

Sixth Street Specialty Lending, Inc

Strong Q4 results; momentum into 2024

Reiterate Rating: BUY | PO: 23.00 USD | Price: 21.73 USD

Another solid quarter

Sixth Street (TSLX) reported strong Q4 results. Adjusted Core EPS was \$0.62, above Consensus expectations of \$0.58. Relative to the BofA EPS forecast of \$0.59, the beat was due to stronger recurring interest income and prepayment fees. GAAP EPS was \$0.58 due to modest portfolio depreciation. Positively, credit was solid, profitability remains strong (GAAP ROE of 13.7%; core ROE 14.5%), and NAV/share increased 0.4% to \$17.04. Notably, TSLX declared a 1Q24 core dividend of \$0.46/share and a supplemental dividend of \$0.08/share. All said, TSLX continues to deliver strong risk-adjusted returns, which justifies its premium valuation, in our view. Reiterate Buy.

Yield slightly lower to 14.2%

The portfolio yield (cost basis) was slightly lower at 14.2%, compared to 14.3% the prior quarter; base rates declined about 7bp QoQ. Total investment income was \$120M, compared to our forecast of \$111M. The primary variance was higher recurring interest income (\$112M vs \$108M BofAe) and other income (\$4M vs. \$1.5M BofAe).

Strong asset quality, non-accruals less than 1%

Credit metrics remain strong. Non-accruals totaled 0.9% of the portfolio (or \$28M), unchanged QoQ. There were no new non-accrual investments in Q4.

NAV/share +0.4% to \$17.04

NAV/share increased to \$17.04, compared to \$16.74 the prior quarter. The increase in NAV/share was due to retained earnings. The total dividend in Q4 was \$0.53/share (\$0.46/\$0.07 core/supplemental). The 1Q24 dividend will be \$0.54/share (\$0.46/\$0.08 core/supplemental).

Adjusting estimates, raise PO to \$23

Following Q4 results, we are adjusting our 2024/2025E core EPS estimates to \$2.35/\$2.15 from \$2.20/\$2.00 given our revised outlook. Introducing our 2026E core EPS forecast of \$2.00. We raise our PO to \$23 (\$22 prior) based on 1.3x NAV/share given our stronger profitability outlook and NAV/share growth.

Estimates (Dec) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	2.01	2.36	2.35	2.15	2.00
GAAP EPS	1.38	2.61	2.35	2.15	2.00
EPS Change (YoY)	-6.9%	17.4%	-0.4%	-8.5%	-7.0%
Consensus EPS (Bloomberg)			2.31	2.22	NA
DPS	1.84	2.10	2.10	1.99	1.92
Valuation (Dec)					
P/E	10.8x	9.2x	9.2x	10.1x	10.9x
GAAP P/E	15.7x	8.3x	9.2x	10.1x	10.9x
Dividend Yield	8.5%	9.7%	9.7%	9.2%	8.8%

20 February 2024

Equity

Key Changes

(US\$)	Previous	Current
Price Obj.	22.00	23.00
2024E DPS	2.02	2.10

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Stock Data

Price	21.73 USD
Price Objective	23.00 USD
Date Established	20-Feb-2024
Investment Opinion	B-1-7
52-Week Range	16.77 USD -22.35 USD
Mrkt Val / Shares Out (mn)	1,909 USD / 87.8
Free Float	99.6%
Average Daily Value	7.18 USD
BofA Ticker / Exchange	TSLX / NYS
Bloomberg / Reuters	TSLX US / TSLX.N
ROE (2024E)	13.7%
ESGMeter™	Low

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iQprofileSM Sixth Street Specialty Lending, Inc

Income Statement Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Interest Income	246	304	318	301	286
% change	2.7%	23.6%	4.4%	-5.3%	-5.0%
Net Fee Income	NA	NA	NA	NA	NA
Securities Gains / (Losses)	NA	NA	NA	NA	NA
Total Operating Income	246	304	318	301	286
Operating Expenses	(80)	(108)	(111)	(111)	(108)
% change	-17.9%	35.0%	2.6%	0.1%	-2.5%
Provisions Expense	NA	NA	NA	NA	NA
% change	NA	NA	NA	NA	NA
Operating Pre-Tax Income	166	196	207	190	178
Operating Net Income to Comm S/Hold.	164	207	207	191	178
GAAP Net Income	164	207	207	191	178

Balance Sheet Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Total Assets	2,837	3,344	3,348	3,348	3,348
Average Interest Earning Assets	NA	NA	NA	NA	NA
Total Gross Customer Loans	NA	NA	NA	NA	NA
% change	NA	NA	NA	NA	NA
Total Customer Deposits	NA	NA	NA	NA	NA
% change	NA	NA	NA	NA	NA
Tangible Equity	NA	NA	NA	NA	NA
Common Shareholders' Equity	1,342	1,496	1,527	1,548	1,563

Key Metrics (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Interest Margin	NA	NA	NA	NA	NA
Effective Tax Rate	NM	NM	NM	NM	NM
Loan / Deposit Ratio	NA	NA	NA	NA	NA
Tangible Common Equity / Assets	0%	0%	0%	0%	0%
ROA	5.9%	6.5%	6.2%	5.7%	5.3%
ROE	12.2%	14.0%	13.7%	12.4%	11.4%
RoTE	NA	NA	NA	NA	NA
Dividend Payout Ratio	91.5%	89.0%	89.5%	92.7%	95.9%
Efficiency Ratio (Cost / Income Ratio)	32.5%	35.5%	34.9%	36.8%	37.8%

Quality of Earnings (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Total Non-Interest Inc / Operating Inc	0%	0%	0%	0%	0%
NPLs plus Foreclosed Real Estate / Loans	NA	NA	NA	NA	NA
Loan Loss Reserves / NPLs	NA	NA	NA	NA	NA
Loan Loss Reserves / Total Loans	NA	NA	NA	NA	NA

Company Sector

Financial Services-Consumer/Commercial

Company Description

TSLX, established in late 2010, is a specialty finance company, regulated as a BDC that invests in debt and equity of middle-market commercial enterprises. TSLX's objective is to generate current income with the potential for capital appreciation for distribution to shareholders as dividends. The company is externally managed by an affiliate of TPG Capital, a leading global private investment firm with over \$59 billion of capital under management.

Investment Rationale

We view TSLX as one of the higher-quality BDCs given its strong operating and profitability performance in a challenging economic backdrop. TSLX's value proposition is (1) direct sourcing capability, improving deal selectivity (2) sponsor relationship, provides a global view on credit and allows access to deal flow (3) balance sheet scale to underwrite larger middle market deals and the expertise to syndicate excess exposure to third parties.

Stock Data

Average Daily Volume 330,536

Quarterly Earnings Estimates

	2023	2024
Q1	0.55A	0.58E
Q2	0.59A	0.60E
Q3	0.60A	0.60E
Q4	0.62A	0.57E

Conservative funding mix; leverage slightly higher at 1.23x

Reported leverage was 1.23x, up modestly from 1.15x the prior quarter. TSLX's target leverage is 0.9-1.25x. TSLX's funding mix remains conservative (~51% unsecured funding). Total liquidity was \$595M (adjusted for available unfunded commitments) vs. \$758M last qtr. The weighted average life of the portfolio funded by debt was ~2.7 years and the weighted average maturity of debt was ~3.8 years. Debt maturities in 2024 total \$348M (~20% of total debt) and maturities in 2025 total \$16M (~1% of total debt). During 1Q24, TSLX issued \$350M of unsecured notes (priced at 6.125%) due March 2029. Unsecured debt represents ~70% of funding following 2029 note issuance.

Portfolio +5.5% to \$3.3B

The portfolio (fair value) totaled \$3.3B at Q4, compared to \$3.1B the prior quarter. Fundings totaled \$278M and repayments/exits were \$145M for net growth of \$133M. The BofA net growth forecast was \$0. TSLX continues to invest at the upper end of the capital structure and is focused on industries with low cyclicalities. The portfolio was 91% first lien, 1% second lien, and 8% mezzanine/equity/other. The portfolio was 100% floating rate.

2024 EPS Guide is \$2.27 to \$2.41 (ROE 13.4% to 14.2%)

TSLX is targeting a 2024 core ROE of 13.4% to 14.2% based on the forward curve and assuming spreads and leverage remain relatively stable. The guide is based on adjusted 4Q23 NAV/share of \$16.96 (Q4 NAV/share of \$17.04 minus the \$0.08/share supplemental dividend based on 4Q23 earnings but payable during 1Q24). The ROE guide translates to a 2024 core EPS of \$2.27 to \$2.41, which is well above the annual core dividend of \$1.84. The lower end of the guide reflects limited activity-based fees (similar to 2023) while the upper end reflects a more normalized level of activity-based fees.



Exhibit 1: Q4 variance table

TSLX actuals vs BofA estimates

(\$k)			Actual vs. BofA Estimate		EPS Difference			YoY	
	4Q23A	4Q23E	Amt	%		3Q23A	QoQ		
Interest From Investments - Interest Income	112,149	108,364	3,785	3.5%	0.04	107,543	4.3%	85,752	30.8%
Interest From Investments - Other Fees	3,465	1,500	1,965	131.0%	0.02	2,525	37.2%	10,985	-68.5%
Other income	<u>3,927</u>	<u>1,500</u>	<u>2,427</u>	<u>161.8%</u>	<u>0.03</u>	<u>4,367</u>	-10.1%	<u>3,412</u>	<u>15.1%</u>
Total Investment Income	119,541	111,364	8,177	7.3%	0.09	114,435	4.5%	100,149	19.4%
Interest expense	37,760	32,549	5,211	16.0%	(0.06)	35,042	7.8%	22,575	67.3%
Net Interest Income	81,781	78,815	2,966	3.8%	0.03	79,393	3.0%	77,574	5.4%
Base management fee	12,311	11,590	721	6.2%	(0.01)	11,928	3.2%	10,752	14.5%
Incentive fee	11,451	11,143	308	2.8%	(0.00)	11,151	2.7%	10,918	4.9%
Capital gain incentive fee	(701)	-	(701)	N/A	0.01	2,577	-127.2%	(1,144)	-38.7%
Professional fees	1,897	1,921	(24)	-1.2%	0.00	1,921	-1.2%	1,891	0.3%
Directors fees	234	215	19	8.8%	(0.00)	215	8.8%	190	23.2%
General and administrative fees	1,665	1,413	252	17.8%	(0.00)	1,413	17.8%	1,414	17.8%
Management fees waived	(348)	-	(348)	N/A	0.00	(267)	N/A	(226)	54.0%
Other/Tax	589	461	128	27.8%	(0.00)	461		1,166	
Total operating expense	27,098	26,743	355	1.3%	(0.00)	29,399	-7.8%	24,961	8.6%
Net investment income	53,982	52,072	1,910	3.7%	0.02	52,571	2.7%	51,469	4.9%
Net Realized Gain/(Loss) on Investments	(4,148)	-				9,740	-142.6%	(6,589)	-37.0%
Net Unrealized Gain/(Loss) on Investments	<u>625</u>	<u>-</u>				<u>5,086</u>	-87.7%	238	162.6%
Net gain on Investments	(3,523)	-				14,826	-123.8%	(6,351)	-44.5%
Net Increase in Net Assets from Operations	<u>51,160</u>	<u>52,072</u>				<u>64,820</u>	-21.1%	<u>46,262</u>	10.6%
Diluted Shares Outstanding (thousand)	87,559	87,716	(157)	-0.2%		87,251	0.4%	81,008	8.1%
End of Period Shares (thousand)	87,829	87,885	(56)	-0.1%		87,546	0.3%	81,389	7.9%
GAAP EPS	\$0.58	\$0.59	-\$0.01	-2%		\$0.74		\$0.57	
Core EPS	\$0.62	\$0.59	\$0.02	3.9%	0.02	\$0.60	2.3%	\$0.64	-3.0%
Total investments (FV)	3,283,065	3,113,277	169,788	5.5%		3,113,277	5.5%	2,787,925	17.8%
Total cash	25,196	28,145	(2,949)	-10.5%		29,880	-15.7%	25,647	-1.8%
Total assets	3,343,808	3,172,340	171,468	5.4%		3,174,075	5.3%	2,836,947	17.9%
Total debt	1,780,307	1,574,505	205,802	13.1%		1,623,010	9.7%	1,441,796	23.5%
Total shareholders' equity	1,496,375	1,497,567	(1,192)	-0.1%		1,485,822	0.7%	1,341,569	11.5%
Book Value (NAV)	\$17.04	\$17.04	(0.00)	0.0%		\$16.97	0.4%	\$16.48	3.4%
Asset coverage ratio	184%	195%	-0.11x	-5.7%		192%	-0.07x	193%	-0.09x
Debt/equity (EOP)	119%	105%	0.14x	13.2%		109%		107%	
Investments funded	278,000	150,000	128,000	85.3%		152,000	82.9%	212,000	31.1%
Repayments	<u>145,000</u>	<u>150,000</u>	<u>(5,000)</u>	<u>-3.3%</u>		<u>159,000</u>	-8.8%	<u>282,000</u>	<u>-48.6%</u>
Net new investments	133,000	-	133,000	NA		(7,000)	-2000.0%	(70,000)	-290.0%
Total Portfolio Yield at FV (total, calculated)	14.52%	14.12%		0.40%		14.43%	0.1%	12.75%	1.8%
Net investment margin (Margin)	10.23%	10.13%		0.10%		10.24%	0.0%	11.09%	-0.9%
Return on average equity (ROE) - GAAP	13.7%	14.0%				17.6%		13.9%	
Return on average equity (ROE) - Core	14.5%	14.0%				14.3%		15.4%	

Source: Company filings, BofA Global Research estimates

BofA GLOBAL RESEARCH



Exhibit 2: Summary income statement

BofA 2024-2026 estimates

	2022A	2023A	1Q24E	2Q24E	3Q24E	4Q24E	2024E	2025E	2026E
Income Statement (thousand)									
Interest From Investments - Interest Income	278,342	414,461	112,763	111,870	111,870	111,870	448,374	415,387	396,561
Interest From Investments - Other Fees	21,456	8,498	2,500	2,500	2,500	2,500	10,000	11,200	14,000
Other income	9,507	15,127	2,500	2,500	2,500	2,500	10,000	14,700	14,000
Interest from cash and equivalents	-	-	-	-	-	-	-	-	-
Total Investment Income	309,305	438,086	117,763	116,870	116,870	116,870	468,374	441,287	424,561
Interest Expense	62,991	133,730	39,371	36,347	36,047	38,830	150,595	140,249	138,479
Net Interest Income	246,314	304,356	78,392	80,524	80,824	78,041	317,779	301,037	286,083
Non-Interest Expense	79,987	107,958	27,482	27,871	27,942	27,470	110,765	110,920	108,124
Net Investment Income	157,463	200,781	50,910	52,653	52,882	50,570	207,015	190,118	177,959
Net Unrealized Gain/(Loss) on Investments	(74,969)	13,191	-	-	-	-	-	-	-
Net Realized Gain/(Loss) on Investments	16,695	12,433	-	-	-	-	-	-	-
Net gain on Investments	(58,274)	25,624	-	-	-	-	-	-	-
Income Tax	-	-	-	-	-	-	-	-	-
Net Increase in Net Assets from Operations	108,053	222,022	50,910	52,653	52,882	50,570	207,015	190,118	177,959
Shares Outstanding (thousand)	78,180	85,109	87,887	88,001	88,115	88,229	88,058	88,515	88,972
End of Period Shares	81,389	87,829	87,944	88,058	88,172	88,287	88,287	88,744	89,201
Earnings per Share									
GAAP EPS	\$1.38	\$2.61	\$0.58	\$0.60	\$0.60	\$0.57	\$2.35	\$2.15	\$2.00
Core EPS	\$2.01	\$2.36	\$0.58	\$0.60	\$0.60	\$0.57	\$2.35	\$2.15	\$2.00
Annualized EPS Growth (Linked)	-7%	17%	-24%	13%	1%	-18%	0%	-9%	-7%
Dividends Paid	\$1.84	\$2.10	\$0.54	\$0.51	\$0.52	\$0.53	\$2.10	\$1.99	\$1.92
NAV (Book Value) per Share	\$16.48	\$17.04	\$17.08	\$17.17	\$17.24	\$17.29	\$17.29	\$17.45	\$17.53

Source: Company filings, BofA Global Research estimates

BofA GLOBAL RESEARCH



Price objective basis & risk

Sixth Street Specialty Lending, Inc (TSLX)

Our \$23 PO is based on an approximate 1.3x multiple to NAV. Peers are trading at roughly 1.0x NAV. We believe TSLX's premium valuation relative to peers is justified given its focus on late-cycle risk, proprietary origination platform, access to growth capital, and superior risk-adjusted returns.

Downside risks to achieving our price objective are 1) material weakening in credit markets, 2) a significant slowdown in investment activity, 3) a deteriorating macroeconomic environment, 4) disruptions in the capital markets, and 5) weaker-than-expected investment performance.

Upside risks to achieving our price objective are 1) material strengthening in credit markets, 2) a significant pickup in investment activity, 3) an improving macroeconomic environment, 4) disruptions in the capital markets, and 5) stronger-than-expected investment performance.

Analyst Certification

I, Derek Hewett, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

North America - Banks Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Ares Capital Corporation	ARCC	ARCC US	Derek Hewett
	Ares Commercial Real Estate Corporation	ACRE	ACRE US	Derek Hewett
	Bank of Montreal	BMO	BMO US	Ebrahim H. Poonawala
	Bank of Montreal	YBMO	BMO CN	Ebrahim H. Poonawala
	Barings BDC Inc	BBDC	BBDC US	Derek Hewett
	Blackstone Mortgage Trust Inc	BXMT	BXMT US	Derek Hewett
	Blue Owl Capital Corporation	OBDC	OBDC US	Derek Hewett
	Carlyle Secured Lending Inc	CGBD	CGBD US	Derek Hewett
	Citigroup Inc.	C	C US	Ebrahim H. Poonawala
	Compass Diversified Holdings	CODI	CODI US	Derek Hewett
	Crescent Capital BDC	CCAP	CCAP US	Derek Hewett
	Cullen/Frost Bankers Inc	CFR	CFR US	Ebrahim H. Poonawala
	East West Bancorp, Incorporated	EWBC	EWBC US	Ebrahim H. Poonawala
	Fifth Third Bank	FITB	FITB US	Ebrahim H. Poonawala
	First Bancorp Puerto Rico	FBP	FBP US	Brandon Berman
	First Horizon Corporation	FHN	FHN US	Ebrahim H. Poonawala
	FNB Corporation of Pennsylvania	FNB	FNB US	Brandon Berman
	Goldman Sachs	GS	GS US	Ebrahim H. Poonawala
	JPMorgan Chase & Co.	JPM	JPM US	Ebrahim H. Poonawala
	KeyCorp	KEY	KEY US	Ebrahim H. Poonawala
	M&T Bank	MTB	MTB US	Ebrahim H. Poonawala
	Morgan Stanley	MS	MS US	Ebrahim H. Poonawala
	New Mountain Finance Corporation	NMFC	NMFC US	Derek Hewett
	Northern Trust Corporation	NTRS	NTRS US	Ebrahim H. Poonawala
	Royal Bank of Canada	RY	RY US	Ebrahim H. Poonawala
	Royal Bank of Canada	YRY	RY CN	Ebrahim H. Poonawala
	Safehold, Inc	SAFE	SAFE US	Derek Hewett
	Sixth Street Specialty Lending, Inc	TSLX	TSLX US	Derek Hewett
	Starwood Property Trust	STWD	STWD US	Derek Hewett
	Synovus Financial Corp.	SNV	SNV US	Ebrahim H. Poonawala
	The Bank of New York Mellon Corporation	BK	BK US	Ebrahim H. Poonawala
	Truist Financial	TFC	TFC US	Ebrahim H. Poonawala
	U.S. Bancorp	USB	USB US	Ebrahim H. Poonawala

North America - Banks Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Webster Financial Corp.	WBS	WBS US	Brandon Berman
	Wells Fargo & Company	WFC	WFC US	Ebrahim H. Poonawala
	Western Alliance Bancorp	WAL	WAL US	Ebrahim H. Poonawala

NEUTRAL

	AGNC Investment Corp	AGNC	AGNC US	Derek Hewett
	Ally Financial	ALLY	ALLY US	Brandon Berman
	Annaly Capital Management	NLY	NLY US	Derek Hewett
	Apollo Commercial Real Estate Finance	ARI	ARI US	Derek Hewett
	Associated Banc-Corp	ASB	ASB US	Brandon Berman
	Bain Capital Specialty Finance, Inc.	BCSF	BCSF US	Derek Hewett
	Bank of Nova Scotia	YBNS	BNS CN	Ebrahim H. Poonawala
	Bank of Nova Scotia	BNS	BNS US	Ebrahim H. Poonawala
	Blackstone Secured Lending Fund	BXSL	BXSL US	Derek Hewett
	BrightSpire Capital Inc.	BRSP	BRSP US	Derek Hewett
	Canadian Imperial Bank of Commerce	CM	CM US	Ebrahim H. Poonawala
	Canadian Imperial Bank of Commerce	YCM	CM CN	Ebrahim H. Poonawala
	Citizens Financial Group	CFG	CFG US	Ebrahim H. Poonawala
	Comerica Incorporated	CMA	CMA US	Brandon Berman
	Commerce Bancshares Inc.	CBSH	CBSH US	Brandon Berman
	Goldman Sachs BDC, Inc.	GSBD	GSBD US	Derek Hewett
	Golub Capital BDC, Inc.	GBDC	GBDC US	Derek Hewett
	Huntington Bancshares Inc.	HBAN	HBAN US	Ebrahim H. Poonawala
	Ladder Capital Corp	LADR	LADR US	Derek Hewett
	New York Community Bancorp	NYCB	NYCB US	Ebrahim H. Poonawala
	Palmer Square Capital BDC	PSBD	PSBD US	Derek Hewett
	PennyMac Mortgage Investment Trust	PMT	PMT US	Derek Hewett
	Popular Inc	BPOP	BPOP US	Brandon Berman
	Regions Financial	RF	RF US	Ebrahim H. Poonawala
	The PNC Financial Services Group, Inc.	PNC	PNC US	Ebrahim H. Poonawala
	Toronto-Dominion Bank	TD	TD US	Ebrahim H. Poonawala
	Toronto-Dominion Bank	YTD	TD CN	Ebrahim H. Poonawala
	TPG RE Finance Trust, Inc.	TRTX	TRTX US	Derek Hewett

UNDERPERFORM

	Bank of Hawaii Corp.	BOH	BOH US	Brandon Berman
	First Hawaiian Inc.	FHB	FHB US	Brandon Berman
	Guild Holdings Company	GHLD	GHLD US	Derek Hewett
	Invesco Mortgage Capital, Inc.	IVR	IVR US	Derek Hewett
	loanDepot Inc	LDI	LDI US	Derek Hewett
	MidCap Financial Investment Co	MFIC	MFIC US	Derek Hewett
	Prosperity Bancshares Inc	PB	PB US	Ebrahim H. Poonawala
	State Street Corporation	STT	STT US	Ebrahim H. Poonawala
	Texas Capital Bancshares Inc.	TCBI	TCBI US	Brandon Berman
	Zions Bancorp	ZION	ZION US	Brandon Berman



iQmethodSM Measures Definitions

Business Performance

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill

Amortization

Shareholders' Equity

Sales

N/A

N/A

Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash & Equivalents

EBIT

Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

Numerator

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

EV = Current Share Price × Current Shares + Minority Equity + Net Debt +

Other LT Liabilities

Enterprise Value

Denominator

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap = Current Share Price × Current Basic Shares

Sales

Basic EBIT + Depreciation + Amortization

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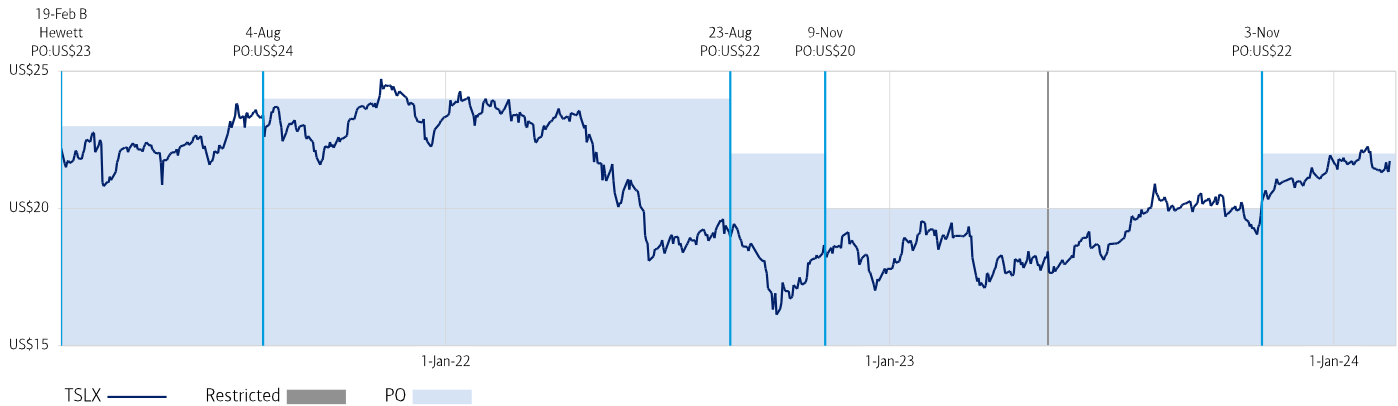
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Sixth Street Spec. (TSLX) Price Chart



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Equity Investment Rating Distribution: Financial Services Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	156	53.79%	Buy	94	60.26%
Hold	72	24.83%	Hold	48	66.67%
Sell	62	21.38%	Sell	35	56.45%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
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Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

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