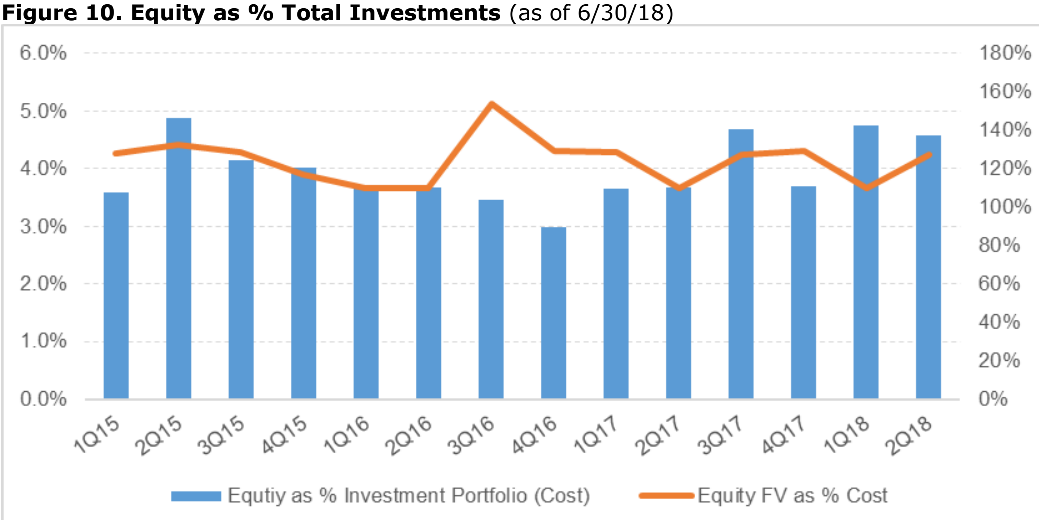
Source: Company reports and Wells Fargo Securities, LLC

Figure 9. Equity Originations (as of 6/30/18) ($ in Millions)

	Total Originations	Equity Originations	Equity % total
1Q15	25.17	-	0.0%
2Q15	8.41	0.86	10.2%
3Q15	52.09	9.90	19.0%
4Q15	30.59	0.18	0.6%
1Q16	61.03	0.56	0.9%
2Q16	22.66	0.64	2.8%
3Q16	14.98	0.28	1.8%
4Q16	62.54	0.50	0.8%
1Q17	9.34	2.51	26.8%
2Q17	55.61	1.58	2.8%
3Q17	81.47	1.05	1.3%
4Q17	81.68	4.26	5.2%
1Q18	34.04	0.56	1.6%
2Q18	50.36	1.51	3.0%
Total	589.97	24.38	4.1%

Source: Company reports and Wells Fargo Securities, LLC

Figure 10. Equity as % Total Investments (as of 6/30/18)



Source: Company reports and Wells Fargo Securities, LLC

Figure 11. Select Originations Data (as of 6/30/18) ($ in Millions)

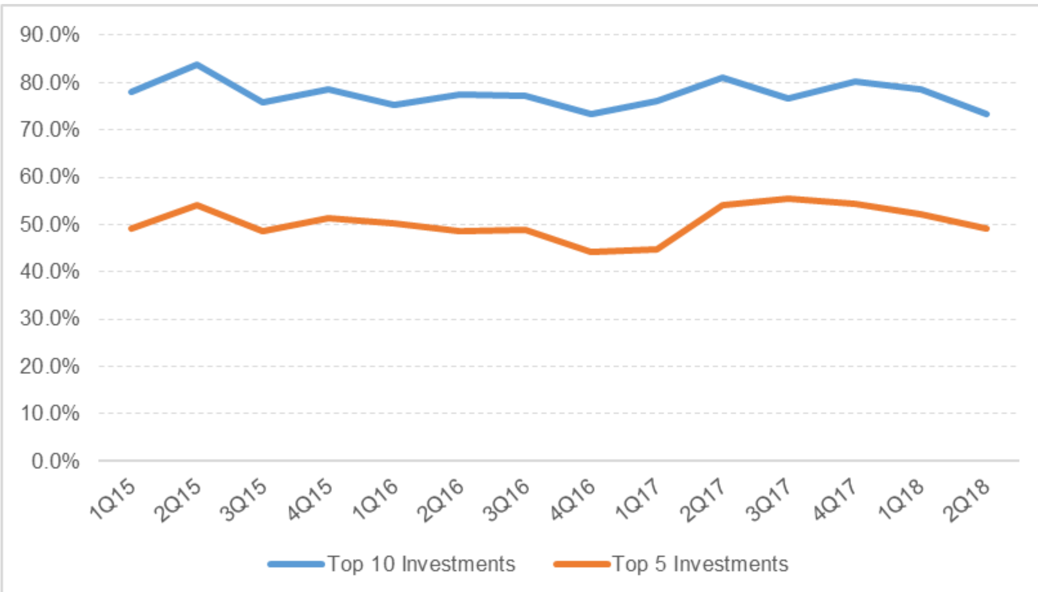
	Signed Term Sheets	Commitments (Debt)	Originations (Debt)	Originations % Commitments
1Q15	NA	NA	10.0	
2Q15	62.0	57.5	7.5	13%
3Q15	115.5	86.0	53.1	62%
4Q15	177.0	70.3	30.7	44%
1Q16	73.0	90.0	56.4	63%
2Q16	35.0	35.0	22.4	64%
3Q16	89.0	69.0	15.0	22%
4Q16	127.5	92.9	64.5	69%
1Q17	48.8	37.0	12.0	32%
2Q17	143.9	106.0	56.9	54%
3Q17	267.0	121.9	82.8	68%
4Q17	55.0	65.0	80.1	123%
1Q18	146.0	115.0	37.9	33%
2Q18	212.0	140.4	52.9	38%
Total	1,551.7	1,086.0	572.1	53%
Average	119.4	83.5	41.6	50%

Source: Company reports and Wells Fargo Securities, LLC

New Rules – Co-investment Relief and 2:1 Leverage

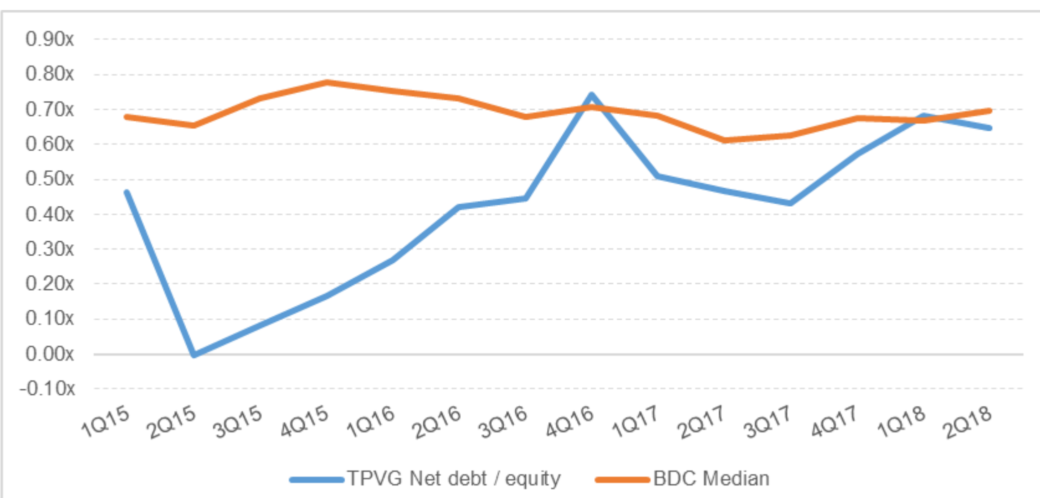
This was a big year for TPVG with two structural headwinds removed. Here we will discuss (1) the SEC's approval of co-investment across the TPC platform and (2) the Board / shareholder approval of 2:1 leverage guidelines pursuant to the SBCA (Small Business Credit Availability Act), which will combine to allow for smoother and more robust portfolio growth – *historically having been a headwind for the company*. First, below in **Figures 12** and **13** we show historical top ten and five investment concentrations as a percentage of the portfolio and net debt / equity, highlighting two challenges (concentration and under-leverage), both of which we see as challenges to valuation, and deriving from slow originations and heavy repayments. We anticipate similar hold sizes for TPVG in the $30 – 50 million range, so the portfolio likely will still be 'chunky' even when more consistently and fully ramped.

Figure 12. Historical Investment Concentration (as of 6/30/18)



Source: Company reports and Wells Fargo Securities, LLC

Figure 13. Historical Net Debt / Equity (as of 6/30/18)



Source: Company reports and Wells Fargo Securities, LLC

Item 1 – Exemptive relief for platform co-investment. On March 28, 2018, TCP received an exemptive order from the SEC (Securities and Exchange Commission) permitting co-investment with other platform vehicles. Recall, regulated investment companies are not allowed to co-invest with other family funds without this relief, which is granted upon the SEC's Division of Investment Management's approval of a firm's proposed procedures. TPC's application was originally filed on May 10, 2017. We note that TPC's case was likely on the simpler end of the co-investment relief equation with the platform only entailing (1) its original Evergreen fund that is flexible across stages / collateral and (2) the BDC (TPVG) which is dedicated to venture growth direct lending. TPVG would historically have priority allocation rights, but deals that would bring concentration or other issues would go entirely to the private fund. Now that the deals may be split up, we should see both stronger and smoother originations.

We also want to highlight that TPVG will not be *disadvantaged* by platform growth cannibalizing its deal flow in that the BDC will still have priority to venture growth opportunities. Below in **Figure 14** we show select excerpts from the SEC's Notice on the application dating back to February, which outlines some of the firm's policies. TPVG will continue to speak for the deal flow that it puts in for, in our view.

Figure 14. Select Excerpts from SEC Notice (as of 2/28/18)

Applicants acknowledge that some of the Affiliated Funds may not be funds advised by an Adviser because they are TPC Proprietary Accounts. <u>Applicants do not believe these TPC Proprietary Accounts should raise issues under the conditions of this Application because the allocation policies and procedures of the Advisers provide that investment opportunities are offered to client accounts (including the Regulated Funds) before they are offered to TPC Proprietary Accounts</u>.

In accordance with each Adviser's allocation policies and procedures, Potential Co-Investment Transactions will be offered to, and allocated among, the Affiliated Funds and Regulated Funds based on each client's particular Objectives and Strategies and in accordance with the conditions. If the aggregate amount recommended by the Advisers to be invested by the Affiliated Funds (not including the TPC Proprietary Accounts) and the Regulated Funds in a Potential Co-Investment Transaction were equal to or more than the amount of the investment opportunity, a TPC Proprietary Account would not participate in the investment opportunity. If the aggregate amount recommended by the Advisers to be invested by the Affiliated Funds (not including the TPC Proprietary Accounts) and the Regulated Funds in a Potential Co-Investment Transaction were less than the amount of the investment opportunity, a TPC Proprietary Account would then have the opportunity to participate in the Potential Co-Investment Transaction in a principal capacity.

<u>Currently, there are no existing Regulated Funds other than the Company or Affiliated Funds other than TPC Proprietary Accounts</u>. <u>As a result, the Company and the TPC Proprietary Accounts will be able to comply with the conditions, including condition 1, because the conditions require that the TPC Proprietary Accounts will only be permitted to invest in a Potential Co-Investment Transaction to the extent that the aggregate demand from the Regulated Funds and the other Affiliated Funds is less than the total investment opportunity</u>. Once another Regulated Fund or Affiliated Fund (other than a TPC Proprietary Account) exists, the Company will no longer have a right of first refusal and the applicants will continue to comply with the conditions, including condition 1.

Source: Securities and Exchange Commission; emphasis ours

Item 2 – 2:1 leverage OK'd by the Board and Credit Facilities. On June 22, 2018, TPVG received shareholder approval for a reduced asset coverage limitation from 200% to 150% - i.e., from 1.0x to 2.0x debt / equity. TPVG also had the leverage covenant in its credit facility set to the regulatory framework (**Figure 15**); recall, amending the facility is at least a significant administrative procedure for many BDCs. The outstanding bonds have no leverage restriction. We also note that advance rates are generally ~55%, so TPVG will not likely go too much higher on leverage, but rather just modestly where the benefits of portfolio diversification will be the biggest impact in our view.

Figure 15. Select Excerpts from SEC Notice (as of 2/28/18)

The Revolving Credit Facility contains affirmative and restrictive covenants including, but not limited to, an advance rate limitation of approximately 55% of the applicable balance of net assets held by the Financing Subsidiary, maintenance of minimum net worth, <u>a ratio of total assets to total indebtedness of not less than the greater of 3:2 and the amount so required under the 1940 Act, a key man clause</u>…

Source: Company reports; emphasis ours

Another item to watch – cash flow. One measure that TPVG has historically ranked lower on is cash flow coverage given elevated levels of non-cash and one-time income. Recall, our Wells Fargo Adjusted Cash Flow Analysis strips these out as a percentage of dividend to determine what percent of the payout is supported by stable cash flows. We note that the dividend is more conservatively set (i.e., well below NOI) and not reliant on prepayments, in our view; however PIK income and other income are material. See **Figure 16**. We also note that while these structures are generally indicative of higher risk, they can be more normal in the venture debt market where company level cash flows are obviously not as strong.

Figure 16. Cash Flow Analysis (as of 6/30/18) ($ in Millions)

TPVG	Mar-15 1Q15	Jun-15 2Q15	Sep-15 3Q15	Dec-15 4Q15	FY15	Mar-16 1Q16	Jun-16 2Q16	Sep-16 3Q16	Dec-16 4Q16	FY16	Mar-17 1Q17	Jun-17 2Q17	Sep-17 3Q17	Dec-17 4Q17	FY17	Mar-18 1Q18	Jun-18 2Q18
Dividends Paid in Cash	3.6	5.1	5.6	4.9	19.2	5.3	5.3	5.5	5.5	21.5	5.8	5.3	5.5	6.1	22.6	6.4	5.9
Net Operating Income	4.9	6.3	4.7	6.0	22.0	6.7	5.0	6.5	4.8	23.0	7.9	8.8	4.4	5.1	26.3	5.9	8.8
- Accretion of Discount	(0.4)	(0.4)	(0.4)	(0.7)	(1.9)	(0.5)	(0.6)	(0.6)	(0.7)	(2.3)	(0.6)	(0.4)	(0.6)	(0.8)	(2.4)	(0.8)	(0.8)
- Accretion of End-of-Term Payments	(1.8)	(1.8)	(3.1)	(2.6)	(9.4)	(2.0)	(1.6)	(1.8)	(1.8)	(7.3)	(1.4)	(1.3)	(1.5)	(1.9)	(6.1)	(2.0)	(2.0)
- Impact of Prepayments During Quarter	(0.1)	(2.1)	-	(1.6)	(3.8)	(1.0)	-	(1.0)	(0.0)	(2.0)	(3.6)	(5.0)	(1.3)	0.2	(9.8)	(0.4)	(3.0)
- Other Income	(0.6)	(1.1)	(0.1)	(0.4)	(2.2)	(0.4)	(0.1)	(1.3)	(0.1)	(1.9)	(0.4)	(1.2)	(0.1)	0.2	(1.5)	(0.0)	(1.1)
+ Amortization of debt issuance costs	0.3	0.3	0.4	0.4	1.5	0.3	0.3	0.3	0.3	1.2	0.3	0.3	0.4	0.3	1.3	0.4	0.4
- Paid-in-kind interest	-	-	-	(0.4)	(0.4)	(0.6)	(0.3)	(0.3)	(1.6)	(2.9)	(0.3)	(0.6)	(0.6)	(0.6)	(2.1)	(0.6)	(0.7)
+ Capital Gain Incentive Accrued	(0.3)	0.0	0.2	(0.2)	(0.3)	-	-	-	-	-	-	-	-	-	-	-	-
- Capital Gain Incentive Fee Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
WF Adjusted Cash Flow (WFACF)	$2.1	$1.2	$1.6	$0.6	$5.5	$2.6	$2.6	$1.8	$0.9	$7.9	$1.9	$0.6	$0.7	$2.5	$5.7	$2.6	$1.6
+ Fee Income Received	1.1	3.6	0.5	2.7	7.8	1.8	0.7	2.9	0.8	6.2	4.6	6.6	2.0	0.5	13.7	1.2	4.9
+ End-of-Term Payments	1.8	1.8	3.1	2.6	9.4	2.0	1.6	1.8	1.8	7.3	1.4	1.3	1.5	1.9	6.1	2.0	2.0
+ PIK Collected	-	-	-	0.4	0.4	0.6	0.3	0.3	1.6	2.9	0.3	0.6	0.6	0.6	2.1	0.6	0.7
WFACF + Fees	$5.0	$6.6	$5.3	$6.3	$23.1	$7.1	$5.3	$6.8	$5.1	$24.3	$8.2	$9.1	$4.7	$5.5	$27.6	$6.3	$9.2
+/- Realized Gains	(0.3)	-	-	-	(0.3)	(0.7)	(21.3)	1.1	0.2	(20.7)	(1.7)	(1.7)	1.0	1.1	(1.3)	0.0	0.8
WFACF + Fees +/- G/L	$4.7	$6.6	$5.3	$6.3	$22.8	$6.4	($16.1)	$7.9	$5.3	$3.5	$6.5	$7.4	$5.8	$6.6	$26.3	$6.3	$10.0
Dividend Coverage																	
WF Adjusted Cash Flow (WFACF)	*58%*	*24%*	*29%*	*12%*	*29%*	*49%*	*50%*	*32%*	*17%*	*37%*	*32%*	*11%*	*12%*	*41%*	*25%*	*40%*	*28%*
WFACF + Fees	*139%*	*129%*	*95%*	*126%*	*120%*	*133%*	*99%*	*124%*	*94%*	*113%*	*143%*	*173%*	*87%*	*89%*	*122%*	*99%*	*155%*
WFACF + Fees +/- G/L	*130%*	*129%*	*95%*	*126%*	*119%*	*121%*	*-304%*	*144%*	*97%*	*16%*	*114%*	*141%*	*106%*	*107%*	*116%*	*99%*	*169%*

Source: Company reports and Wells Fargo Securities, LLC

Earnings – we estimate a higher dividend rate near term. Below we outline key earnings drivers (**Figure 17**) including portfolio growth, leverage and yields. By the end of 2019, we estimate net portfolio growth driving leverage up to 0.83x. We see another near-term pop in earnings due to a pending repayment, but we conservatively estimate normalizing yields as the market environment may slow. We further anticipate that TPVG will increase the dividend payout from today's $0.36 level, at least to $0.37 quarterly, or the Board / management may opt for a special dividend as they have in the past.

Figure 17. TPVG Earnings Drivers (as of 6/30/18) ($ in Billions)

	Mar-17 1Q 17A	Jun-17 2Q 17A	Sep-17 3Q 17A	Dec-17 4Q 17A	Mar-18 1Q 18A	Jun-18 2Q 18A	Sep-18 3Q 18E	Dec-18 4Q 18E	Mar-19 1Q 19E	Jun-19 2Q 19E	Sep-19 3Q 19E	Dec-19 4Q 19E
Originations	14.4	59.2	83.1	80.1	37.8	55.7	102.0	87.0	87.0	72.0	72.0	72.0
Repayments	-53.3	-129.5	-26.3	-20.8	-8.3	-50.0	-31.0	-31.0	-31.0	-31.0	-31.0	-31.0
Net Portfolio Growth	-38.9	-70.3	56.8	59.3	29.5	5.7	71.0	56.0	56.0	41.0	41.0	41.0
Leverage (Net)	0.51x	0.47x	0.43x	0.57x	0.68x	0.65x	0.37x	0.52x	0.65x	0.62x	0.72x	0.83x
Average Equity	214.9	215.2	215.6	224.9	235.7	237.7	287.5	338.3	342.6	360.6	377.5	379.3
Average Investments	351.4	305.6	296.9	340.8	385.9	399.8	433.9	497.4	553.4	601.9	642.9	683.9
Revenues / Inv. (Annual)	16.3%	20.5%	14.0%	13.0%	13.1%	16.6%	22.4%	19.6%	17.6%	16.2%	15.1%	14.2%
Revenues	14.3	15.7	10.4	11.1	12.6	16.6	24.3	24.3	24.3	24.3	24.3	24.3
NOI	7.9	8.8	4.4	5.1	5.9	8.8	13.6	13.4	12.8	12.1	11.6	10.9
NOI / Share	0.50	0.55	0.27	0.30	0.34	0.50	0.65	0.55	0.53	0.48	0.44	0.41
GAAP Earnings / Share	0.24	0.50	0.23	0.22	0.45	0.47	0.65	0.55	0.53	0.48	0.44	0.41
Dividend / Share	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.37	0.37	0.37	0.37

Source: Company reports and Wells Fargo Securities, LLC estimates

TPVG – Risks

Funding risk – The ability to grow the portfolio successfully depends on whether portfolio companies need capital and draw on the loans provided by TPVG.

Interest rate risk – Although portfolio duration is generally short, assets in TPVG's portfolio are primarily fixed rate loans unlike traditional LIBOR-based loans, leading to additional interest rate risk. BDC dividend yields also will often show correlation with longer dated Treasuries, where the BDC yield 'spread' to the UST may not tighten 1 for 1 with a rise in base rates.

Capital markets – TPVG's returns are generally dependent on loan interest (and principal repayment) along warrant upside resulting from a liquidity event. If there is an unfavorable market, which hinders the ability of portfolio companies to list or be sold to a strategic investor, this could lead to loan modifications and impairments. TPVG is also dependent on the ability to access the markets to raise capital and grow its portfolio.

Economic/credit risk – TPVG invests in venture debt where companies have limited operating histories and may be adversely impacted by an economic downturn more than more established companies. Management's ability to underwrite credit and replicate prior success in mitigating credit losses has a significant impact on performance.

What's more, another hard technology cycle such as in 2000, this could result in significant reduction in portfolio company enterprise values including recovery values TPVG could receive in a restructuring. This may impact TPVG more than other BDCs which invest primarily in traditional middle market loans.

Competitive pressure – Venture lending has attracted many new market entrants which could result in less favorable economics. In our view, success will depend on management's ability to maintain relationships to source quality deals at high rates.

Liquidity risk – TPVG invests in illiquid assets, and if forced to liquidate, these assets may need to be sold well below fair value.

Technology risk – Loans are typically secured by assets and intellectual property; if these become impaired or obsolete, TPVG's loans may not be sufficiently collateralized.

Figure 18. Top 10 Investments ($ in Millions)

Portfolio Company	Origin Date	Industry	Investment	Yield	Maturity	Cost	FV	% Mark
FinancialForce.com, Inc.	06/30/16	Business Applications Software	Growth Capital Loan	12.5%	12/31/2020	14.8	15.0	1%
FinancialForce.com, Inc.	06/30/16	Business Applications Software	Growth Capital Loan	12.5%	6/30/2021	14.7	14.8	1%
FinancialForce.com, Inc.	06/30/16	Business Applications Software	Growth Capital Loan	12.5%	9/30/2021	14.5	14.6	1%
FinancialForce.com, Inc.	06/30/16	Business Applications Software	Preferred Stock	NA	NA	1.5	1.7	7%
						45.6	**46.1**	**1%**
View, Inc.	06/30/17	Building Materials/Construction Machinery	Equipment Loan	13.0%	6/30/2021	13.2	13.2	0%
View, Inc.	06/30/17	Building Materials/Construction Machinery	Equipment Loan	13.0%	6/30/2021	6.3	6.3	1%
View, Inc.	06/30/17	Building Materials/Construction Machinery	Equipment Loan	13.0%	7/31/2021	8.5	8.5	0%
View, Inc.	06/30/17	Building Materials/Construction Machinery	Equipment Loan	13.0%	9/30/2021	1.9	1.9	0%
View, Inc.	06/30/17	Building Materials/Construction Machinery	Equipment Loan	13.0%	11/30/2021	2.3	2.3	0%
View, Inc.	06/30/17	Building Materials/Construction Machinery	Equipment Loan	13.0%	11/30/2021	1.9	1.9	0%
View, Inc.	06/30/17	Building Materials/Construction Machinery	Equipment Loan	13.0%	12/31/2021	2.6	2.6	0%
View, Inc.	06/30/17	Building Materials/Construction Machinery	Equipment Loan	13.0%	12/31/2021	2.8	2.8	0%
View, Inc.	06/30/17	Building Materials/Construction Machinery	Convertible Note	10.1%	1/25/2020	1.2	1.2	-1%
View, Inc.	06/30/17	Building Materials/Construction Machinery	Preferred Stock	NA	NA	0.5	0.5	0%
						41.1	**41.2**	**0%**
Rent the Runway, Inc.	12/31/15	E-Commerce - Clothing and Accessories	Growth Capital Loan	12.0%	11/30/2018	4.9	4.9	1%
Rent the Runway, Inc.	12/31/15	E-Commerce - Clothing and Accessories	Growth Capital Loan	11.3%	6/30/2019	6.2	6.4	2%
Rent the Runway, Inc.	12/31/15	E-Commerce - Clothing and Accessories	Growth Capital Loan	11.3%	10/31/2019	2.1	2.1	3%
Rent the Runway, Inc.	12/31/15	E-Commerce - Clothing and Accessories	Growth Capital Loan	11.3%	11/30/2019	4.0	4.1	2%
Rent the Runway, Inc.	12/31/15	E-Commerce - Clothing and Accessories	Growth Capital Loan	11.5%	6/30/2021	5.3	5.3	0%
Rent the Runway, Inc.	12/31/15	E-Commerce - Clothing and Accessories	Growth Capital Loan	11.5%	9/30/2021	4.3	4.3	0%
Rent the Runway, Inc.	12/31/15	E-Commerce - Clothing and Accessories	Growth Capital Loan	13.5%	10/31/2021	3.0	3.0	0%
Rent the Runway, Inc.	12/31/15	E-Commerce - Clothing and Accessories	Growth Capital Loan	13.5%	2/28/2021	4.8	4.8	0%
Rent the Runway, Inc.	12/31/15	E-Commerce - Clothing and Accessories	Growth Capital Loan	13.5%	4/30/2021	4.8	4.8	0%
Rent the Runway, Inc.	12/31/15	E-Commerce - Clothing and Accessories	Preferred Stock	NA	NA	0.2	0.5	140%
Rent the Runway, Inc.	12/31/15	E-Commerce - Clothing and Accessories	Common Stock	NA	NA	1.1	1.3	18%
						40.7	**41.5**	**2%**
WorldRemit Limited	12/31/15	Financial Institution and Services	Growth Capital Loan	12.8%	12/31/2018	5.4	5.4	1%
WorldRemit Limited	12/31/15	Financial Institution and Services	Growth Capital Loan	12.8%	6/30/2019	5.3	5.3	1%
WorldRemit Limited	12/31/15	Financial Institution and Services	Growth Capital Loan	12.8%	6/30/2019	5.2	5.3	1%
WorldRemit Limited	12/31/15	Financial Institution and Services	Growth Capital Loan	12.8%	11/30/2019	5.1	5.3	2%
WorldRemit Limited	12/31/15	Financial Institution and Services	Growth Capital Loan	12.8%	7/31/2018	5.2	5.2	0%
WorldRemit Limited	12/31/15	Financial Institution and Services	Growth Capital Loan	12.8%	6/30/2021	9.7	9.7	0%
WorldRemit Limited	12/31/15	Financial Institution and Services	Preferred Stock	NA	NA	0.4	0.5	28%
WorldRemit Limited	12/31/15	Financial Institution and Services	Preferred Stock	NA	NA	0.1	0.1	0%
						36.5	**36.9**	**1%**
Virtual Instruments Corporation	12/10/13	Network Systems Management Software	Growth Capital Loan	10.0%	4/4/2020	5.0	5.0	0%
Virtual Instruments Corporation	12/10/13	Network Systems Management Software	Growth Capital Loan	5.0%	4/4/2021	22.8	20.0	-12%
Virtual Instruments Corporation	12/10/13	Network Systems Management Software	Growth Capital Loan	5.0%	4/4/2021	5.5	4.6	-16%
						33.2	**29.6**	**-11%**
BlueVine Capital, Inc.	09/30/17	Financial Institution and Services	Growth Capital Loan	8.8%	3/31/2019	10.1	10.1	0%
BlueVine Capital, Inc.	09/30/17	Financial Institution and Services	Growth Capital Loan	8.8%	5/31/2019	10.0	10.0	0%
BlueVine Capital, Inc.	09/30/17	Financial Institution and Services	Growth Capital Loan	9.3%	9/30/2019	5.0	5.0	0%
BlueVine Capital, Inc.	09/30/17	Financial Institution and Services	Growth Capital Loan	9.3%	9/30/2019	5.0	5.0	0%
BlueVine Capital, Inc.	09/30/17	Financial Institution and Services	Preferred Stock	NA	NA	0.4	0.8	110%
						30.4	**30.7**	**1%**
Prodigy Finance Limited	12/31/17	Financial Institution and Services	Growth Capital Loan	13.8%	12/31/2020	17.8	17.8	0%
Prodigy Finance Limited	12/31/17	Financial Institution and Services	Growth Capital Loan	13.8%	3/31/2021	2.2	2.2	0%
Prodigy Finance Limited	12/31/17	Financial Institution and Services	Preferred Stock	NA	NA	0.4	0.4	0%
						20.4	**20.4**	**0%**
PillPack, Inc.	09/30/17	Food & Drug	Growth Capital Loan	10.8%	8/31/2020	5.0	5.5	8%
PillPack, Inc.	09/30/17	Food & Drug	Growth Capital Loan	8.0%	4/30/2020	9.9	9.9	0%
PillPack, Inc.	09/30/17	Food & Drug	Common Stock	NA	NA	0.2	1.0	578%
						15.0	**16.3**	**9%**
Quantcast Corporation	03/31/18	Business Applications Software	Growth Capital Loan	11.3%	3/31/2021	14.7	14.7	0%
Quantcast Corporation	03/31/18	Business Applications Software	Cash Exit Fee	NA	NA	0.2	0.2	6%
						15.0	**15.0**	**0%**
Harvest Power, Inc.	11/05/13	Biofuels / Biomass	Growth Capital Loan	7.0%	4/30/2020	14.6	14.1	-3%
						14.6	**14.1**	**-3%**

Source: Company reports and Wells Fargo Securities, LLC

Figure 19. Income Statement ($ in Millions)

TriplePoint Venture Growth BDC Corp.
Ticker: TPVG
($ in Millions, except per share data)

Wells Fargo BDC Research
Finian O'Shea, CFA (704) 410-1874

INCOME STATEMENT	Mar-17 1Q 17A	Jun-17 2Q 17A	Sep-17 3Q 17A	Dec-17 4Q 17A	Mar-18 1Q 18A	Jun-18 2Q 18A	Sep-18 3Q 18E	Dec-18 4Q 18E	Mar-19 1Q 19E	Jun-19 2Q 19E	Sep-19 3Q 19E	Dec-19 4Q 19E
Investment Income												
Interest income from Investments	$14.3	$14.5	$10.3	$11.0	$12.6	$15.4	$12.0	$12.0	$12.0	$12.0	$12.0	$12.0
Coupon income	8.6	7.7	7.0	8.4	9.5	9.7	9.0	9.0	9.0	9.0	9.0	9.0
Accretion of discount	0.6	0.4	0.6	0.7	0.8	0.8	0.5	0.5	0.5	0.5	0.5	0.5
Accrued End of Term Fee	1.4	1.3	1.5	1.8	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Impact of prepayments during the period	3.6	5.0	1.3	0.1	0.4	3.0	0.5	0.5	0.5	0.5	0.5	0.5
Other Income	0.1	1.2	0.1	0.1	0.0	1.1	0.4	0.4	0.4	0.4	0.4	0.4
Total Revenues	14.3	15.7	10.4	11.1	12.6	16.6	24.3	24.3	24.3	24.3	24.3	24.3
Opearting Expenses												
Interest Expense	*2.4*	*2.2*	*2.3*	*2.2*	*2.5*	*2.5*	2.7	2.7	3.4	3.9	4.2	4.8
Fees on Unused Facility	-	-	-	-	-	-	0.2	0.2	0.1	0.1	0.0	-
Credit Facility & Offering Costs	-	-	-	-	-	-	0.9	1.0	0.8	0.9	0.9	1.0
Base Management Fee	*1.6*	*1.7*	*1.6*	*1.5*	*1.5*	*1.8*	2.0	2.3	2.5	2.7	2.9	3.1
Incentive Fee (Income)	*1.5*	*2.0*	*1.1*	*1.1*	*1.5*	*2.2*	3.5	3.5	3.3	3.2	3.0	2.8
Incentive Fee (Capital Gains)	-	-	-	-	-	-	-	-	-	-	-	-
Administrative Expenses	*0.4*	*0.3*	*0.3*	*0.3*	*0.4*	*0.4*	0.5	0.5	0.5	0.5	0.5	0.5
Other G&A Expense	*0.6*	*0.7*	*0.8*	*0.9*	*0.7*	*0.8*	0.8	0.8	0.9	1.0	1.1	1.1
Total Expenses	6.4	6.9	6.1	6.0	6.7	7.8	10.7	10.9	11.6	12.2	12.7	13.4
Net Investment Income	**7.9**	**8.8**	**4.4**	**5.1**	**5.9**	**8.8**	**13.6**	**13.4**	**12.8**	**12.1**	**11.6**	**10.9**
Net realized gain (losses)	(1.7)	(1.7)	(0.1)	2.2	0.0	0.8	-	-	-	-	-	-
Net unrealized gain (loss)	(2.5)	0.8	(0.6)	(3.5)	2.0	(1.2)	-	-	-	-	-	-
Net Income	**$3.8**	**$7.9**	**$3.7**	**$3.9**	**$7.9**	**$8.4**	**$13.6**	**$13.4**	**$12.8**	**$12.1**	**$11.6**	**$10.9**
Per Share Items												
NOI/Share	**$0.50**	**$0.55**	**$0.27**	**$0.30**	**$0.34**	**$0.50**	**$0.65**	**$0.55**	**$0.53**	**$0.48**	**$0.44**	**$0.41**
Core NOI (ex-capital gains incentive)	**0.50**	**0.55**	**0.27**	**0.30**	**0.34**	**0.50**	**0.65**	**0.55**	**0.53**	**0.48**	**0.44**	**0.41**
GAAP EPS Per Share	0.24	0.50	0.23	0.22	0.45	0.47	0.65	0.55	0.53	0.48	0.44	0.41
Dividends Per Share	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36
Wtd Avg. Shares Outstanding	*16.0*	*16.0*	*16.0*	17.3	*17.7*	17.8	21.0	24.3	24.3	25.3	26.3	26.3
End Of Period Shares	*16.0*	*16.0*	*16.0*	17.7	*17.7*	17.8	24.3	24.3	24.3	26.3	26.3	26.3

Source: Company reports and Wells Fargo Securities, LLC estimates

Figure 20. Balance Sheet ($ in Millions)

	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19
BALANCE SHEET	1Q 17A	2Q 17A	3Q 17A	4Q 17A	1Q 18A	2Q 18A	3Q 18E	4Q 18E	1Q 19E	2Q 19E	3Q 19E	4Q 19E
Assets												
Investments (Cost)	326.7	251.3	309.2	373.7	400.8	399.2	470.2	526.2	582.2	623.2	664.2	705.2
Investments (FV)	328.4	253.8	311.1	372.1	401.3	398.4	469.4	525.4	581.4	622.4	663.4	704.4
Cash and cash equivalents	110.1	102.2	100.1	129.4	132.8	94.6	15.0	15.0	15.0	15.0	15.0	15.0
Cash	30.2	12.3	5.1	4.5	7.8	5.0	15.0	15.0	15.0	15.0	15.0	15.0
Short Term Investments	80.0	89.9	95.0	124.9	124.9	89.6	-	-	-	-	-	-
Restricted Cash	6.5	71.2	3.3	5.5	10.5	6.0	-	-	-	-	-	-
Deferred Credit Facility Fees	4.4	3.4	3.0	3.3	5.2	1.7	1.2	0.7	0.2	(0.3)	(0.8)	(1.3)
Line Item 3	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	2.0	4.2	5.2	2.2	3.2	4.2	5.2
Total Assets	$449.4	$430.6	$417.6	$510.3	$549.7	$502.7	$489.8	$546.3	$598.8	$640.3	$681.8	$723.3
Liabilities												
Debt	139.4	113.5	97.8	139.4	169.6	159.7	139.4	191.3	239.7	249.4	288.7	328.8
Credit Facility	86.0	60.0	25.5	67.0	97.0	87.0	66.7	118.6	167.0	176.7	216.1	256.1
2020 Sr Notes 6.75%	53.4	53.5	-	-	-	-	-	-	-	-	-	-
2022 Sr Notes 5.75%	-	-	72.3	72.4	72.6	72.7	72.7	72.7	72.7	72.7	72.7	72.7
Other debt	80.0	90.0	95.0	124.9	124.9	89.6	-	-	-	-	-	-
Base mgmt Fee Payable	-	-	-	-	1.5	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Income incentive fee payable	-	-	-	-	1.5	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Accrued capital gains incentive fee	-	-	-	-	-	-	-	-	-	-	-	-
Payable to directors and officers	-	-	-	-	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Dividend Payable	-			-	6.4	-	-	-	-	-	-	-
Other accrued expenses	16.2	10.6	10.1	11.0	9.3	10.4	10.4	10.4	10.4	10.4	10.4	10.4
Total Liabilities	$235.5	$214.1	$202.8	$275.3	$313.2	$263.7	$153.8	$205.7	$254.1	$263.8	$303.2	$343.2
Shareholders' Equity												
Common Stock	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Paid In Capital	231.5	232.0	232.3	235.5	235.5	236.0	326.0	326.0	326.0	354.6	354.6	354.6
Investment income in excess of distributions	(19.5)	6.3	4.9	1.0	0.5	2.9	10.0	14.6	18.6	21.8	23.9	25.4
Accumulated realized gain (loss)	-	(24.4)	(24.5)	(0.1)	(0.1)	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Net unrealized appreciation	1.7	2.5	1.9	(1.6)	0.4	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)
Total Equity	$213.9	$216.5	$214.8	$234.9	$236.5	$239.0	$336.0	$340.6	$344.7	$376.5	$378.6	$380.0
Book Value Per Share	*$13.38*	*$13.52*	*$13.39*	*$13.25*	*$13.34*	*$13.45*	*$13.84*	*$14.03*	*$14.20*	*$14.33*	*$14.41*	*$14.47*

Source: Company reports and Wells Fargo Securities, LLC estimates

Price Target

Price Target: $14.25 from NE

Based on our outlook for improved returns and portfolio diversification, we estimate shares trade at 1.05x NAV. Risks to our target include a slowdown in venture capital investment, an extended period of capital markets illiquidity, or a significant deterioration in credit quality.

Investment Thesis

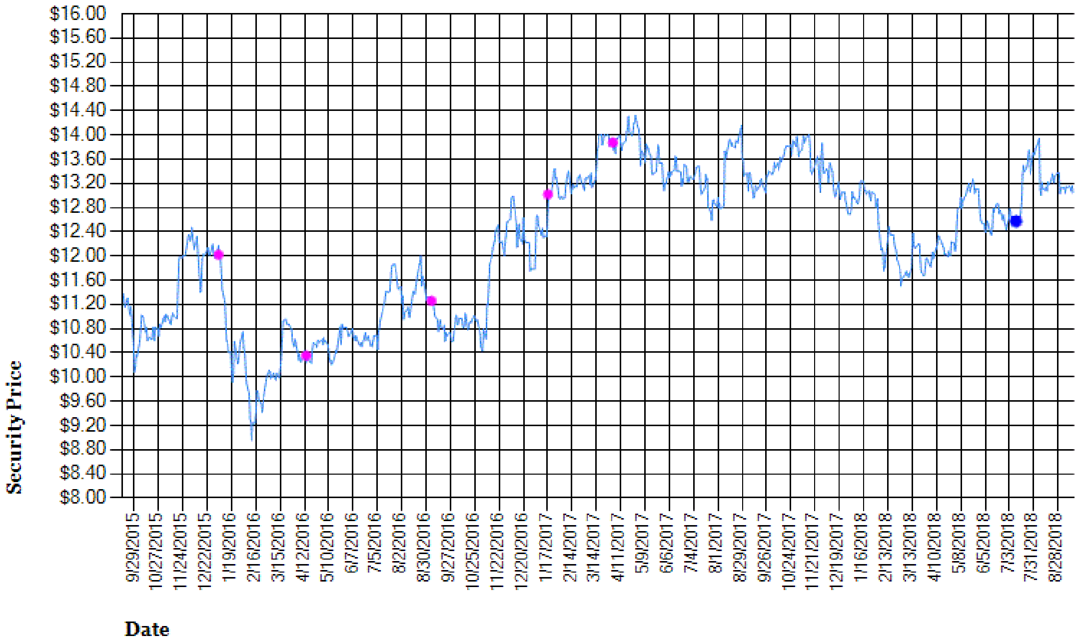
Our current rating is based on a differentiated credit platform, investment track record and a shareholder-oriented company structure.

Company Description

TriplePoint is a BDC focused in the venture lending and leasing business. Typical investments are venture loans and equipment financing to venture-backed businesses.

Required Disclosures

TriplePoint Venture Growth BDC Corp. (TPVG) 3-yr. Price Performance



	Date	Published Price ($)	Rating Code	Price Target	Val. Rng. Low	Val. Rng. High	Close Price ($)
	9/15/2015		Bock				
	9/15/2015	NA	1	NE	15.00	16.00	11.28
•	1/5/2016	12.00	1	NE	14.50	15.50	12.00
•	4/15/2016	10.60	1	NE	12.00	12.50	10.32
•	9/7/2016	11.24	1	NE	13.00	13.50	11.24
•	1/18/2017	12.74	1	NE	13.50	14.50	13.00
•	4/4/2017	13.75	1	NE	14.00	15.00	13.84
■	7/13/2018		Hausner				
◆ •	7/13/2018	12.57	NR	NE	NE	NE	12.53

Source: Wells Fargo Securities, LLC estimates and Reuters data

Symbol Key
- ▼ Rating Downgrade
- ▲ Rating Upgrade
- • Price Target/Val Range Change
- ◆ Initiation, Resumption, Drop or Suspend
- ■ Analyst Change
- □ Split Adjustment

Rating Code Key

1	Outperform/Buy	SR	Suspended
2	Market Perform/Hold	NR	Not Rated
3	Underperform/Sell	NE	No Estimate

Additional Information Available Upon Request

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TPVG: Risks to our target include a slowdown in venture capital investment, an extended period of capital markets illiquidity, or a significant deterioration in credit quality.

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2=Market Perform: The stock appears appropriately valued, and we believe the stock's total return will be in line with the market over the next 12 months. HOLD
3=Underperform: The stock appears overvalued, and we believe the stock's total return will be below the market over the next 12 months. SELL

SECTOR RATING
O=Overweight: Industry expected to outperform the relevant broad market benchmark over the next 12 months.
M=Market Weight: Industry expected to perform in-line with the relevant broad market benchmark over the next 12 months.
U=Underweight: Industry expected to underperform the relevant broad market benchmark over the next 12 months.

VOLATILITY RATING
V = A stock is defined as volatile if the stock price has fluctuated by +/-20% or greater in at least 8 of the past 24 months or if the analyst expects significant volatility. All IPO stocks are automatically rated volatile within the first 24 months of trading.

As of: September 20, 2018

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