

A Heritage of Success

Capital Southwest (NASDAQ: CSWC) was founded in Dallas, Texas in 1961 and has invested in over 300 middle market companies in its history. Since its initial \$15 million IPO, CSWC has distributed approximately \$874 million in cash and stock to shareholders and held \$293 million in net assets as of September 30, 2017.

Investment Strategy

Capital Southwest is an internally-managed, credit-focused BDC that is an active lender to middle market companies across the capital structure. CSWC provides flexible capital that fills financing needs that traditional first lien senior lenders are unwilling to meet. In particular, CSWC is well-positioned to finance lower middle market businesses with \$3 to \$8 million of EBITDA.

CSWC manages investable capital of approximately \$675 million. As of September 30 2017, CSWC had funded over \$550 million in new credit investments, including the capital invested in its I-45 Senior Loan Fund.

The Company is managed by an investment team with decades of experience working with one another. The firm and all of its employees are located in Dallas, Texas.

Industry Preferences

CSWC is a **generalist** investment firm with certain preferred sectors:

- Business Services
- Healthcare products and services
- Value-added distribution
- Industrial manufacturing and services
- Consumer products and retail
- Tech-enabled and digital media services

Investment Parameters

Investment Size	<ul style="list-style-type: none"> • \$5 to \$50 million financings • \$5 to \$20 million commitment size per deal • Active network of co-investors
Company Size	<ul style="list-style-type: none"> • Minimum of \$3 million of EBITDA • Typically \$5 to \$15 million of EBITDA
Situations	<ul style="list-style-type: none"> • New platform acquisitions • Dividend recapitalizations • Refinancings • Bolt-on acquisitions • Growth financings
Clients	<ul style="list-style-type: none"> • Financial sponsors • Investment banks and business brokers • Founder and independently-owned businesses • Independent sponsors
Investment Structures	<ul style="list-style-type: none"> • Unitranche debt (with network of first out senior lending relationships) • First lien debt • Second lien debt • Subordinated debt • Preferred and common equity • Flexibility to invest across multiple securities
Equity Investments	<ul style="list-style-type: none"> • Equity co-investments alongside debt investments, up to 20% of total check • Non-control investor
Geography	<ul style="list-style-type: none"> • Anywhere in the United States
Partnership	<ul style="list-style-type: none"> • Relationship-centric firm focused on mutually beneficial partnerships over several deals
Committee Process	<ul style="list-style-type: none"> • Investment committee all co-located in Dallas • <u>CSWC deal leaders can “speak for the firm” and execute without surprises</u>

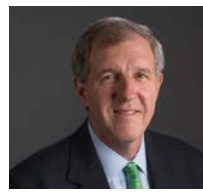
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Selected CSWC Investments: Direct Credit

<u>Company</u>	<u>Industry Sector</u>	<u>Ownership</u>	<u>Amount</u>	<u>Security</u>	<u>Date</u>
 LGM PHARMA	Healthcare Services	Sponsored	\$14mm	Revolver / First Lien / Equity	November 2017
 DELPHI Behavioral Health Group	Healthcare Services	Sponsored	\$8mm	First Lien	November 2017
 ELITE SEM Performance Drives Search Marketing	Digital Marketing Services	Sponsored	\$19mm	Last Out Unitranche / Equity	October 2017 (add-on) February 2017
 AMWARE MULTI-CHANNEL LOGISTICS	Logistics	Sponsored	\$14mm	First Lien	October 2017 (add-on) July 2016
 Aifance Sports Group ONE COMPANY MANY BRANDS	Consumer Products and Retail	Sponsored	\$13mm	Secured Sub Debt / Equity	August 2017
 zenfolio	Business Services	Sponsored	\$19mm	First Lien / Equity	July 2017
 Energy Solutions Water Solutions	Business Services	Sponsored	\$16mm	First Lien / Equity	June 2017 (add-on) October 2016
 TAX ADVISORS GROUP	Business Services	Sponsored	\$5mm	Secured Sub Debt / Equity	June 2017
 RJO'Brien	Financial Services	Non-Sponsored	\$8mm	First Out Unitranche	May 2017
 WASTE WATER SPECIALTIES	Business Services	Sponsored	\$11mm	First Lien	April 2017
 Binswanger Glass	Business Services	Sponsored	\$14mm	First Lien / Equity	March 2017
 VISTAR MEDIA	Digital Marketing Services	Non-Sponsored	\$11mm	First Lien / Warrants	February 2017

Selected CSWC Investments: Syndicated Credit

<u>Company</u>	<u>Date</u>	<u>Company</u>	<u>Date</u>	<u>Company</u>	<u>Date</u>
 American Addiction Centers	June 2017	 PGi	November 2016	 california PIZZA KITCHEN	August 2016
 RESTAURANT TECHNOLOGIES SAFER, SMARTER KITCHENS	December 2016	 redbox	September 2016	 infogroup	May 2016
 DRI DIGITAL ROOM INC.	November 2016	 DUNN PAPER	August 2016	 IMAGINE PRINT SOLUTIONS	March 2016