CHURCHILL
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Perpetual Life, Non-traded BDC

Nuveen Churchill Private Capital Income Fund Portfolio Update

Marketing communication | 3Q 2023

Nuveen Churchill Private Capital Income Fund (PCAP) is a perpetual life, non-traded investment vehicle that offers exposure to a diversified portfolio anchored in middle market senior loans and junior capital while seeking to provide attractive upside through private equity co-investments.

PCAP provides a compelling opportunity for investors to access the benefits of private capital through an award-winning manager with a differentiated strategy and proven track record.[1]

Market update

As macroeconomic uncertainty continues into the second half of 2023, private capital solutions from leading managers continue to play an increasingly important role in middle market financing. With reduced primary issuance in public credit markets, private equity sponsors are gravitating to scaled and trusted partners, whose long-term capital, large hold levels, and flexible terms make them extremely user friendly. In fact, the volume of LBOs financed in the direct lending market was 11.5x higher than the syndicated market in 2Q 2023 – an all-time record.

Sponsored middle market direct lending volume of $16.3 billion in 2Q 2023 was 32% higher than 1Q 2023, but 45% lower than 2Q 2022 levels. Year to date, 1H 2023 volume of $28.6 billion was down 45% from the 1H of 2022.[2] While pipelines are lighter than they have been historically at this time of year, they continue to build and deal flow is picking up. The middle market has seen a meaningful uptick in new deals received, from both sponsors and investment banks. We believe the current market environment is extremely attractive, characterized by conservative capital structures, tight documentation, strong sponsor equity support and a higher propensity of borrowers that are in defensible sectors and well positioned to withstand the interest rate environment and a potential recession. As mentioned previously, LBOs financed through the direct lending market continues to outpace the broadly syndicated loan market. We believe this trend is here to stay, as shakiness in the banking sector will likely accelerate their retreat from corporate lending – particularly in the middle market – as their own financing costs rise and regulatory requirements tighten. Lenders continue to be extremely focused on assessing the impacts of inflation, rising interest rates, labor shortages and supply chain issues as they assess the merits of new transaction opportunities.

Portfolio update

The Nuveen Churchill Private Capital Income Fund invests squarely in the core-traditional middle market, representing businesses with EBITDA profiles of between $10 million and $100 million (with a focus on traditional middle market companies with between $25 and $60 million of EBITDA). In fact, as of June 30, 2023, PCAP's weighted average EBITDA was $66 million. We believe the highest risk adjusted returns can be sourced in this segment of the middle market. Since its 2006 inception, Churchill has been engaged in providing senior, floating rate debt financing to U.S.-based middle market companies, backed by leading private equity sponsors.

PCAP targets broad diversification by issuer and across industry sectors. We invest in non-cyclical industries with strong, recurring cash flows that are less capital intensive, such as business and consumer services and healthcare. PCAP leverages Churchill's established network of private equity sponsor relationships and strong origination and underwriting platform. PCAP's conservative orientation focuses on first lien senior secured loans with robust structural protections, modest leverage, superior operating management and top tier private equity sponsorship.

As of June 30, 2023, PCAP had 80 portfolio companies operating across 21 different sectors with an average position size of 1.12% and a weighted average asset level yield of 11.6%. PCAP's portfolio is comprised of 75.61% first lien middle market term loans, 8.78% second lien middle market term loans, 14.20% mezzanine debt and 1.41% private equity co-investment exposure. Across PCAP's portfolio composition, 81.07% is floating rate debt. The portion of the portfolio that bears a fixed rate, 18.93%, is invested in attractively yielding, conservatively structured junior capital investments (second lien and mezzanine debt).

While PCAP's asset allocation will be anchored in a diversified portfolio of directly originated, senior secured, first lien middle market loans, the fund may selectively allocate to junior capital to tactically position the portfolio based on current market conditions and interest rate cycles.

Directly originated middle market senior loans and junior capital investments provide diversified income and capital preservation, while middle market private equity co-investments provide longer term upside potential through capital appreciation. We continue to believe that a portfolio that is heavily weighted towards conservatively structured first lien loans is an attractive place to invest in the current market environment with select investments in higher yielding junior capital investments, and a modest allocation to private equity co-investments, which, as we've seen, have the ability to generate attractive gains on exit.

The fund broke escrow on June 1, 2023. As of June 30, 2023, PCAP's fair market value was $389.6 million. We remain committed to optimizing PCAP's attractively structured leverage facility as we continue to incorporate 3rd party capital into the fund to reach our target leverage level of 1.0x – 1.25x.

Since its March 2022 inception, no positions in the portfolio have experienced a default, loss or are on non-accrual status. This is a testament to Churchill's long-standing, conservative discipline investing in the core-traditional middle market for close to two decades. Because of the current rate environment, there is a higher interest burden on our underlying portfolio companies. In response to this, we have remained conservative and disciplined in how we structure new transactions. A key metric that we focus on is interest coverage, and as rates have risen, that has put an upper limit on the amount of debt a borrower can support. This has resulted in lower leverage attachment points, while at the same time we have yet to see equity multiples contract for attractive borrowers like the ones we seek to finance. This means that a higher percentage of the capital structure of our borrowers is made up of equity, providing additional downside management to our debt investments.

PCAP's commitment to investors

The Nuveen Churchill Private Capital Income Fund is focused on providing monthly distributions[3], attractive return potential, and portfolio diversification beyond traditional asset classes. In addition, we are offering a waiver of the management fee and income incentive fee through June 2024. We believe that our active management, diversified portfolio strategy, and commitment to quality will continue to offer investors a compelling advantage.

Note: We cannot guarantee that we will make distributions, and if we do, we may fund such distributions from sources other than cash flow from operations, including the sale of assets, borrowings, return of capital or offering proceeds, and although we generally expect to fund distributions from cash flow from operations, we have not established limits on the amounts we may pay from such other sources. Distributions may also be funded in significant part, directly or indirectly, from temporary waivers or expense reimbursements borne by the Adviser or its affiliates, which may be subject to reimbursement to the Adviser or its affiliates. The repayment of any amounts owed to our affiliates will reduce future distributions to which you would otherwise be entitled.

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Past performance is no guarantee of future results.

1 #1 Most Active US Buyout Lender: Rankings determined by PitchBook based on total number of eligible transactions from 1 Jan 2022 to 31 Dec 2022 and published at its 2022 Annual US PE Lending League Tables report.

2 Refinitiv LPC's 2Q23 Sponsored Middle Market Private Deals Analysis (July 2023).

3 Distribution yield reflects the most recently declared monthly annualized distributions divided by the most recently reported net asset value. Distribution amounts and the frequency of distribution payments are subject to board approval and may change.

For more information contact: 800.752.8700 or visit nuveenchurchillpcap.com

Investments in the fund may be subject to market and other risk factors. See the applicable product literature.

Investments in middle market loans are subject to certain risks. Please consider all risks carefully prior to investing in any particular strategy. These investments are subject to credit risk and potentially limited liquidity, as well as interest rate risk, currency risk, prepayment and extension risk, inflation risk, and risk of capital loss. Diversification is a technique to help reduce risk. It is not guaranteed to protect against loss.

Risk factors:

Investing in PCAP's common shares of beneficial interest (common shares) involves a high degree of risk. See full information pertaining to "Risk Factors" in the prospectus. Also consider the following:

We have limited prior operating history and there is no assurance that we will achieve our investment objective.

You should not expect to be able to sell your Common Shares regardless of how we perform.

You should consider that you may not have access to the money you invest for an extended period of time.

We do not intend to list our Common Shares on any securities exchange, and we do not expect a secondary market in our Common Shares to develop.

Because you may be unable to sell your Common Shares, you will be unable to reduce your exposure in any market downturn.

We intend to implement a share repurchase program, but only a limited number of Common Shares will be eligible for repurchase and repurchases will be subject to available liquidity and other significant restrictions and limitations. See "Share Repurchase Program" and "Risk Factors" in the prospectus.

An investment in our Common Shares is not suitable for you if you need access to the money you invest. See "Suitability Standards" and "Share Repurchase Program" in the prospectus.

We intend to use leverage, which will magnify the potential for loss on amounts invested in us. See "Risk Factors -Risks Related to Debt Financing" in the prospectus.

We intend to invest in securities that are rated below investment grade by rating agencies or that would be rated below investment grade if they were rated. Below investment grade securities, which are often referred to as "junk," have predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal. They may also be illiquid and difficult to value.

An investor will pay a sales load of up to 3.50% and offering expenses of up to 0.75% on the amounts it invests in Class S shares. If you pay the maximum aggregate 4.25% for sales load and offering expenses for Class S shares at the current purchase price of $25.00, you must experience a total return on your net investment of 4.44% in order to recover these expenses. Additionally, Class S shares are subject to a shareholder servicing and/or distribution fee equal to 0.85% per annum of the aggregate NAV as of the beginning of the first calendar day of the month, payable monthly.

An investor will pay a sales load of up to 1.50% and offering expenses of up to 0.75% on the amounts it invests in Class D shares. If you pay the maximum aggregate 2.25% for sales load and offering expenses for Class D shares at the current purchase price of $25.00, you must experience a total return on your net investment of 2.30% in order to recover these expenses. Additionally, Class D shares are subject to a shareholder servicing and/or distribution fee equal to 0.25% per annum of the aggregate NAV as of the beginning of the first calendar day of the month, payable monthly.

An investor will pay offering expenses of up to 0.75% on the amounts it invests in Class I shares. Accordingly, you must experience a total return on your net investment of 0.76% in order to recover the expenses for Class I shares.

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TIAA and Nuveen products may be subject to market and other risk factors. See the applicable product literature or visit tiaa.org for details.