



# SIXTH STREET SPECIALTY LENDING, INC

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December 2020

# DISCLAIMER AND FORWARD-LOOKING STATEMENT

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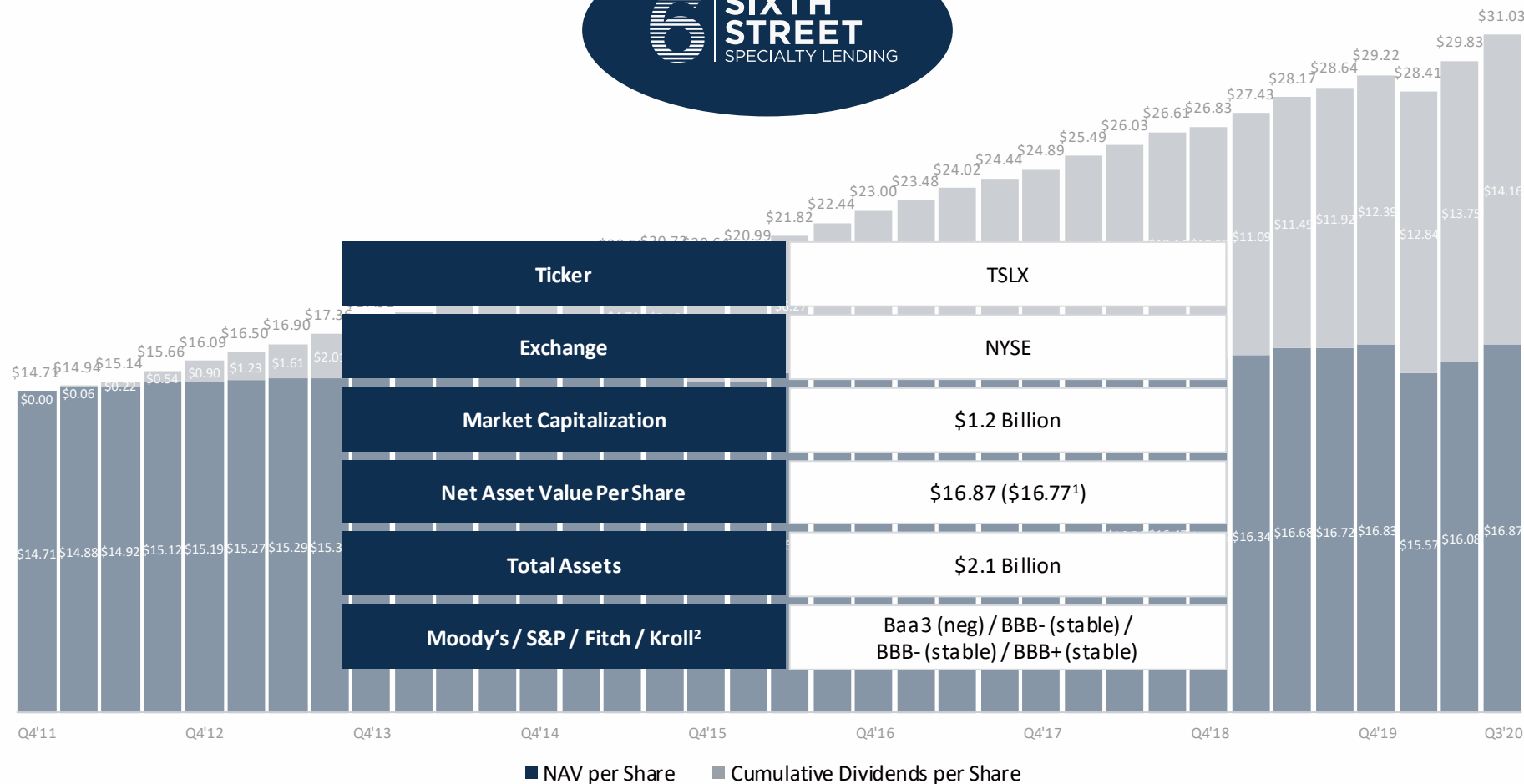
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## Forward Looking Statements

This Presentation includes forward-looking statements about TSLX that involve substantial risks and uncertainties. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates and projections about us, our current and prospective portfolio investments, our investment returns, our future performance and financial condition including our future operating results, our industry, our beliefs, and our assumptions. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," "would," "should," "targets," "projects," and variations of these words and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties, and other factors, some of which are beyond our control and difficult to predict, that could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. Such statements are also subject to a number of uncertainties and factors outside TSLX's control. Such factors include, but are not limited to the risks, uncertainties and other factors we identify in the section entitled "Risk Factors" in filings we make with the Securities and Exchange Commission. Opinions expressed are current opinions as of the date of this Presentation. Should TSLX's estimates, projections and assumptions or these other uncertainties and factors materialize in ways that TSLX did not expect, actual results could differ materially from the forward-looking statements in this Presentation, including the possibility that investors may lose a material portion of the amounts invested. No representation or warranty, express or implied, is made as to the accuracy or completeness of the information contained in this Presentation, and nothing shall be relied upon as a promise or representation as to the performance of any investment. Investors are cautioned not to place undue reliance on such forward-looking statements and should rely on their own assessment of an investment.

# OVERVIEW

Specialty Finance Company Focused on Lending to Middle-market Companies



1. Reflects NAV per share pro forma for the variable supplemental dividend per share of \$0.10 related to Q3 2020 earnings

2. Moody's rating affirmed 8/21/2020; S&P rating affirmed on 3/03/2020; Fitch rating affirmed on 4/17/2020; Kroll affirmed 6/12/2020

Note: Market capitalization and financial data as of 9/30/2020

# OUR COMPETITIVE ADVANTAGES



## Leading Platform and Proprietary Deal Flow

- 32 dedicated professionals as of December 2020
- Leverage resources of Sixth Street
- 98% of investments are directly originated
- SEC exemptive order for co-investments

## Disciplined Investment / Underwriting Process

- Focus on risk-adjusted returns, not absolute return
- Strong documentation with effective voting control on 84% of debt investments
- Robust and active asset management

## Senior, Floating Portfolio w/ Strong Yields

- 70 companies with a weighted average total yield of 10.2% at amortized cost<sup>1</sup>
- 95.0% first lien, 98.9% floating rate<sup>2</sup>
- 68% of debt investments have call protection
- Embedded inflation and reinvestment protection

## Experienced Management Team

- Senior team members have over 240 years of collective experience as commercial dealmakers and risk managers
- Average gross unlevered IRR, weighted by capital invested, of approximately 18.7% on fully exited investments totaling \$4.6 billion of cash invested

## ROE-Enhancing Opportunities

- Revised financial policy of 0.90x-1.25x debt-to-equity following the adoption of the SBCAA in October 2018; potential to drive higher ROEs
- Investment grade ratings from Moody's, S&P, Fitch and Kroll

1. Total yield on investments is calculated based on the interest rate and the accretion of original issue discount ("OID")

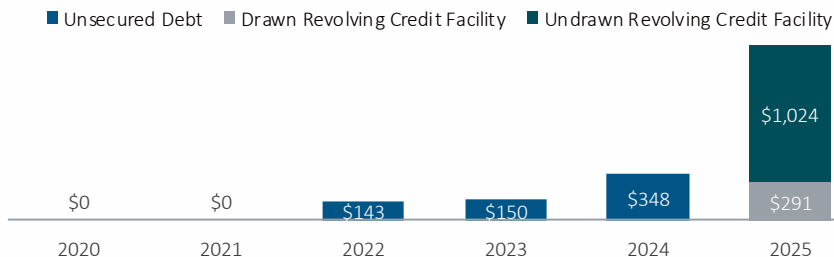
2. Includes fixed rate investments for which TSLX entered into an interest rate swap agreement to swap to a floating rate

Note: As of 9/30/2020, unless otherwise noted

# STRONG LIQUIDITY AND FUNDING PROFILE

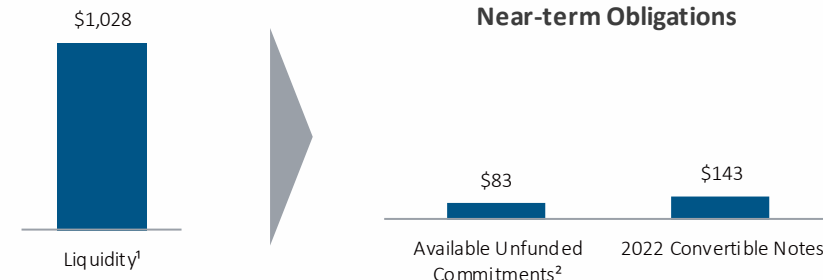
## STAGGERED, LONG-TERM DEBT MATURITIES

As of September 30, 2020 / \$ Millions



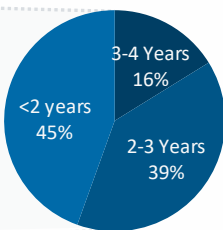
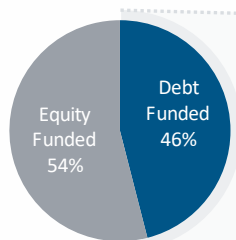
## ROBUST LIQUIDITY VS. NEAR-TERM OBLIGATIONS

As of September 30, 2020 / \$ Millions



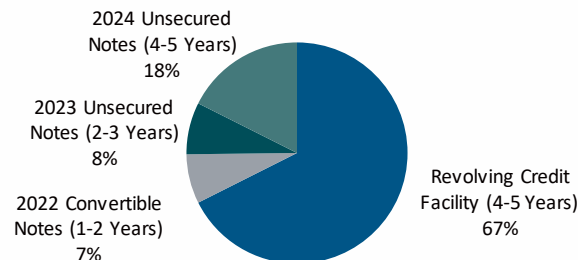
## PORTFOLIO FUNDING PROFILE<sup>(3)</sup>

## INVESTMENTS FUNDED WITH DEBT



*Weighted average remaining life of investments funded by debt of ~2.0 years<sup>4</sup>*

## REMAINING DURATION OF DEBT



*Weighted average remaining maturity of debt of ~4.0 years<sup>5</sup>*

***Well protected balance sheet and ability to reinvest in a wider spread environment***

1. Represents total undrawn capacity on revolving credit facility and unrestricted cash

2. Commitments may be subject to limitations on borrowings set forth in the agreements between the Company and the applicable portfolio company. As a result, portfolio companies may not be eligible to borrow the full commitment amount on such date. Such ineligible amounts are excluded

3. Net of Deferred Financing Costs and Interest Rate Fair Value Hedging. Deferred Financing Costs total \$15.6M at 9/30/19, \$18.5M at 12/31/19, \$21.4M at 3/31/20, \$19.7M at 6/30/20 and \$18.4M at 9/30/20. Fair value hedge on interest rate swaps related to the 2024 notes total (\$1.7) M at 12/31/19, \$17.0M at 3/31/20, \$19.3M at 6/30/20 and \$18.1M at 9/30/20

4. Weighted by amortized cost of debt investments. Investments are financed by debt and permanent equity capital. This analysis assumes longer-dated investments are currently funded by permanent equity capital (54% of investments) and the remaining (shorter-dated) investments (46% of investments) are currently funded by debt financing. Investments for purposes of this analysis exclude unfunded commitments, and permanent equity capital is defined as 9/30/20 net assets

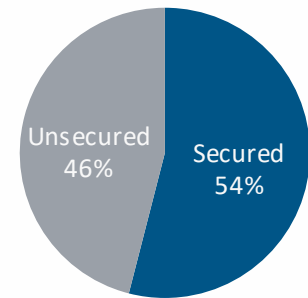
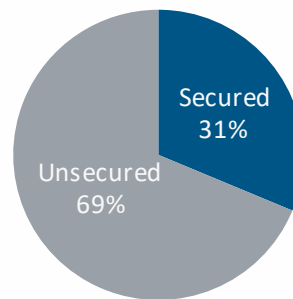
5. Weighted by gross commitment amount

Note: as of 9/30/20. Numbers may not sum to 100% due to rounding

# TSLX LIQUIDITY AND FUNDING PROFILE VS. BDC PEERS

	TSLX	Rated BDC Peers <sup>1</sup>
		Median
Liquidity as % of Total Assets <sup>2</sup>	48%	20%
Liquidity as a Multiple of Unfunded Commitments <sup>3</sup>	12.4x	3.9x
Regulatory Leverage (Net)	0.81x	0.92x

% Unsecured / % Secured Debt Funding<sup>4</sup>



1. Rated BDC Peers include 16 publicly-traded BDCs that are rated by Moody, S&P, Fitch, and/or Kroll

2. Calculated as (total undrawn commitments under revolving credit facility + unrestricted cash) / total assets

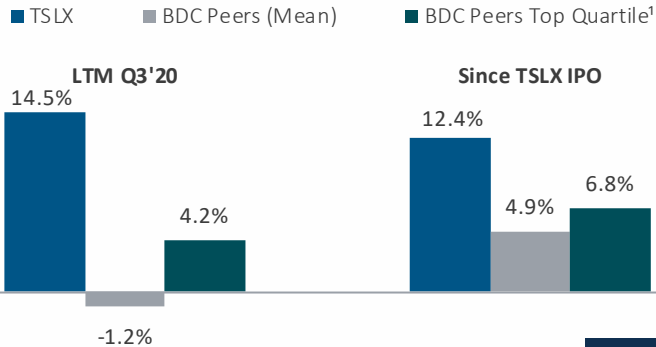
3. Calculated as (total undrawn commitments under revolving credit facility + unrestricted cash) / unfunded commitments. Since unfunded commitments may be subject to limitations on borrowings set forth in the agreements between the Company and the applicable portfolio company, when data is available, we use the lesser of i) eligible unfunded commitment to be drawn as of 9/30/20, or latest available and ii) total unfunded commitments

4. Based on debt outstanding as of 9/30/20, or latest data available

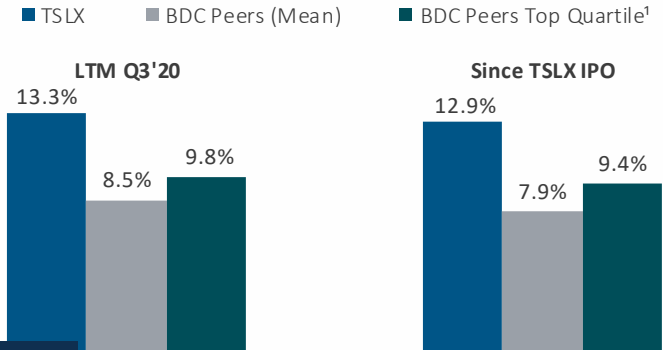
Source: SNL, Company filings / information. As of September 30, 2020, or latest available, for TSLX and for BDC Peers

# TRACK RECORD OF STRONG PERFORMANCE

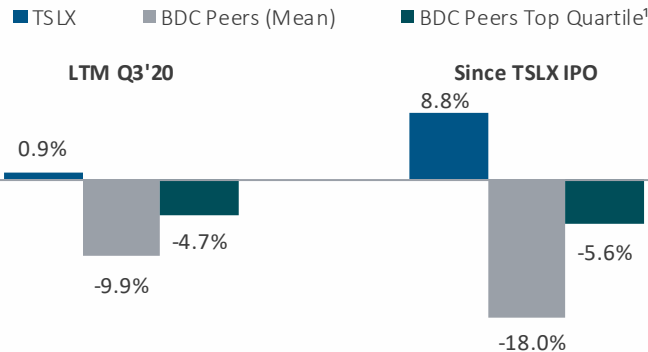
## NI RETURN ON EQUITY<sup>2</sup>



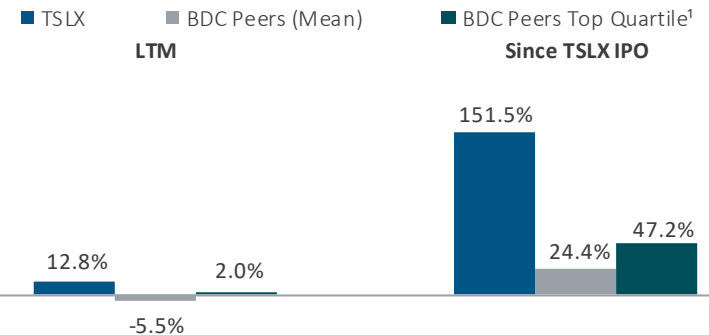
## NII RETURN ON EQUITY<sup>2</sup>



## NAV GROWTH PER SHARE<sup>3</sup>



## TOTAL RETURNS (STOCK PRICE PLUS DIVIDENDS)<sup>4</sup>



1. Top quartile constituents for each metric and time period varies based on BDC peer set's performance rankings

2. Calculated as net investment income and net income per share over each time period, divided by beginning NAV per share; "Since TSLX IPO" figure is adjusted for annual basis

3. Calculated as the cumulative change in net asset value per share over each time period

4. For "LTM" and "Since TSLX IPO", reflects change in market value per share plus dividends from 12/3/2019 through 12/3/2020 and 3/21/2014 and 12/3/2020, respectively; assumes dividend reinvestment

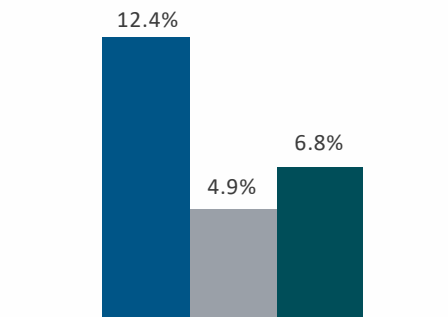
Note: BDC Peers consist of 19 externally managed BDCs in the S&P BDC Index with total assets greater than \$750 million as of 6/30/20 financials, with the addition of BKCC, MRCC, OCSI, GAIN and SUNS

Source: SNL Financial

# INDUSTRY VS TSLX UNIT ECONOMICS

## NI RETURN ON EQUITY

■ TSLX  
■ BDC Peers (Mean)  
■ BDC Peers Top Quartile  
Since TSLX IPO



## Unit Economics (since TSLX IPO)

	<u>BDC Peers</u>	<u>TSLX</u>	
<b>Return on Assets:</b>			
<b>All-in Yield (on Assets)</b>	9.8%	13.1%	<i>Higher return on assets</i>
Cost of funds <sup>(1)</sup>	(4.7%)	(4.7%)	
Debt/Equity	0.80x	0.74x	<i>Lower leverage</i>
<b>ROE (on Equity)</b>	<b>13.9%</b>	<b>19.4%</b>	
Management Fees <sup>(2)</sup>	(2.8%)	(2.6%)	<i>Lower structural fees</i>
Operating Expenses	(1.0%)	(1.3%)	
<b>ROE Before Incentive Fee</b>	<b>10.1%</b>	<b>15.5%</b>	
Incentive Fees <sup>(2)</sup>	(1.9%)	(2.7%)	
Management & Incentive Fee Waivers <sup>(3)</sup>	0.8%	0.0%	
Net Realized & Unrealized Gains (Losses)	(4.0%)	(0.4%)	<i>Lower losses</i>
<b>ROE on NI</b>	<b>4.9%</b>	<b>12.4%</b>	

1. Cost of funds reflect the annualized interest expense over average debt outstanding for the 6.5-year period beginning 3/31/2014 (including deferred financing costs and amortization of upfront fees) and giving effect to the swap-adjusted interest rate on debt instruments

2. TSLX fee structure reflects management fees of 1.50% on average quarterly assets and incentive fees of 17.50% on pre-incentive fee income; industry fee structure for the purpose of this analysis reflects average BDC Peers management fees of ~1.50% and incentive fees of ~19.1% pre-incentive fee income

3. Reflects the impact of management & incentive fee waivers on ROEs

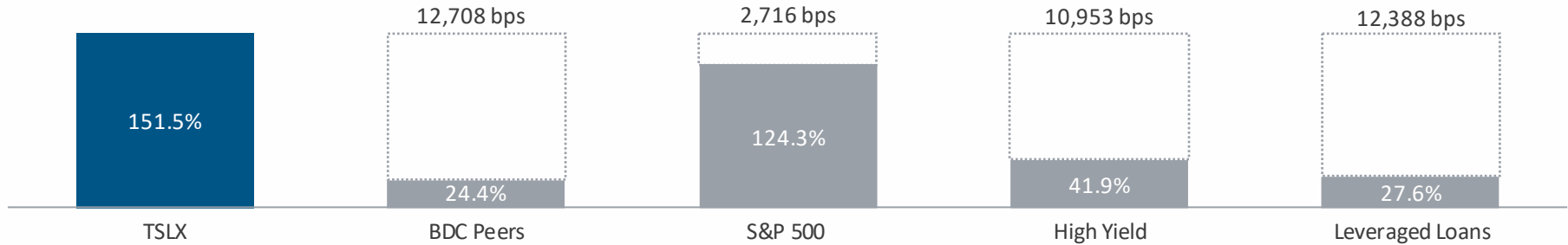
Source: SNL Financial



# TSLX RETURNS VS INDUSTRY

## SINCE TSLX IPO TOTAL RETURN

■ Since TSLX IPO Total Return    □ Since TSLX IPO Out/(Under)performance



## HISTORICAL TOTAL RETURNS

	YTD 2020		2019		2018		2017		2017-2019 (3-Year)		Since TSLX IPO	
	Total Return	Out/Under Performance	Total Return	Out/Under Performance	Total Return	Out/Under Performance	Total Return	Out/Under Performance	Total Return	Out/Under Performance	Total Return	Out/Under Performance
TSLX <sup>(1)</sup>	9.8%		29.6%		0.3%		15.4%		50.0%		151.5%	
BDC Peers <sup>(2)</sup>	(7.1%)	1,684 bps	25.8%	380 bps	(6.6%)	684 bps	2.3%	1,317 bps	17.4%	3,262 bps	24.4%	12,708 bps
S&P 500	15.5%	(569 bps)	31.5%	(192 bps)	(4.4%)	467 bps	21.8%	(639 bps)	53.2%	(318 bps)	124.3%	2,716 bps
High Yield <sup>(3)</sup>	5.5%	428 bps	14.3%	1,524 bps	(2.1%)	237 bps	7.5%	793 bps	20.3%	2,965 bps	41.9%	10,953 bps
Leveraged Loans <sup>(4)</sup>	2.1%	765 bps	8.6%	2,092 bps	0.5%	(18 bps)	4.1%	1,133 bps	13.6%	3,636 bps	27.6%	12,388 bps

***TSLX has continued to deliver industry-leading returns***

1. TSLX total return is measured by change in market value per share during the period; includes reinvestment of dividends per share

2. BDC Peers consist of 19 externally managed BDCs in the S&P BDC Index with total assets greater than \$750 million as of 6/30/20 financials, with the addition of BKCC, MRCC, OCSI, GAIN and SUNS; includes reinvestment of dividends per share

3. Source: Bloomberg Barclays US Corporate High Yield Total Return Index (Index Code: LF98TRUU)

4. Source: S&P LSTA Leveraged Loan Index

Note: Since IPO returns are since 3/20/2014 through 12/3/2020

# TSLX PRINCIPLES AND INVESTMENT STRATEGY

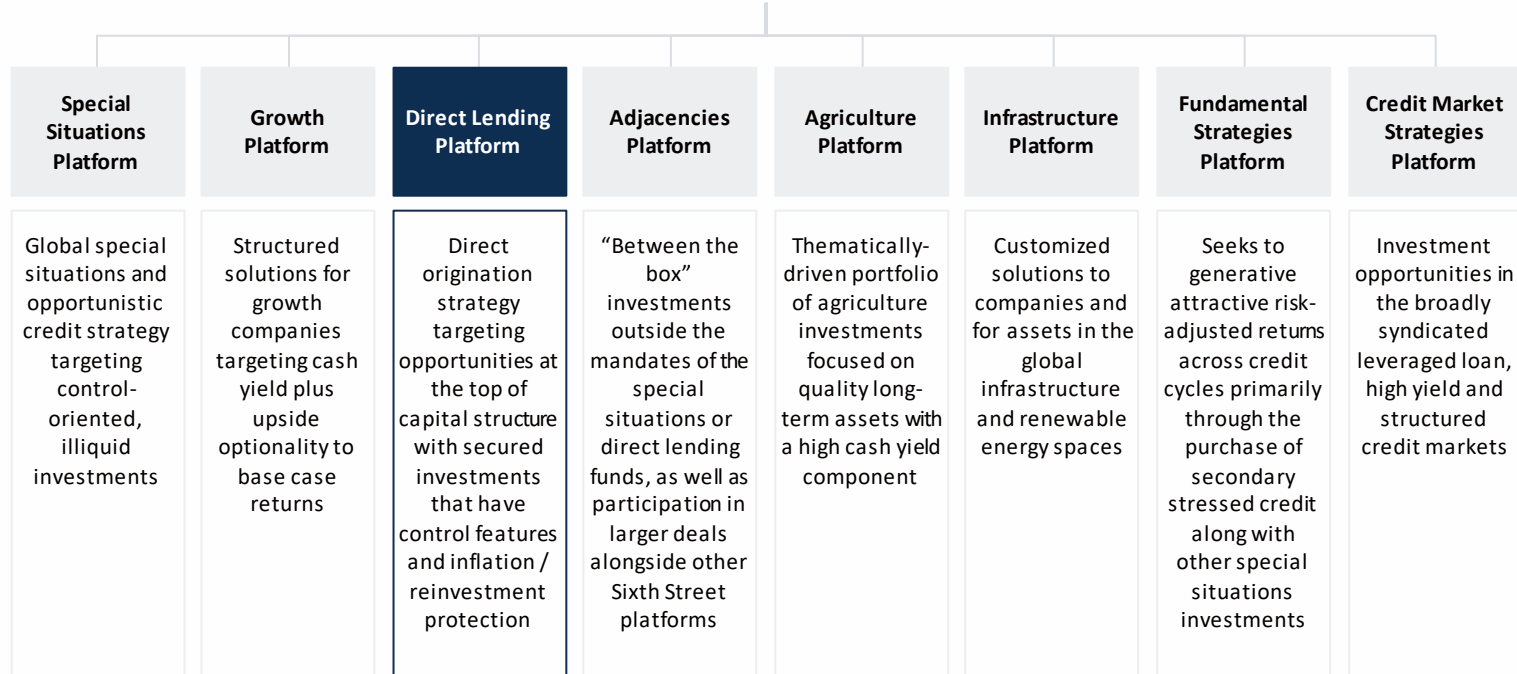
1.  
Differentiated  
Platform Expertise  
and Capabilities



2.  
Capital Allocation

3.  
Dividend Policy

4.  
Asset Selection /  
NAV Protection



- TSLX sits within the Direct Lending Platform of Sixth Street, a global investment firm with approximately \$48 billion of AUM
- TSLX is the first-stop channel for directly originated, U.S. middle market credit opportunities within the Sixth Street platform

Note: Assets under management as of 6/30/20 plus additional capital commitments closed through 10/31/2020

# TSLX PRINCIPLES AND INVESTMENT STRATEGY

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## REPRESENTATIVE THEMES

### Software and/or Recurring Revenue

Curriculum  
Associates®

intapp™

idera

Acumatica

Qlik®

validity

FRONTLINE®  
TECHNOLOGIES

### ABL/ABL Retail

Save *Neiman Marcus*  
*a lot*

AÉROPOSTALE

iHeart MEDIA INC

Payless  
SHOESOURCE

PSI POWER SOLUTIONS  
INTERNATIONAL

SEARS

BARNEYS  
NEW YORK

sears SPORTS  
AUTHORITY

### Financing Pharma Royalty Streams

NEKTAR®  
biohaven  
pharmaceuticals

Ironwood

### AR Securitization

CENTRIC  
BRANDS

exela  
TECHNOLOGIES

*Defensive themes consistent with our late-cycle minded approach*

Note: Reflects current and fully realized investments; selected to represent a variety of transaction structures and investment strategies. This list is not comprehensive

# TSLX PRINCIPLES AND INVESTMENT STRATEGY

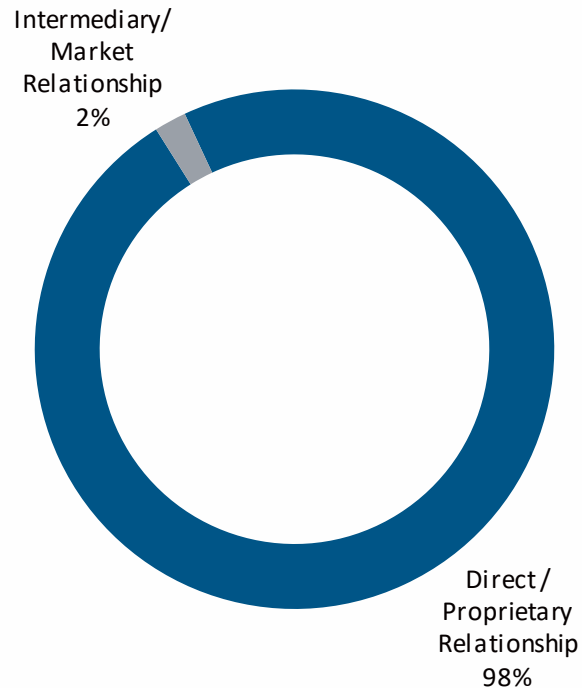
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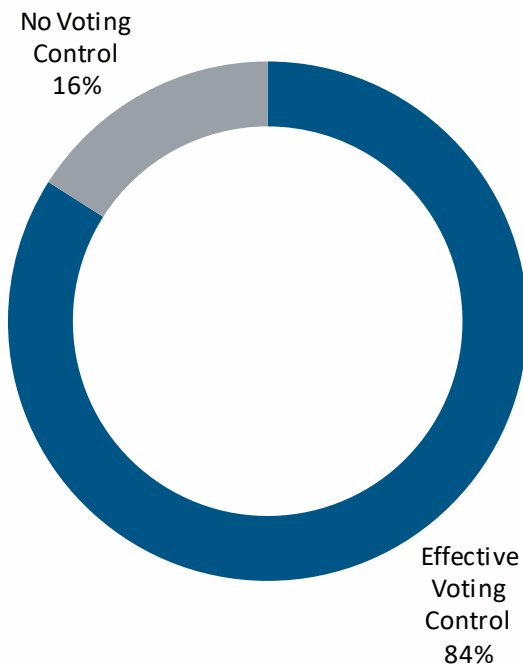
4.  
Asset Selection /  
NAV Protection

## SOURCING



***98% sourced away  
from Wall Street***

## VOTING CONTROL



***Effective voting control in 84% of  
portfolio debt investments***

Note: By fair value of investments as of 9/30/2020

# TSLX PRINCIPLES AND INVESTMENT STRATEGY

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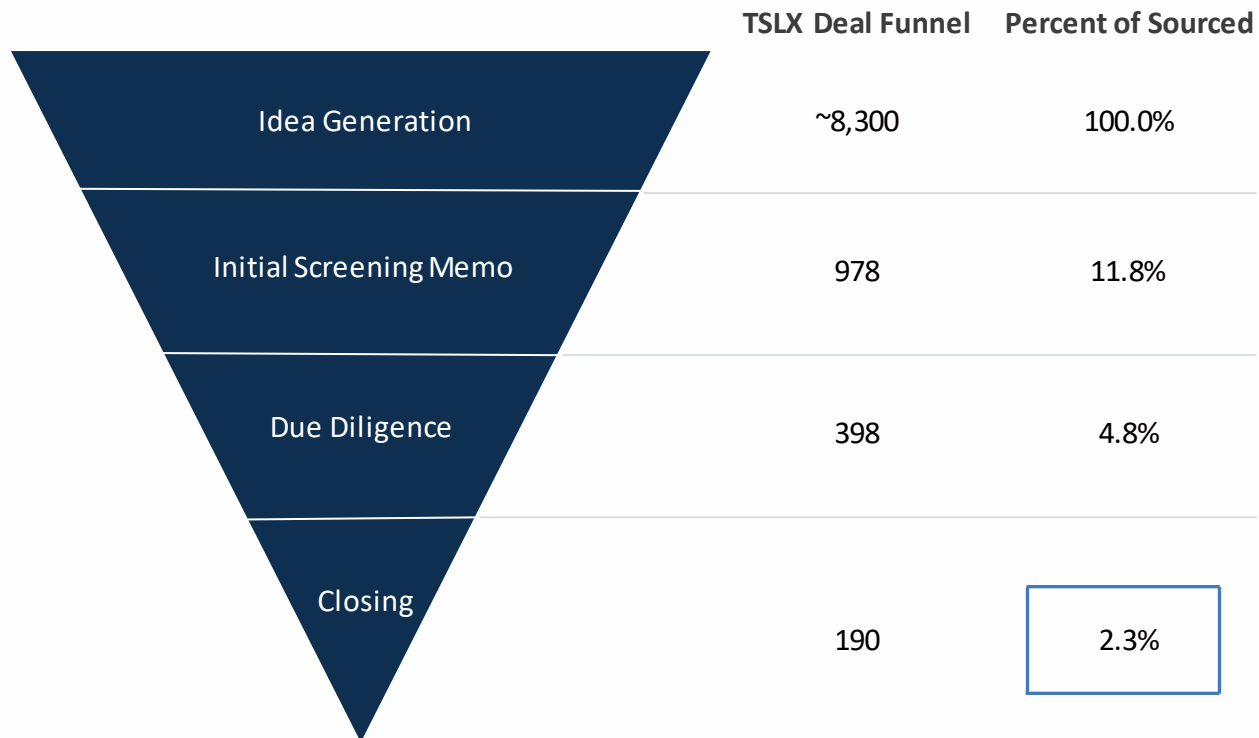
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## TSLX DEAL FUNNEL

Typical underwriting process 1–3 months



***Our direct sourcing model is a differentiator;  
highly selective investment process***

Note: Since inception through 9/30/2020

# TSLX PRINCIPLES AND INVESTMENT STRATEGY

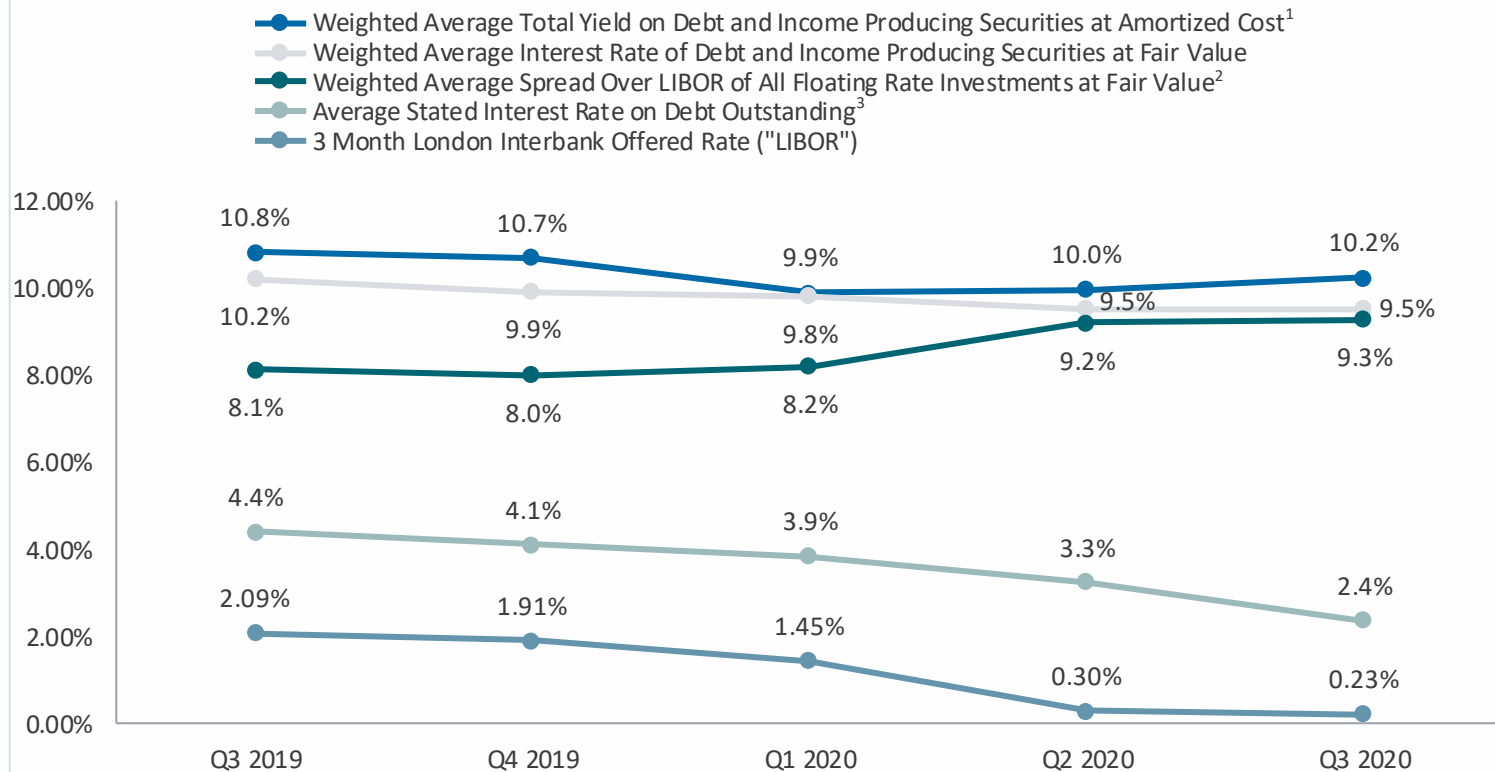
1.  
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## NET INTEREST MARGIN



1. Total yield on investments is calculated based on the interest rate and the accretion of OID, exclusive of investments on non-accrual status

2. Includes one or more fixed rate investments for which TSLX entered into an interest rate swap agreement to swap to a floating rate

3. Adjusted average interest rate on debt outstanding includes the swap-adjusted interest expense related to our convertible notes and unsecured notes, adjusted for quarterly settlement timing

***Net interest margin has been stable... the benefit of direct originations***

# TSLX PRINCIPLES AND INVESTMENT STRATEGY

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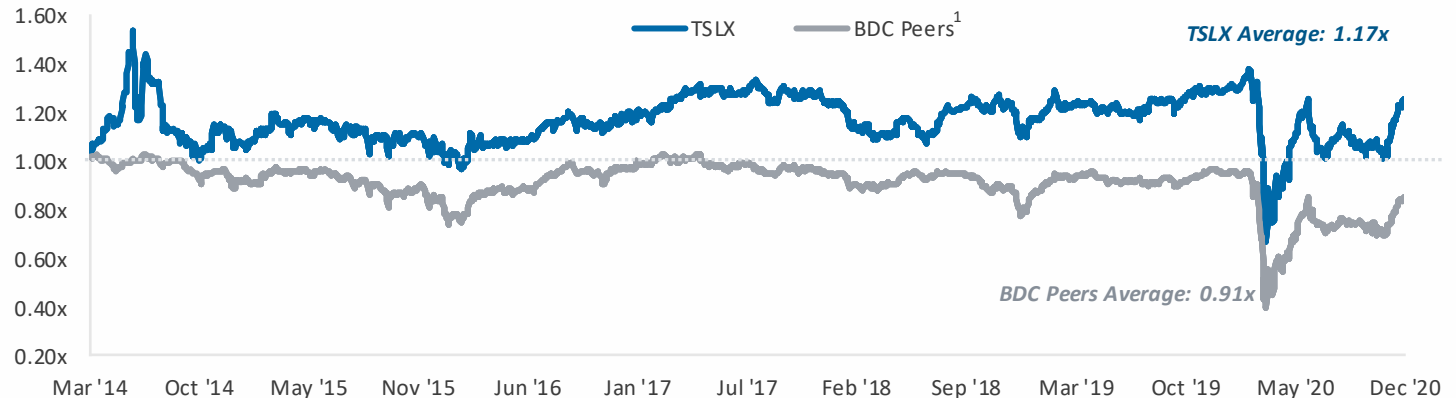
Dividend Policy

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## EQUITY RAISE DISCIPLINE

### Price-to-Book



Canceled pre-IPO capital commitments

\$900M / \$1.6B of potential fee-paying assets

Potential to raise equity above book value<sup>2</sup>

97.3% of trading days

Authority to issue equity below book value<sup>3</sup>

Since May 2017 (*never exercised*)

Primary Equity raises since IPO

Two

1. BDC Peers consist of 19 externally managed BDCs in the S&P BDC Index with total assets greater than \$750 million as of 6/30/20 financials, with the addition of BKCC, MRCC, OCSI, GAIN and SUNS

2. Reflects trading days that TSLX closed above 100% of last reported book value

3. Authority granted through shareholder approval to sell or otherwise issue shares of its common stock at a price below its then-current net asset value per share, subject to certain conditions

Source: SNL Financial, as of 12/3/2020

***Discipline in accessing the equity capital markets reflective of stockholder alignment. Authority to issue equity below NAV has never been exercised; further, have never used other potentially dilutive tools such as rights offerings***

# TSLX PRINCIPLES AND INVESTMENT STRATEGY

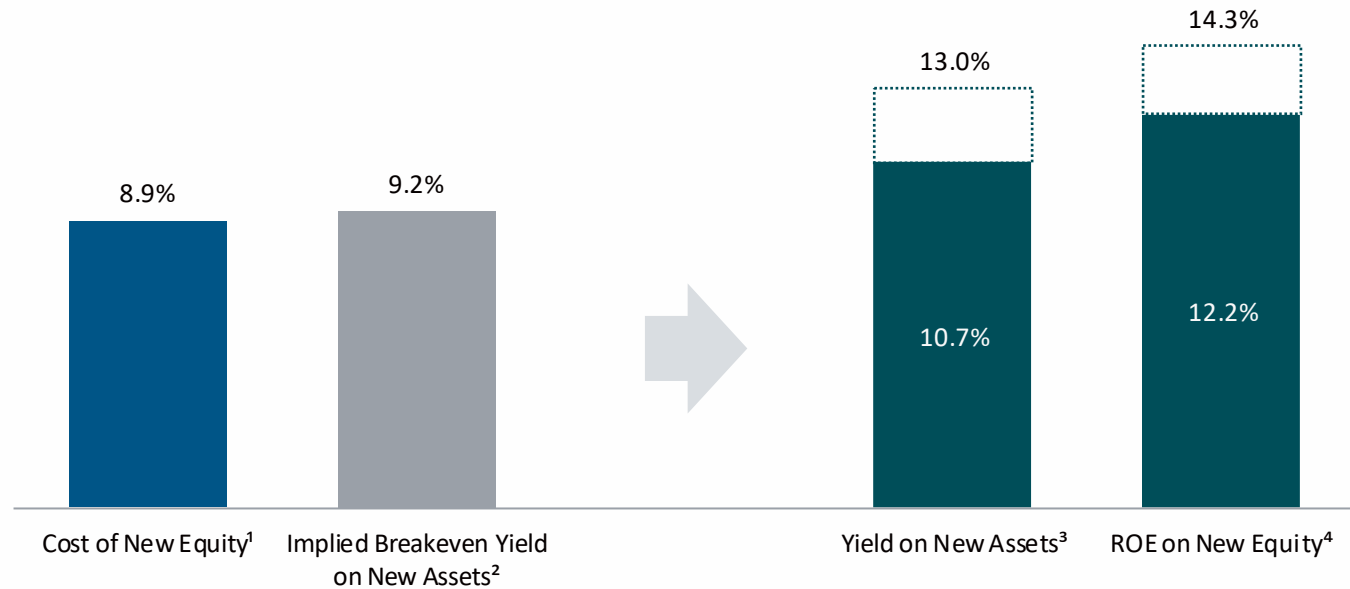
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## EQUITY RAISE DISCIPLINE (MARCH 2018 OFFERING)



1. Reflects base dividend per share annualized and expressed as a percentage of offering price per share of \$17.45 adjusted for offering fees and expenses
2. Average all-in yield required on new assets in order to achieve 8.9% ROE based on the midpoint of our target leverage ratio (0.8x) and cost and operating structure
3. Range's lower bound reflects average all-in yield that may be achieved on new assets and range's upper bound reflects potential yield that may be achieved through prepayment fees, syndication fees and other income on those assets
4. Implied ROE based on our target leverage ratio and cost and operating structure

“ TSLX: A Potential BDC First, NOI Beat Post 1Q Equity Raise

– Research Analyst, May 2016

“ TSLX again shows how to manage equity offerings and NOI levels, as this quarter's results are undisturbed given strong originations.

– Research Analyst, March 2018



# TSLX PRINCIPLES AND INVESTMENT STRATEGY

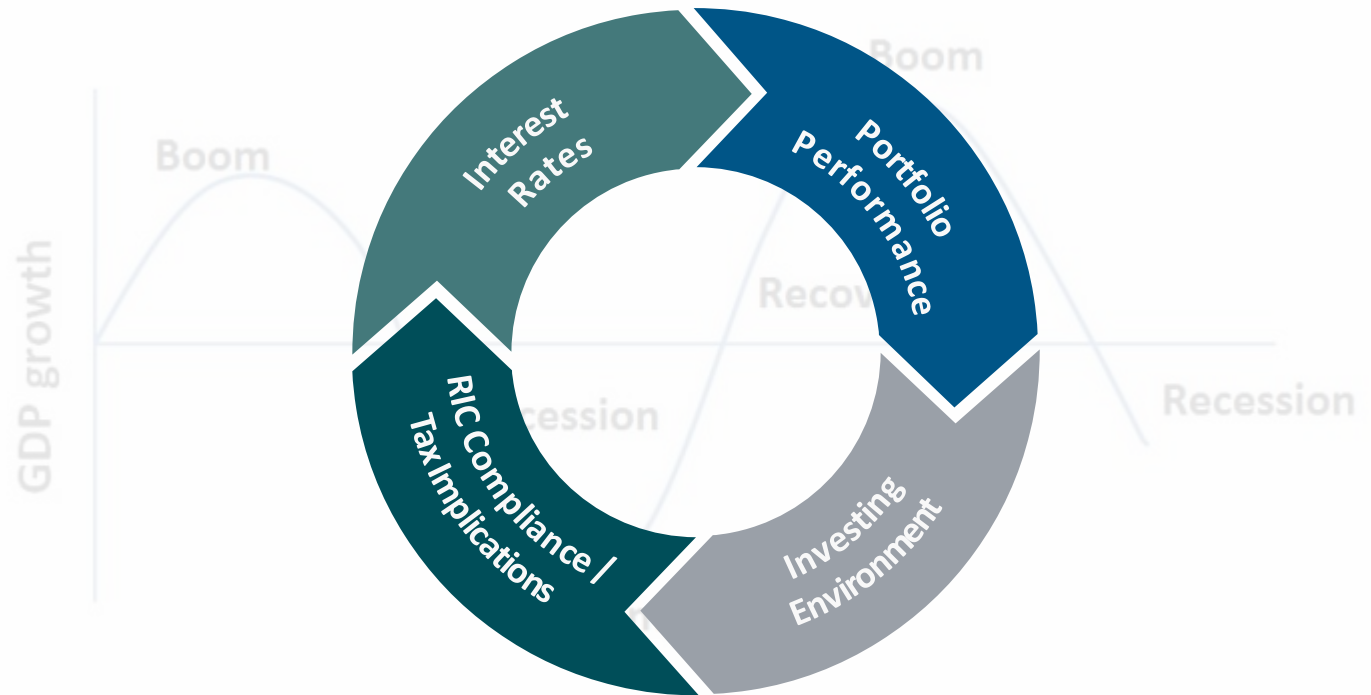
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## DIVIDEND LEVEL CONSIDERATIONS



***Multi-faceted approach to dividend policy***  
***Dividend level reflects earnings power of business across an economic cycle***

# TSLX PRINCIPLES AND INVESTMENT STRATEGY

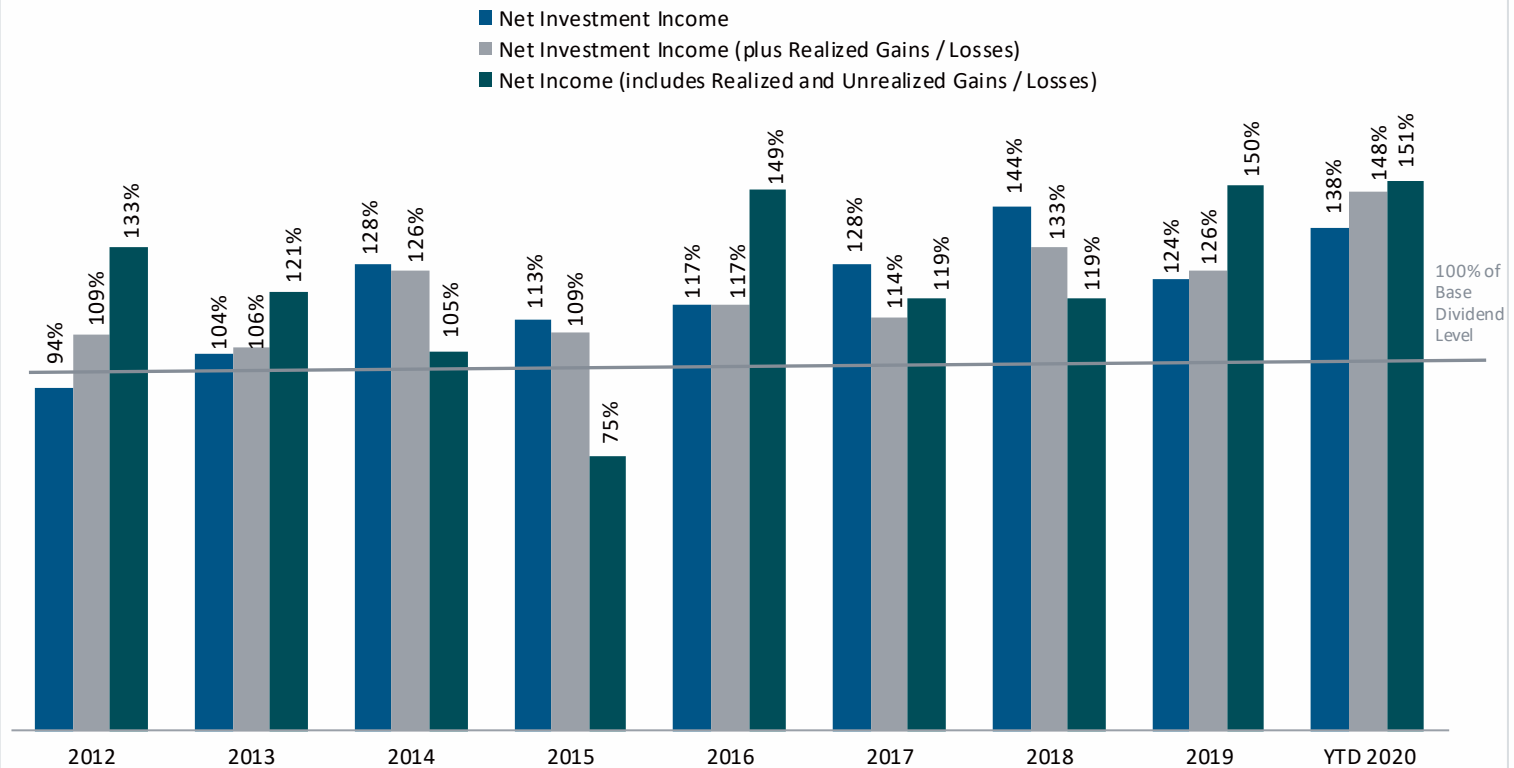
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## CONSISTENT BASE DIVIDEND COVERAGE



Note: As of 9/30/2020

*Consistent coverage of base dividend over time*

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## DIVIDEND LEVEL CONSIDERATIONS

### Variable Supplemental Dividend Framework

Variable Supplemental  
Dividend

+

**\$0.41**  
Base Dividend

Quarterly Dividend Per Share<sup>2</sup>

- 1 50% Over-Earning (NII per share less base dividend per share)
- 2 NAV Constraint Test (no more than \$0.15 per share decline in NAV over current and preceding quarters)

### ATTRACTIVE BOOK DIVIDEND YIELD<sup>1</sup>

Prior to commencing  
variable supplemental dividends

**10.3%**

\$1.56  
Dividends Per  
Share

2016

Following implementation of  
variable supplemental dividends

**11.0%**

\$1.66  
Dividends  
Per Share

Q2'17 – Q3'20  
(Annualized Average)

1. Calculated as total dividends per share related to relevant period earnings divided by beginning NAV per share for each period. Q2'17 – Q3'20 calculation does not include the special dividends of \$0.50/share which were declared in Q1 2020 and paid in Q2 2020
2. Quarterly base dividend level starting in Q1 2020

***We believe our formulaic variable supplemental dividend framework maximizes distributions to our shareholders as we maintain / slightly increase our NAV per share over time***

# TSLX PRINCIPLES AND INVESTMENT STRATEGY

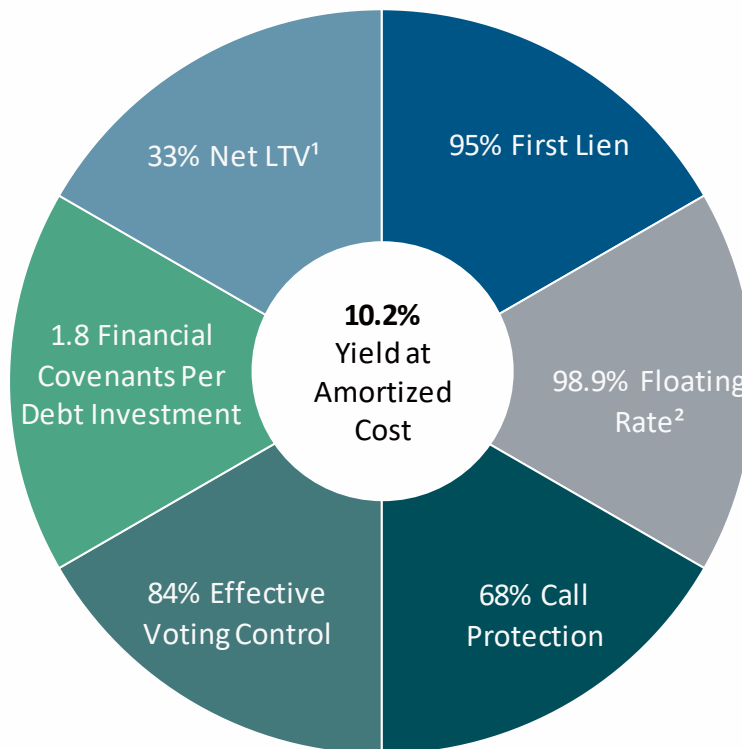
1.  
Differentiated  
Platform Expertise  
and Capabilities

2.  
Capital Allocation

3.  
Dividend Policy

4.  
Asset Selection /  
NAV Protection

## DISCIPLINED PORTFOLIO CONSTRUCTION



1. Reflects the portfolio's average net loan-to-value, weighted on a fair value basis

2. Includes one or more fixed rate investments for which we entered into an interest rate swap agreement to swap to a floating rate

Note: By fair value of investments as of 9/30/2020, unless otherwise indicated

***Strong credit and non-credit risk mitigation with attractive portfolio yields***

# TSLX PRINCIPLES AND INVESTMENT STRATEGY

1.  
Differentiated  
Platform Expertise  
and Capabilities

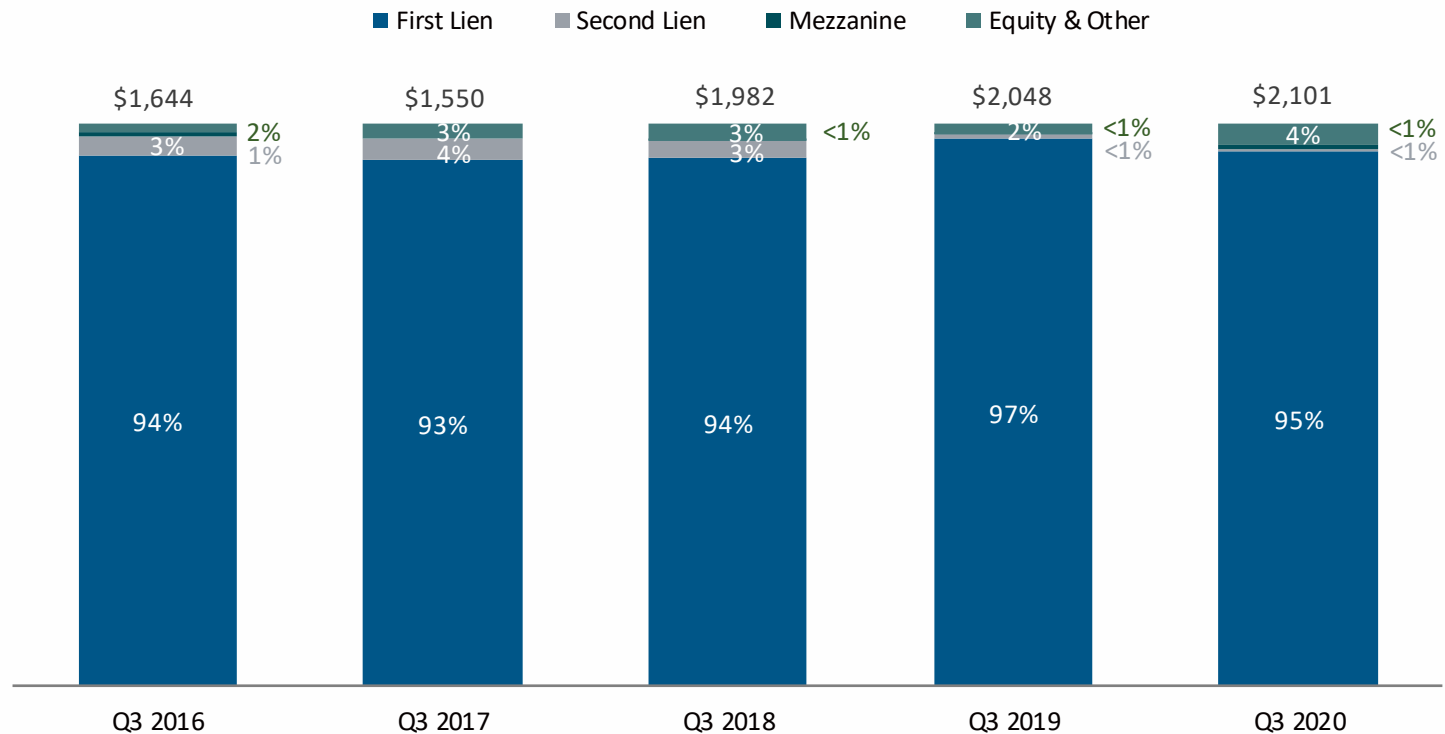
2.  
Capital Allocation

3.  
Dividend Policy

4.  
Asset Selection /  
NAV Protection

## CAPITAL STRUCTURE

\$ Millions By Fair Value



Note: By fair value of investments as of respective quarter-end date

*Late cycle-minded capital structure selection*

# TSLX PRINCIPLES AND INVESTMENT STRATEGY

1.

Differentiated  
Platform Expertise  
and Capabilities

2.

Capital Allocation

3.

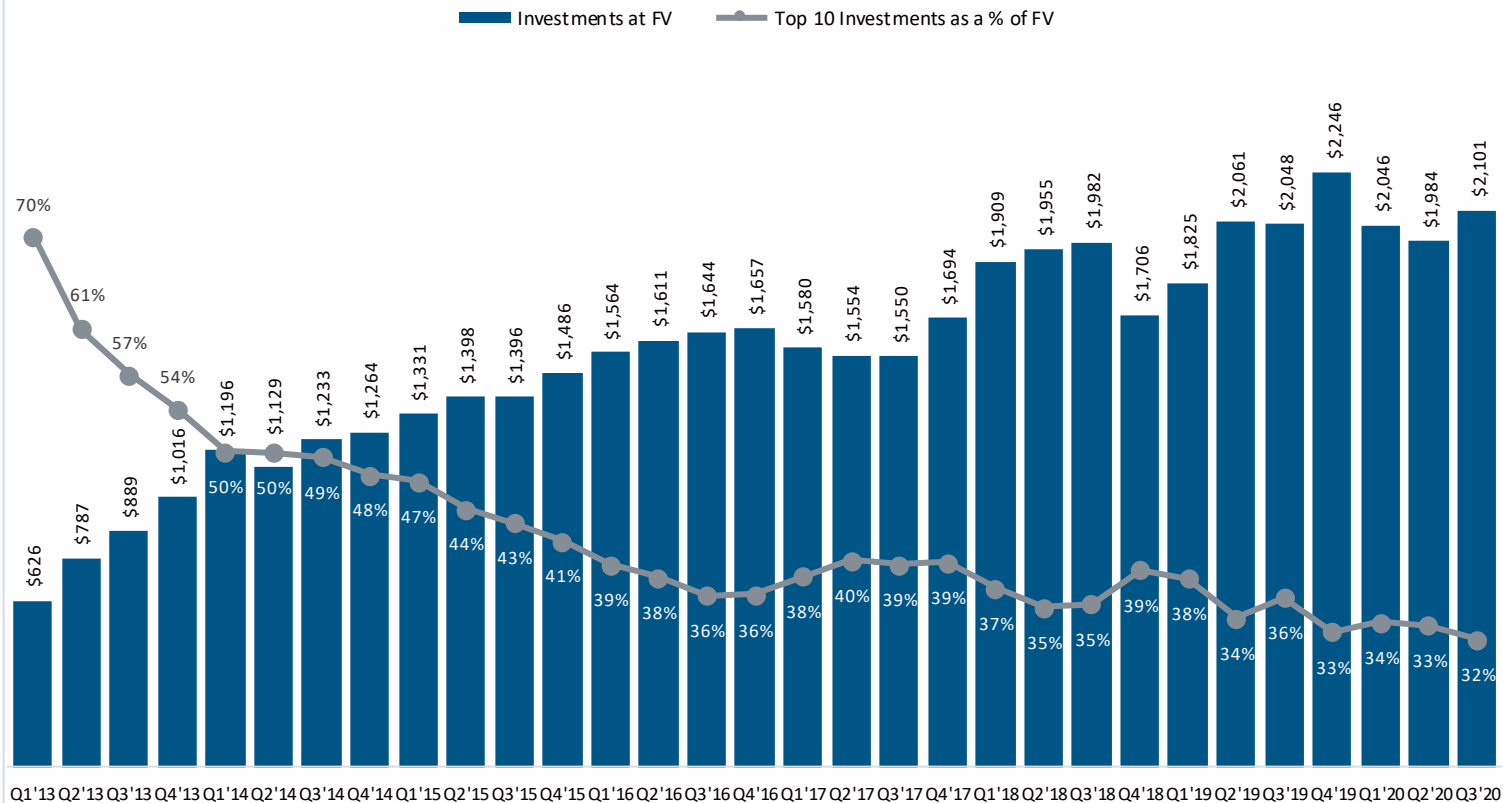
Dividend Policy

4.

Asset Selection /  
NAV Protection

## PORTFOLIO DIVERSIFICATION

\$ Millions By Fair Value



*Continued diversification of exposure across borrowers*

# TSLX PRINCIPLES AND INVESTMENT STRATEGY

1.  
Differentiated  
Platform Expertise  
and Capabilities

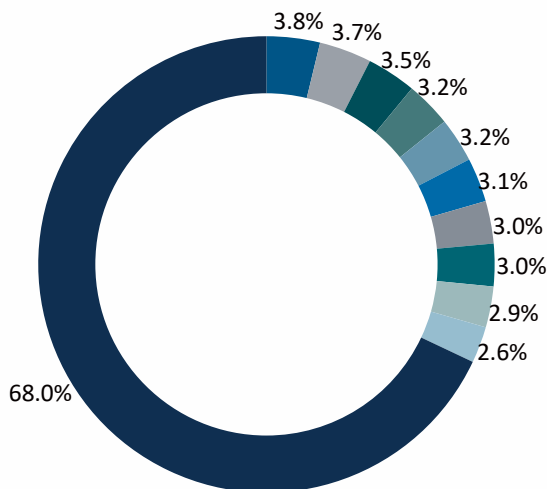
2.  
Capital Allocation

3.  
Dividend Policy

4.  
Asset Selection /  
NAV Protection

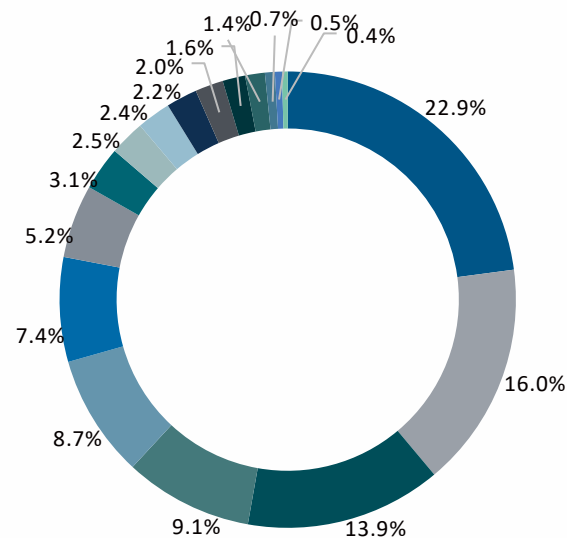
## TOP 10 BORROWER DIVERSIFICATION

■ Centric Brands	■ Nintex
■ Intapp	■ PayLease
■ Motus	■ Frontline
■ Acumatica	■ Illuminate
■ WideOrbit	■ Lithium
■ Remainder of Portfolio	



## INDUSTRY DIVERSIFICATION

■ Business services	■ Financial services
■ Retail and consumer products	■ Human resource support services
■ Healthcare	■ Education
■ Internet services	■ Pharmaceuticals
■ Insurance	■ Oil, gas and consumable fuels
■ Marketing services	■ Communications
■ Hotel, gaming, and leisure	■ Real Estate
■ Chemicals	■ Other
■ Office products	



*Diversity across borrower and industry concentrations*

Note: By fair value of investments as of 9/30/2020. Numbers may not sum due to rounding

# TSLX PRINCIPLES AND INVESTMENT STRATEGY

1.  
Differentiated  
Platform Expertise  
and Capabilities

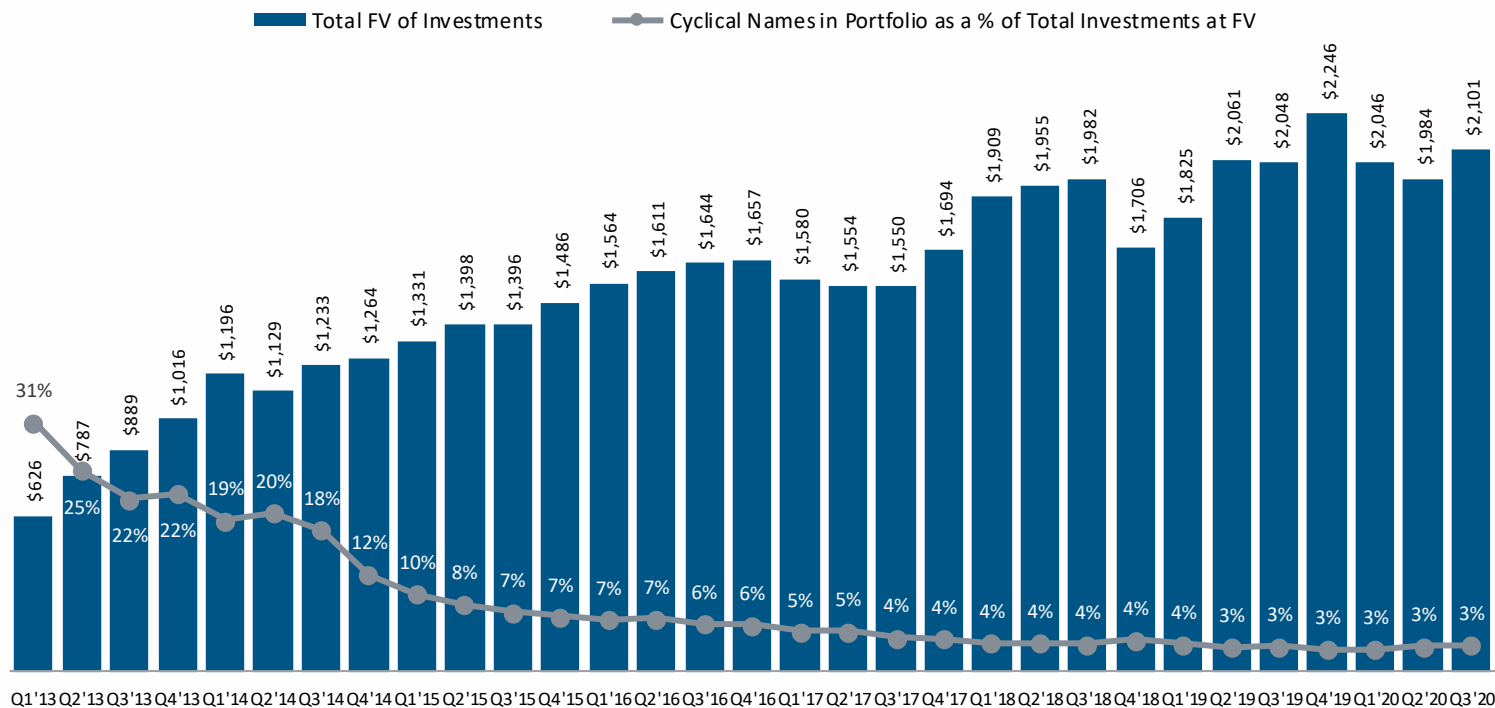
2.  
Capital Allocation

3.  
Dividend Policy

4.  
Asset Selection /  
NAV Protection

## REDUCING CYCLICAL EXPOSURE

\$ Millions By Fair Value



Notes: Cyclical names include certain portfolio companies in the following industries: automotive; beverage, food, and tobacco; capital equipment; construction and building; containers and packaging; hotel, gaming, and leisure; manufacturing; metals and mining, which TSLX believes are subject to business cycle volatility. Excludes energy-related portfolio companies and asset-backed loan portfolio companies

*Late cycle-minded sector selection*



# TSLX PRINCIPLES AND INVESTMENT STRATEGY

1.  
Differentiated  
Platform Expertise  
and Capabilities

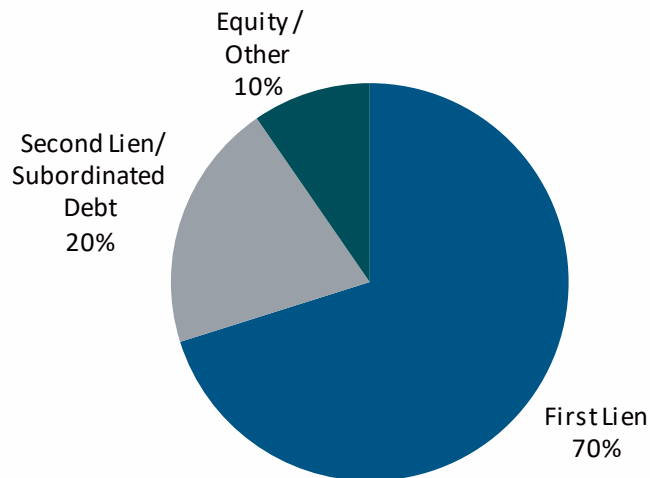
2.  
Capital Allocation

3.  
Dividend Policy

4.  
Asset Selection /  
NAV Protection

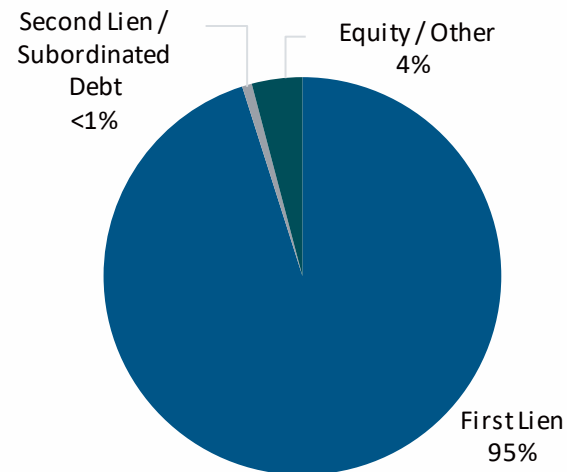
## RELATIVE VALUE

Large BDC Composite<sup>1,2</sup>



**Yield at Amortized Cost<sup>3</sup>: 8.4%**  
**Average Return on Equity<sup>4</sup>: (0.7)%**

TSLX Portfolio



**Yield at Amortized Cost<sup>3</sup>: 10.2%**  
**Return on Equity<sup>4</sup>: 14.5%**

1. Excludes investments on non-accrual status

2. BDC Composite consists of 17 externally traded BDCs with more than \$1.0 billion of Total Assets as of 9/30/2020, excluding TSLX

3. As of 9/30/20, or latest available. PSEC, OCSL, TCPC, GBDC and ORCC yield at fair value as proxy for yield at amortized cost

4. Calculated as LTM 9/30/20, or latest available, cumulative net income per share divided by the beginning net asset value per share at 9/30/19

Note: Based on portfolio fair value as of 9/30/20, or latest available. Senior debt was split evenly between first and second lien for GBDC. Numbers may not sum to 100% due to rounding

Source: Company Reports, SNL Financial

***TSLX generates strong unlevered returns on a substantially more senior portfolio than the average large BDC manager***

# TSLX PRINCIPLES AND INVESTMENT STRATEGY

1.

Differentiated  
Platform Expertise  
and Capabilities

2.

Capital Allocation

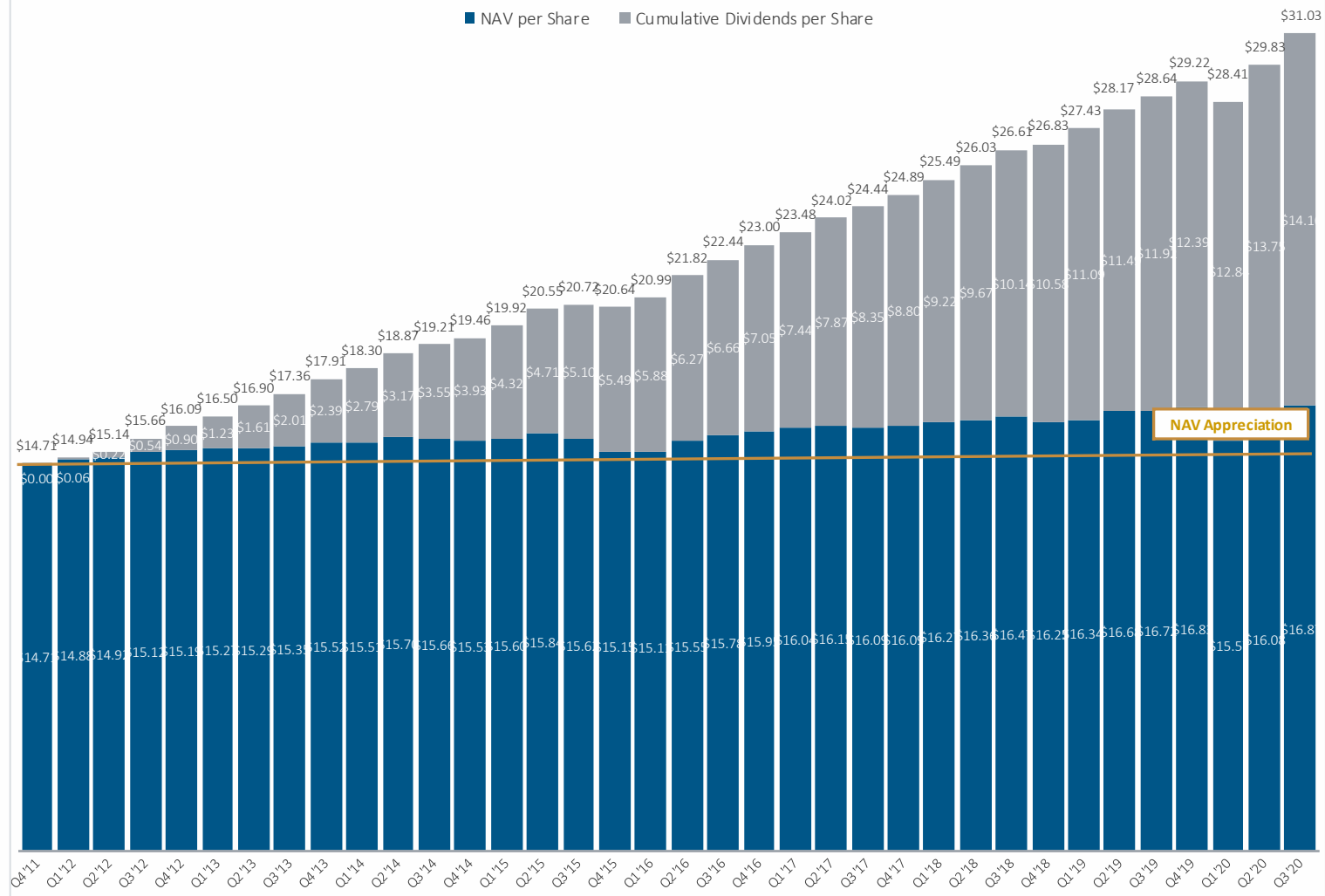
3.

Dividend Policy

4.

Asset Selection /  
NAV Protection

## BOOK VALUE PER SHARE AND DIVIDENDS PAID

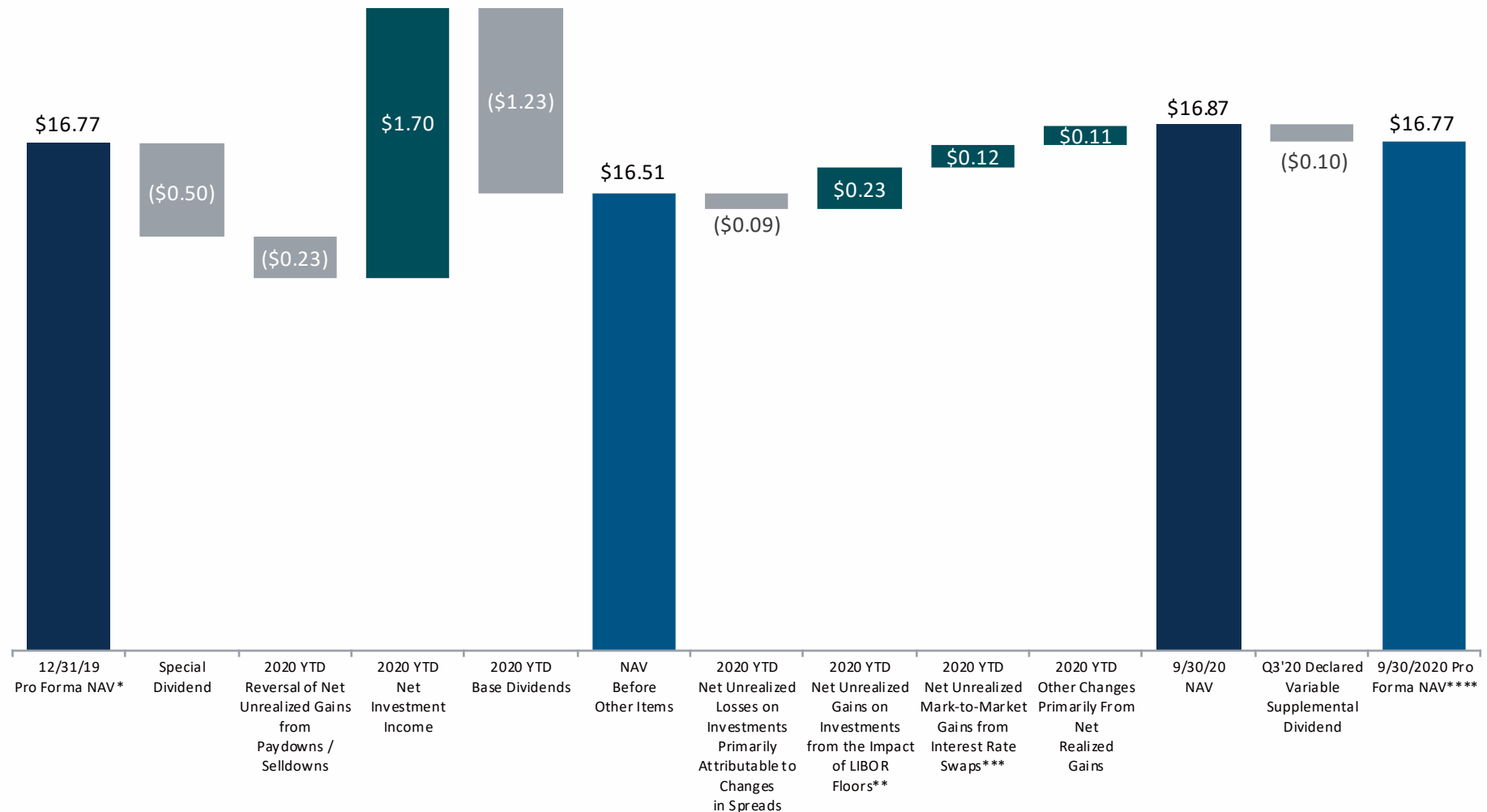




# ADDITIONAL MATERIALS

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# NET ASSET VALUE BRIDGE – YEAR TO DATE



\*Reflects Q4 2019 NAV per share pro forma for the declared variable supplemental dividend per share of \$0.06 related to Q4 2019 earnings paid in Q1 2020

\*\*Reflects the benefit of the LIBOR floors on the valuation of investments as the TSLX portfolio has a weighted average floor of approximately 1.1%, compared to a LIBOR floor of approximately 0.36% for the broadly syndicated loan market

\*\*\*Excludes the impact from changes in the fair value of the interest rate swap related to the 2024 notes given the application of Hedge Accounting on this instrument

\*\*\*\*Reflects of Q3 2020 NAV per share pro forma for the estimated variable supplemental dividend per share of \$0.10 related to Q3 2020 earnings to be paid in Q4 2020

Note: Per share data was derived using the year-to-date weighted average shares outstanding except for DRIP, dividend and share repurchase amounts. Numbers may not sum due to rounding

# LIQUIDITY MANAGEMENT

## CASH AND CASH EQUIVALENTS

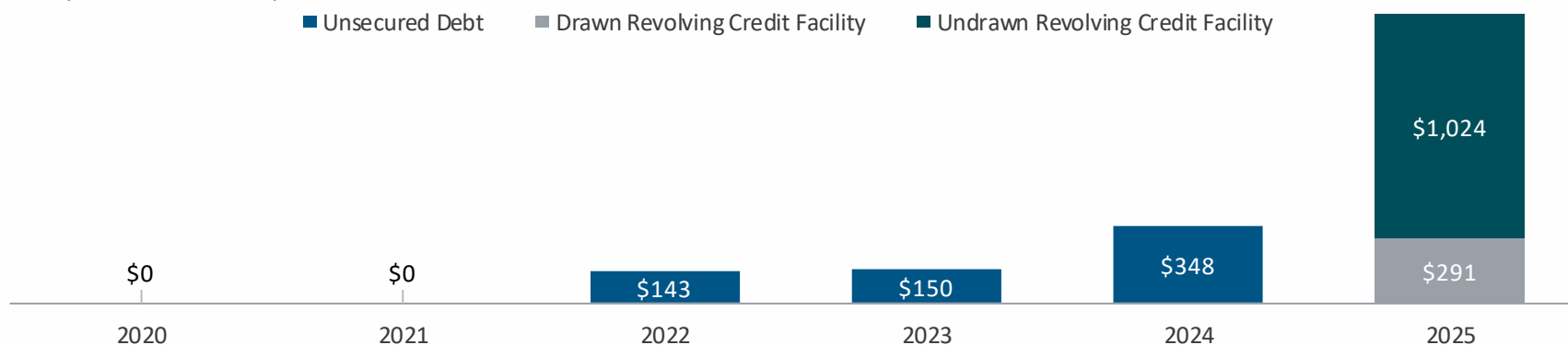
Unrestricted Cash Totaled \$3.8 Million as of September 30, 2020. Restricted Cash Related to Our Interest Rate Swaps Totaled \$11.8 Million

Revolving Credit Facility <sup>1</sup>	
Size:	\$1.315 Billion; Uncommitted Accordion Feature Can Increase Total Size to \$1.75 Billion
Revolving Period:	January 31, 2024
Maturity Date:	January 31, 2025
Interest Rate:	LIBOR + 1.875% / LIBOR + 1.75%
Undrawn Fee:	0.375%

Unsecured Notes			
	Convertible Notes	Unsecured Notes	
Size:	\$143 Million	\$150 Million	\$348 Million
Maturity:	August 1, 2022	January 22, 2023	November 1, 2024
Coupon:	4.500%	4.500%	3.875%
Interest Rate Swap Pricing <sup>2</sup> :	LIBOR + 2.11%	LIBOR + 1.99%	LIBOR + 2.28%
Implied Spread (5-year Treasury) <sup>3</sup> :	255 bps / 155 bps	212 bps	245 bps / 195 bps
Initial / Current Conversion Price <sup>4</sup> :	\$21.34 / \$19.82	N/A	N/A

## DEBT PROFILE BY MATURITY DATE

As of September 30, 2020 | \$ Millions

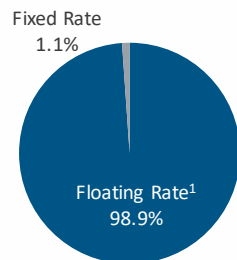


- Interest rate on the facility is a formula based calculation. If the Borrowing Base is equal to or greater than 1.85 times the Combined Debt Amount (i.e. 1.85x total commitments), the applicable margin is L+1.75%
- In connection with the note offerings, the Company entered into interest rate swaps to continue to align the interest rates of its liabilities with its investment portfolio, which consists of predominately floating rate loans. In connection with certain notes repurchases, the Company entered into additional interest rate swaps to reduce the notional exposure of its existing interest rate swaps related to the notes to match the current principal amount of notes outstanding. As a result of the swaps, the effective interest rate on the 2023 notes is LIBOR plus 1.99%; the effective interest rate on the 2022 convertible notes is LIBOR plus 2.11%; and the effective interest rate on the 2024 notes is LIBOR plus 2.28%
- Reflects the implied spread over the 5-year treasury rate at the time of each transaction close
- Current conversion price adjusted for dividends in excess of dividend thresholds

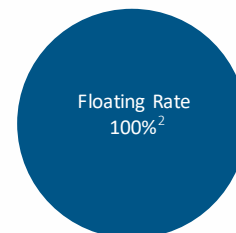
# FUNDING PROFILE

## Stable Funding Profile

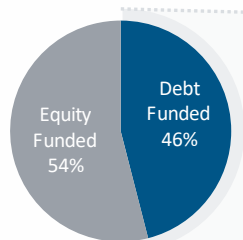
### DEBT PORTFOLIO COMPOSITION



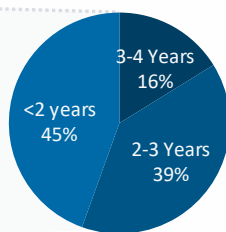
### DEBT FUNDING COMPOSITION



### PORTFOLIO FUNDING PROFILE<sup>3</sup>

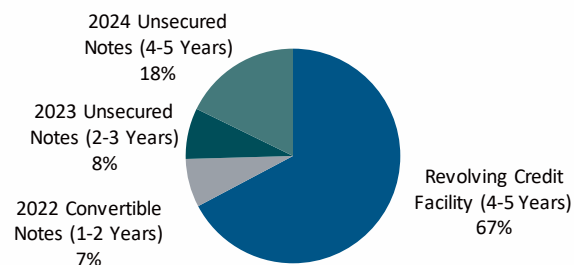


### INVESTMENTS FUNDED WITH DEBT



*Weighted average remaining life of investments funded by debt of ~2.0 years<sup>4</sup>*

### REMAINING DURATION OF DEBT



*Weighted average remaining maturity of debt of ~4.0 years<sup>5</sup>*

***Sixth Street Specialty Lending is match funded from an interest rate and duration perspective***

1. Includes fixed rate investments for which TSLX entered into an interest rate swaps agreement to swap to a floating rate. For the quarter ended 9/30/20, floating rate investments represented 98.9% of the portfolio at fair value

2. Convertible debt and unsecured notes treated as floating rate due to interest rate swaps TSLX entered into to swap fixed notes payments for floating rate payments

3. Net of Deferred Financing Costs and Interest Rate Fair Value Hedging. Deferred Financing Costs total \$15.6M at 9/30/19, \$18.5M at 12/31/19, \$21.4M at 3/31/20, \$19.7M at 6/30/20 and \$18.4M at 9/30/20. Fair value hedge on interest rate swaps related to the 2024 notes total (\$1.7) M at 12/31/19, \$17.0M at 3/31/20, \$19.3M at 6/30/20 and \$18.1M at 9/30/20

4. Weighted by amortized cost of debt investments. Investments are financed by debt and permanent equity capital. This analysis assumes longer-dated investments are currently funded by permanent equity capital (54% of investments) and the remaining (shorter-dated) investments (46% of investments) are currently funded by debt financing. Investments for purposes of this analysis exclude unfunded commitments, and permanent equity capital is defined as 9/30/20 net assets

5. Weighted by gross commitment amount

Note: As of 9/30/20. Numbers may not sum to 100% due to rounding

# FINANCIAL HIGHLIGHTS

## DOLLAR AMOUNTS IN THOUSANDS

Except Per Share Data; Per Share Data is Based on Weighted Average Shares Outstanding During the Period, Except as Otherwise Noted

	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Net Investment Income Per Share	\$0.55	\$0.51	\$0.51	\$0.59	\$0.61
Net Realized and Unrealized Gains (Losses) Per Share	(\$0.09)	\$0.06	(\$1.31)	\$0.84	\$0.60
Net Income (Loss) Per Share	\$0.46	\$0.57	(\$0.80)	\$1.43	\$1.21
Net Asset Value Per Share (Ending Shares)	\$16.72	\$16.83	\$15.57	\$16.08	\$16.87
Pro Forma Net Asset Value Per Share (Ending Shares) <sup>1</sup>	\$16.64	\$16.77	\$15.07	\$16.08	\$16.77
Distributions Per Share (Record Date)	\$0.43	\$0.47	\$0.47	\$0.91	\$0.41
Net Assets	\$1,108,258	\$1,119,297	\$1,036,736	\$1,082,601	\$1,141,220
Total Debt <sup>2</sup>	\$918,746	\$1,118,189	\$986,799	\$874,942	\$931,624
Debt to Equity at Quarter-end <sup>3</sup>	0.83x	1.00x	0.96x	0.81x	0.81x
Average Debt to Equity <sup>4</sup>	0.86x	0.97x	0.99x	0.87x	0.93x
Annualized ROE on Net Investment Income <sup>5</sup>	13.3%	12.2%	12.0%	15.6%	15.1%
Annualized ROE on Net Income (Loss) <sup>5</sup>	11.0%	13.6%	(18.9)%	38.0%	30.1%

1. Reflects NAV per share pro forma for the variable supplemental dividend per share related to that quarter's earnings. Notethat Q1 2020 NAV per share is pro forma for the declared special dividends per share totaling \$0.50/share, declared in Q1 2020 and paid in Q2 2020

2. Represents principal value of debt outstanding

3. Pro-forma for unsettled trade receivables / (payables) (\$5.0)M at 9/30/19, (\$2.6)M at 12/31/19, (\$4.6)M at 3/31/20, (\$261)k at 6/30/20 and \$2.4M at 9/30/20

4. Daily average debt outstanding during the quarter divided by daily average net assets during the quarter. Daily average net assets is calculated by starting with the prior quarter end net asset value and adjusting for capital activity during the quarter (adding common stock offerings / DRIP contributions)

5. Return on Equity is calculated using the prior period's ending net asset value per share

# PORTFOLIO HIGHLIGHTS – SELECTED METRICS

## DOLLAR AMOUNTS IN THOUSANDS

	As of and For Three Months Ended				
	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020	September 30, 2020
<b>Investments at Fair Value</b>	<b>\$2,047,520</b>	<b>\$2,245,928</b>	<b>\$2,045,572</b>	<b>\$1,983,844</b>	<b>\$2,100,765</b>
<b>Number of Portfolio Companies</b>	<b>55</b>	<b>63</b>	<b>62</b>	<b>65</b>	<b>70</b>
<b>Average Investment Size in Our Portfolio Companies</b>	<b>\$37,228</b>	<b>\$35,650</b>	<b>\$32,993</b>	<b>\$30,521</b>	<b>\$30,011</b>
<b>Asset Class:</b>					
First-Lien Debt Investments	97%	96%	97%	96%	95%
Second-Lien Debt Investments	<1%	<1%	<1%	<1%	<1%
Mezzanine Debt Investments	<1%	<1%	<1%	<1%	<1%
Equity and Other Investments	2%	3%	3%	4%	4%
<b>Interest Rate Type:</b>					
% Floating Rate <sup>1</sup>	99.1%	99.2%	99.4%	98.8%	98.9%
% Fixed Rate	0.9%	0.8%	0.6%	1.2%	1.1%
<b>Yields at Fair Value unless Otherwise Noted:</b>					
Weighted Average Total Yield of Debt and Income Producing Securities at Amortized Cost <sup>2</sup>	10.8%	10.7%	9.9%	10.0%	10.2%
Weighted Average Total Yield of Debt and Income Producing Securities <sup>2</sup>	10.7%	10.5%	10.2%	10.0%	10.1%
Weighted Average Spread Over 3-Month LIBOR of All Floating Rate Investments <sup>1</sup>	8.1%	8.0%	8.2%	9.2%	9.3%
Weighted Average Interest Rate of Debt and Income Producing Securities	10.2%	9.9%	9.8%	9.5%	9.5%
Fair Value as a Percentage of Principal (Debt)	99.3%	99.8%	96.0%	98.1%	99.0%
Fair Value as a Percentage of Call Price (Debt)	95.9%	96.2%	92.4%	94.0%	94.6%
<b>Investment Activity at Par:</b>					
New Investment Commitments	\$355,570	\$329,335	\$134,005	\$89,188	\$435,531
Net Funded Investment Activity	(\$764)	\$184,992	(\$131,551)	(\$134,140)	\$79,278
<b>New Investment Commitments at Par:</b>					
Number of New Investment Commitments in New Portfolio Companies	7	9	3	6	12
Average New Investment Commitment Amount in New Portfolio Companies	\$43,585	\$33,996	\$41,351	\$9,467	\$34,800
Weighted Average Term for New Investment Commitments in New Portfolio Companies (In Years)	4.5	4.2	5.0	4.7	3.8
Weighted Average Interest Rate of New Investment Commitments	9.5%	10.3%	10.9%	10.1%	10.3%
Weighted Average Spread Over 3-Month LIBOR of New Floating Rate Investment Commitments <sup>1</sup>	7.6%	8.4%	9.3%	9.9%	10.1%

1. Includes one or more fixed rate investments for which TSLX entered into an interest rate swap agreement to swap to a floating rate

2. Total yield on investments is calculated based on the interest rate and the accretion of OID, exclusive of investments on non-accrual status



# OPERATING RESULTS DETAIL

## DOLLAR AMOUNTS IN THOUSANDS

Except Per Share Data; Per Share Data is Based on Ending Shares Outstanding

	For Nine Months Ended		For Three Months Ended			
	September 30, 2019	September 30, 2020	December 31, 2019	March 31, 2020	June 30, 2020	September 30, 2020
<b>Investment Income:</b>						
Interest From Investments – Interest and Dividend Income <sup>1</sup>	\$161,157	\$159,294	\$57,638	\$55,879	\$49,522	\$53,893
Interest From Investments – Other Fees <sup>2</sup>	\$16,997	\$31,156	\$1,766	\$7,582	\$14,254	\$9,320
<b>Total Interest From Investments</b>	<b>\$178,154</b>	<b>\$190,450</b>	<b>\$59,404</b>	<b>\$63,461</b>	<b>\$63,776</b>	<b>\$63,213</b>
Other Income <sup>3</sup>	\$6,809	\$17,369	\$7,127	\$2,809	\$6,458	\$8,103
<b>Total Investment Income</b>	<b>\$184,963</b>	<b>\$207,819</b>	<b>\$66,531</b>	<b>\$66,270</b>	<b>\$70,234</b>	<b>\$71,316</b>
<b>Expenses:</b>						
Interest	\$35,664	\$31,159	\$13,446	\$12,910	\$9,851	\$8,399
Management Fees	\$21,870	\$23,670	\$8,234	\$8,165	\$7,666	\$7,839
Incentive Fees	\$20,050	\$24,232	\$7,161	\$7,140	\$8,372	\$8,719
Other Operating Expenses	\$10,006	\$10,514	\$3,030	\$3,383	\$3,876	\$3,255
<b>Total Expenses</b>	<b>\$87,590</b>	<b>\$89,575</b>	<b>\$31,872</b>	<b>\$31,598</b>	<b>\$29,765</b>	<b>\$28,212</b>
<b>Net Expenses</b>	<b>\$87,590</b>	<b>\$89,575</b>	<b>\$31,872</b>	<b>\$31,598</b>	<b>\$29,765</b>	<b>\$28,212</b>
<b>Net Investment Income Before Income Taxes</b>	<b>\$97,373</b>	<b>\$118,244</b>	<b>\$34,660</b>	<b>\$34,672</b>	<b>\$40,469</b>	<b>\$43,104</b>
Income Taxes, Including Excise Taxes	\$2,850	\$4,010	\$900	\$1,010	\$1,000	\$2,000
<b>Net Investment Income</b>	<b>\$94,523</b>	<b>\$114,234</b>	<b>\$33,760</b>	<b>\$33,662</b>	<b>\$39,469</b>	<b>\$41,104</b>
Net Unrealized and Realized Gains (Losses)	\$22,358	\$10,394	\$3,942	(\$86,761)	\$56,401	\$40,753
<b>Net Income (Loss)</b>	<b>\$116,881</b>	<b>\$124,628</b>	<b>\$37,702</b>	<b>(\$53,099)</b>	<b>\$95,870</b>	<b>\$81,857</b>
<b>Per Share:</b>						
Net Investment Income	\$1.43	\$1.70	\$0.51	\$0.51	\$0.59	\$0.61
Net Income (Loss)	\$1.77	\$1.86	\$0.57	(\$0.80)	\$1.43	\$1.21
Distributions (Record Date)	\$1.34	\$1.79	\$0.47	\$0.47	\$0.91	\$0.41
Weighted Average Shares Outstanding for the Period	65,940,148	67,068,166	66,452,566	66,656,280	66,957,883	67,584,660
Shares Outstanding at End of Period	66,293,373	67,628,140	66,524,591	66,569,771	67,342,413	67,628,140

1. Interest from investments – interest and dividend income includes accrued interest and dividend income, amortization of purchase discounts (premiums) and certain fees, and accelerated amortization of upfront fees from scheduled principal payments

2. Interest from investments – other fees includes prepayment fees and accelerated amortization of upfront fees from unscheduled paydowns

3. Other income includes amendment fees, syndication fees, interest on cash and cash equivalents, and miscellaneous fees

# OUR DRIVERS OF ROE

Return on Assets

Prudent Use of  
Leverage

Expense  
Management

Positioned For  
NAV Growth

## Illustrative Unit Economics / Return on Equity

### Return on Assets:

Weighted Average Interest Rate of Debt and Income Producing Securities	9.5%
Amortization of upfront fees <sup>1</sup>	0.9%
<b>Total Yield on Debt and Income Producing Securities</b>	<b>10.4%</b>
<b>Impact of Additional fees<sup>2</sup></b>	<b>1.4%</b>
<b>All-in Yield (on Assets)</b>	<b>11.8%</b>
Cost of funds <sup>3</sup>	(3.1%)
Assumed Debt/Equity	0.90x
<b>ROE (on Equity)</b>	<b>19.6%</b>
Management Fees (1.50% of Assets)	(2.9%)
Operating Expenses (0.64% of Assets) <sup>4</sup>	(1.2%)
<b>ROE Before Incentive Fee</b>	<b>15.5%</b>
Incentive Fee	(2.7%)
<b>ROE on NII</b>	<b>12.8%</b>
<b>Base Book Dividend Yield based on 9/30/2019 NAV</b>	<b>9.7%</b>

***Ability to generate a strong risk-adjusted return on equity  
in excess of our base dividend level and grow NAV***

1. Amortization of upfront fees assumes upfront fees of 225 bps and a 2.5 year average life

2. Reflects average prepayment fees, syndication fees and other income for the historical 3-year period ending 9/30/2020

3. Reflects the actual average interest cost under the terms of our debt for the quarter ended 9/30/2020, including fees (such as fees on undrawn amounts and amortization of upfront fees) and giving effect to the swap-adjusted interest rate on our Convertible Notes and Unsecured Notes

4. Reflects average run-rate operating expenses for the historical 3-year period ending 9/30/2020

Note: For illustrative purposes only; not necessarily indicative of future returns

# ILLUSTRATIVE ROE THROUGHOUT CYCLES

Illustrative ROE

		Debt to Equity					
		0.81x	0.90x	0.95x	1.00x	1.10x	1.25x
All-in Yield (on Assets)	9.0%	8.0%	8.4%	8.6%	8.8%	9.3%	10.0%
	9.5%	8.8%	9.2%	9.4%	9.7%	10.2%	10.9%
	10.0%	9.5%	10.0%	10.2%	10.5%	11.0%	11.9%
	10.5%	10.3%	10.8%	11.0%	11.3%	11.9%	12.8%
	11.0%	11.0%	11.5%	11.8%	12.1%	12.8%	13.7%
	11.8%	12.2%	12.8%	13.1%	13.5%	14.2%	15.2%
	12.0%	12.5%	13.1%	13.4%	13.8%	14.5%	15.6%
	12.5%	13.3%	13.9%	14.3%	14.6%	15.4%	16.5%
	13.0%	14.0%	14.7%	15.1%	15.4%	16.2%	17.4%
	13.5%	14.7%	15.5%	15.9%	16.3%	17.1%	18.4%

Illustrative ROE

		Debt to Equity					
		0.81x	0.90x	0.95x	1.00x	1.10x	1.25x
Cost of Funds	2.75%	12.6%	13.1%	13.4%	13.7%	14.3%	15.2%
	3.00%	12.4%	12.9%	13.2%	13.5%	14.1%	15.0%
	3.25%	12.3%	12.7%	13.0%	13.3%	13.8%	14.7%
	3.50%	12.1%	12.6%	12.8%	13.1%	13.6%	14.4%
	3.75%	11.9%	12.4%	12.6%	12.9%	13.4%	14.2%
	4.00%	11.8%	12.2%	12.4%	12.7%	13.2%	13.9%
	4.25%	11.6%	12.0%	12.2%	12.4%	12.9%	13.7%
	4.50%	11.4%	11.8%	12.0%	12.2%	12.7%	13.4%
	4.75%	11.3%	11.6%	11.8%	12.0%	12.5%	13.2%
	5.00%	11.1%	11.4%	11.6%	11.8%	12.3%	12.9%

Illustrative ROE

		Cost of Funds					
		2.75%	3.25%	3.75%	4.25%	4.75%	5.25%
All-in Yield (on Assets)	9.0%	8.7%	8.3%	8.0%	7.6%	7.2%	6.8%
	9.5%	9.5%	9.1%	8.7%	8.4%	8.0%	7.6%
	10.0%	10.3%	9.9%	9.5%	9.2%	8.8%	8.4%
	10.5%	11.1%	10.7%	10.3%	9.9%	9.6%	9.2%
	11.0%	11.8%	11.5%	11.1%	10.7%	10.4%	10.0%
	11.8%	13.1%	12.7%	12.4%	12.0%	11.6%	11.3%
	12.3%	13.9%	13.5%	13.2%	12.8%	12.4%	12.0%
	12.8%	14.7%	14.3%	13.9%	13.6%	13.2%	12.8%
	13.3%	15.5%	15.1%	14.7%	14.4%	14.0%	13.6%
	13.8%	16.3%	15.9%	15.5%	15.1%	14.8%	14.4%

Illustrative ROE

		Debt to Equity					
		0.81x	0.90x	0.95x	1.00x	1.10x	1.25x
Credit Losses (on Assets)	0.00%	12.2%	12.8%	13.1%	13.5%	14.2%	15.2%
	0.25%	11.8%	12.3%	12.7%	13.0%	13.7%	14.7%
	0.50%	11.3%	11.9%	12.2%	12.5%	13.1%	14.1%
	0.75%	10.9%	11.4%	11.7%	12.0%	12.6%	13.5%
	1.00%	10.4%	10.9%	11.2%	11.5%	12.1%	13.0%
	1.25%	10.0%	10.4%	10.7%	11.0%	11.6%	12.4%
	1.50%	9.5%	10.0%	10.2%	10.5%	11.0%	11.8%
	1.75%	9.1%	9.5%	9.7%	10.0%	10.5%	11.3%
	2.00%	8.6%	9.0%	9.2%	9.5%	10.0%	10.7%
	2.25%	8.2%	8.5%	8.8%	9.0%	9.5%	10.2%

*We believe our senior secured floating rate portfolio and funding profile is well positioned for cycles*

Note: Sensitivity tables presented utilize the illustrative unit economics from “Our Drivers of ROE” page, with certain inputs adjusted as indicated in the tables above

# ILLUSTRATIVE INTEREST COVERAGE THROUGHOUT CYCLES

Illustrative Interest Coverage							
		Debt to Equity					
		0.81x	0.90x	0.95x	1.00x	1.10x	1.25x
All-in Yield (on Assets)	9.0%	3.99x	3.97x	3.95x	3.94x	3.93x	3.92x
	9.5%	4.27x	4.25x	4.23x	4.22x	4.20x	4.19x
	10.0%	4.55x	4.52x	4.51x	4.49x	4.48x	4.46x
	10.5%	4.83x	4.80x	4.78x	4.77x	4.75x	4.73x
	11.0%	5.11x	5.07x	5.06x	5.04x	5.02x	5.00x
	11.8%	5.56x	5.52x	5.51x	5.49x	5.47x	5.44x
	12.0%	5.67x	5.63x	5.61x	5.59x	5.57x	5.54x
	12.5%	5.94x	5.90x	5.88x	5.86x	5.84x	5.81x
	13.0%	6.22x	6.18x	6.16x	6.14x	6.12x	6.08x
	13.5%	6.50x	6.46x	6.44x	6.41x	6.39x	6.35x

Illustrative Interest Coverage							
		Debt to Equity					
		0.81x	0.90x	0.95x	1.00x	1.10x	1.25x
Cost of Funds	2.75%	6.66x	6.30x	6.13x	5.98x	5.73x	5.43x
	3.00%	6.12x	5.79x	5.63x	5.49x	5.26x	4.99x
	3.25%	5.66x	5.36x	5.21x	5.08x	4.87x	4.62x
	3.50%	5.27x	4.99x	4.85x	4.73x	4.54x	4.30x
	3.75%	4.93x	4.67x	4.54x	4.43x	4.25x	4.03x
	4.00%	4.63x	4.39x	4.27x	4.16x	3.99x	3.79x
	4.25%	4.37x	4.14x	4.03x	3.93x	3.77x	3.57x
	4.50%	4.14x	3.92x	3.81x	3.72x	3.57x	3.38x
	4.75%	3.93x	3.72x	3.62x	3.53x	3.39x	3.22x
	5.00%	3.74x	3.54x	3.45x	3.37x	3.23x	3.06x

Illustrative Interest Coverage							
All-in Yield (on Assets)		Cost of Funds					
		2.75%	3.25%	3.75%	4.25%	4.75%	5.25%
	9.0%	4.52x	3.85x	3.36x	2.98x	2.69x	2.45x
	9.5%	4.83x	4.12x	3.59x	3.19x	2.87x	2.62x
	10.0%	5.15x	4.39x	3.82x	3.39x	3.06x	2.78x
	10.5%	5.47x	4.65x	4.06x	3.60x	3.24x	2.95x
	11.0%	5.78x	4.92x	4.29x	3.80x	3.42x	3.11x
	11.8%	6.30x	5.36x	4.67x	4.14x	3.72x	3.38x
	12.3%	6.62x	5.62x	4.90x	4.34x	3.90x	3.55x
	12.8%	6.93x	5.89x	5.13x	4.55x	4.09x	3.71x
	13.3%	7.25x	6.16x	5.36x	4.75x	4.27x	3.88x
	13.8%	7.57x	6.43x	5.59x	4.96x	4.45x	4.05x

Illustrative Interest Coverage							
Credit Losses (on Assets)		Debt to Equity					
		0.81x	0.90x	0.95x	1.00x	1.10x	1.25x
	0.00%	5.56x	5.52x	5.51x	5.49x	5.47x	5.44x
	0.25%	5.54x	5.50x	5.49x	5.47x	5.45x	5.42x
	0.50%	5.52x	5.49x	5.47x	5.45x	5.43x	5.40x
	0.75%	5.50x	5.47x	5.45x	5.43x	5.41x	5.38x
	1.00%	5.48x	5.45x	5.43x	5.41x	5.39x	5.36x
	1.25%	5.46x	5.43x	5.41x	5.39x	5.37x	5.34x
	1.50%	5.44x	5.41x	5.39x	5.37x	5.35x	5.32x
	1.75%	5.42x	5.39x	5.37x	5.35x	5.33x	5.30x
	2.00%	5.40x	5.37x	5.35x	5.33x	5.31x	5.29x
	2.25%	5.38x	5.35x	5.33x	5.31x	5.29x	5.27x

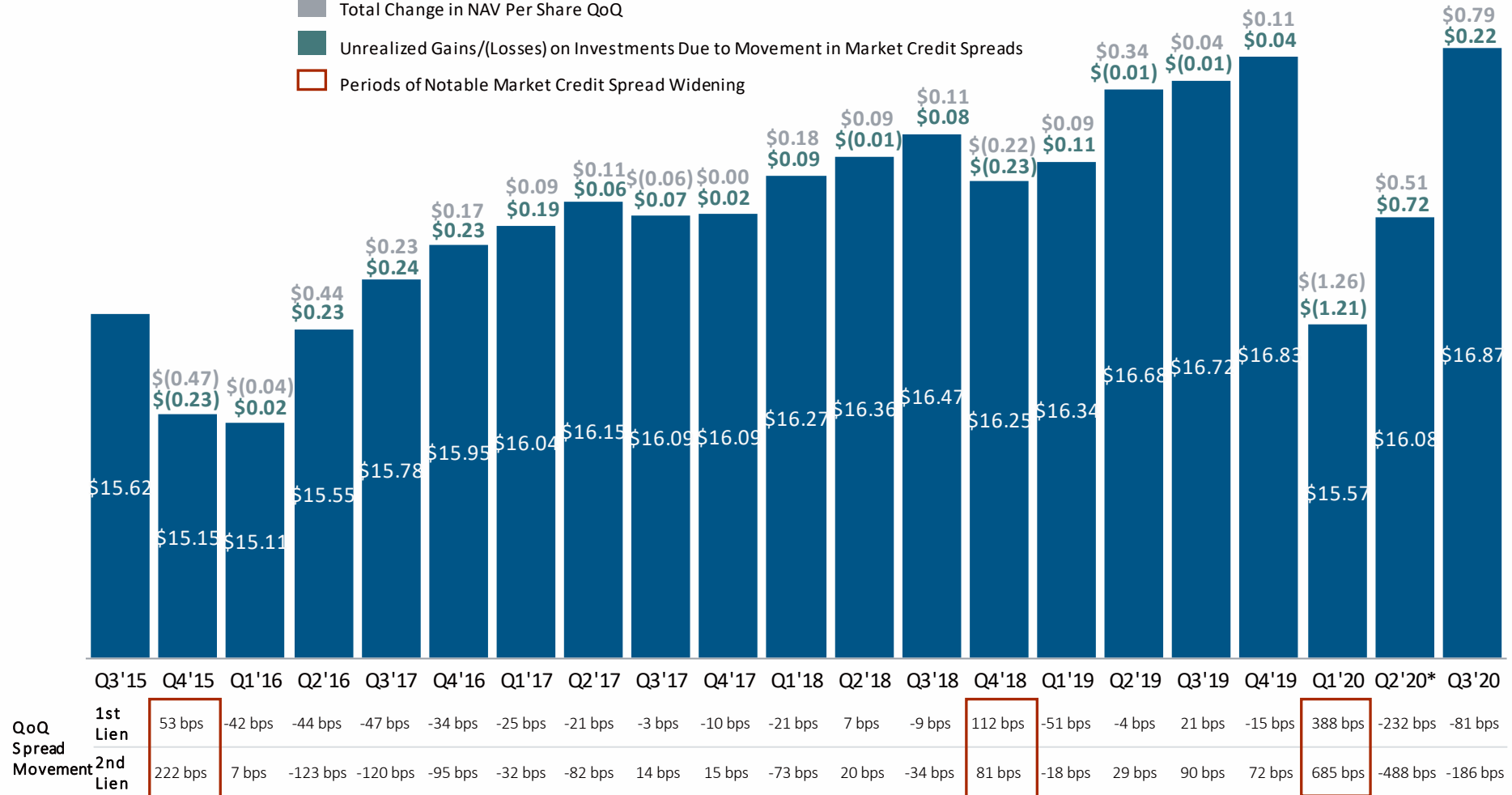
*We believe our senior secured floating rate portfolio and funding profile is well positioned for cycles*

Note: Sensitivity tables presented utilize the illustrative unit economics from “Our Drivers of ROE” page, with certain inputs adjusted as indicated in the tables above

# TSLX NAV VS. CREDIT SPREAD MOVEMENT

TSLX's valuation process reflects the impact of market credit spread movements in the quarterly valuation of its portfolio. Unrealized gains/(losses) primarily attributable to changes in credit spreads is broken out in our quarterly NAV bridge (also shown below in green).

- Reported NAV Per Share
- Total Change in NAV Per Share QoQ
- Unrealized Gains/(Losses) on Investments Due to Movement in Market Credit Spreads
- Periods of Notable Market Credit Spread Widening



\*Note: Q2'20 NAV/Share and total change in NAV/Share are net of the \$0.50/share special dividend that was declared in Q1'20 and paid in Q2'20

Source: LCD, company earnings presentations



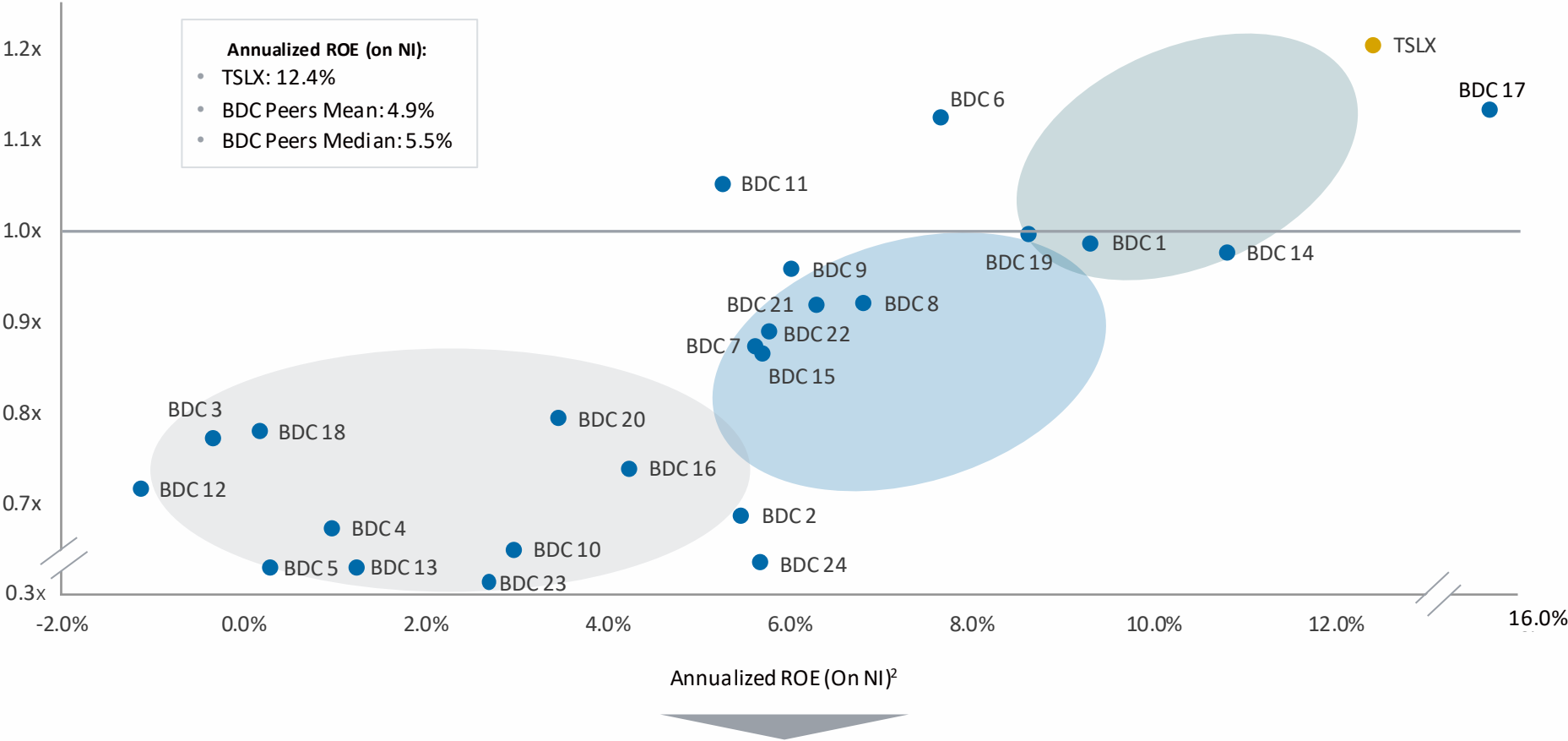
# SECTOR OBSERVATIONS

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# SECTOR OBSERVATIONS

## BDC SECTOR PRICE-TO-BOOK VS. ROE ON NET INCOME (SINCE TSLX IPO)

Average Price-to-Book<sup>1</sup>



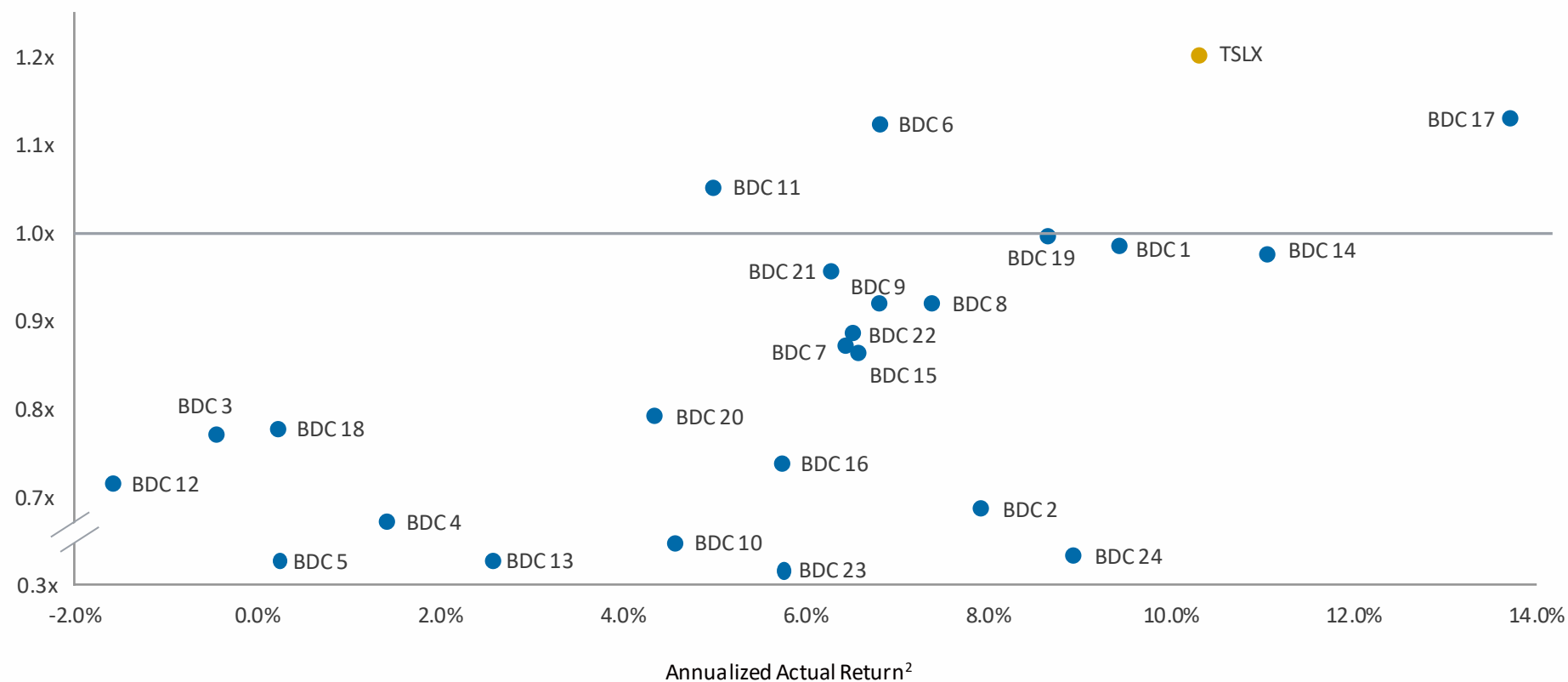
*The market is generally efficient at pricing a manager’s ability to earn its cost of capital*

1. Calculated as average daily price per share from 3/21/2014 to 12/3/2020 divided by NAV per share at 3/31/2014, or earliest reporting period for BDC peer who went public after 3/31/2014  
2. Calculated as cumulative net income per share from 3/31/2014 to 9/30/2020 or latest available, divided by beginning NAV per share at 3/31/2014, adjusted for annual basis  
Note: BDC Peers consist of 19 externally managed BDCs in the S&P BDC Index with total assets greater than \$750 million as of 6/30/20 financials, with the addition of BKCC, MRCC, OCSI, GAIN and SUNS  
Source: SNL Financial

# SECTOR OBSERVATIONS

## BDC SECTOR ANNUALIZED ACTUAL RETURN (SINCE TSLX IPO)

Average Price-to-Book<sup>1</sup>



*Adjusted for premium valuation to book value, TSLX has generated highly attractive actual returns since IPO*

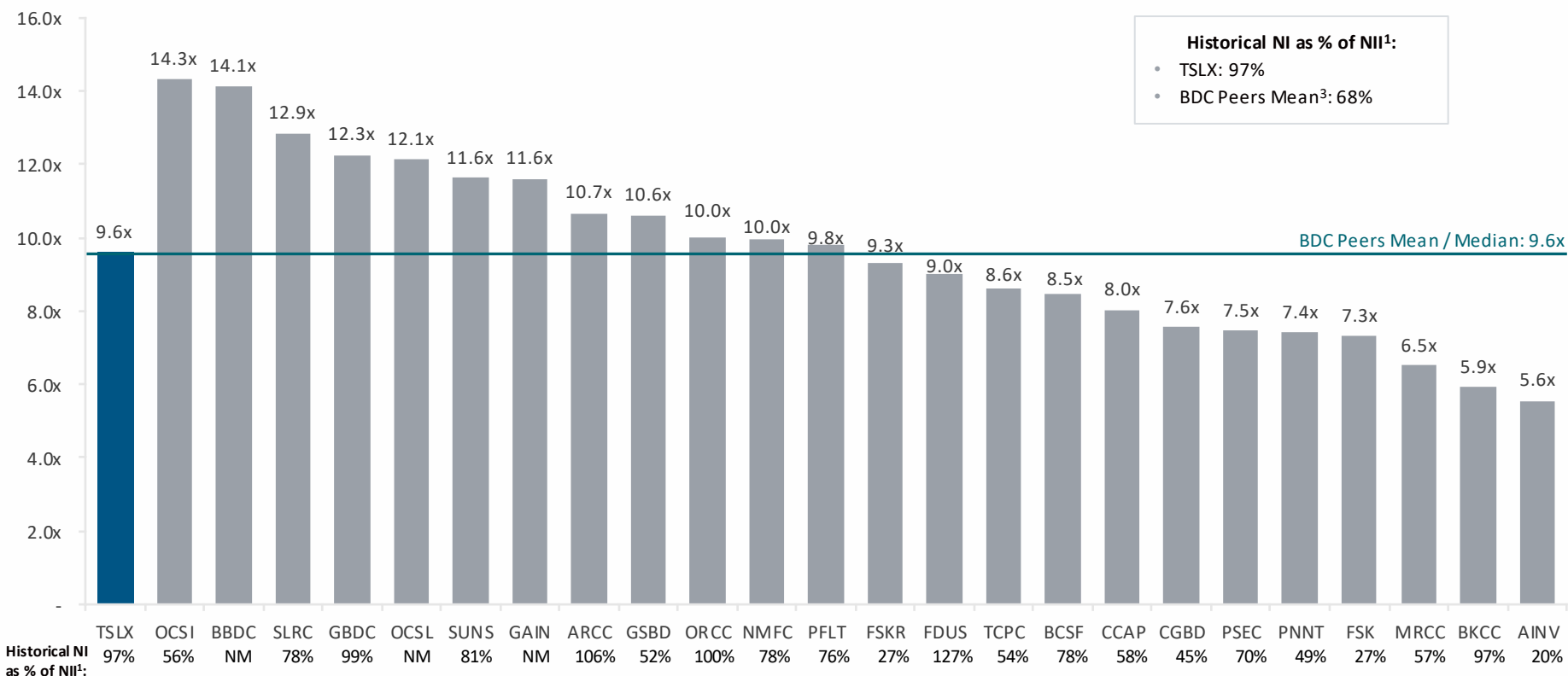
1. Calculated as average daily price per share from 3/21/2014 to 12/3/2020 divided by NAV per share at 3/31/2014, or earliest reporting period for BDC peer who went public after 3/31/2014  
2. Calculated as cumulative net income per share from 3/31/2014 to 9/30/2020, or latest available over beginning NAV per share at 3/31/2014 (adjusted for annual basis) divided by average price-to-book from 3/21/2014 to 12/3/2020  
Note: BDC Peers consist of 19 externally managed BDCs in the S&P BDC Index with total assets greater than \$750 million as of 6/30/20 financials, with the addition of BKCC, MRCC, OCSI, GAIN and SUNS  
Source: SNL Financial



# SECTOR OBSERVATIONS

## PRICE-TO-EARNINGS (NII 2020E)

Price-to-Earnings<sup>2</sup>



***TSLX's valuation is in line with peers on a price-to-earnings basis (as measured by NII) TSLX's historical NI as a % of NII is higher than that of peers given our focus on NAV preservation***

1. Calculated as the average of annual net income per share divided by net investment income per share from 3/31/2014 through 9/30/20, or latest available

2. Calculated as price per share divided by consensus 2020 net investment income per share.

3. Calculation excludes OCSL, BBDC and GAIN given not meaningful historical NI per share as a percentage of NII per share

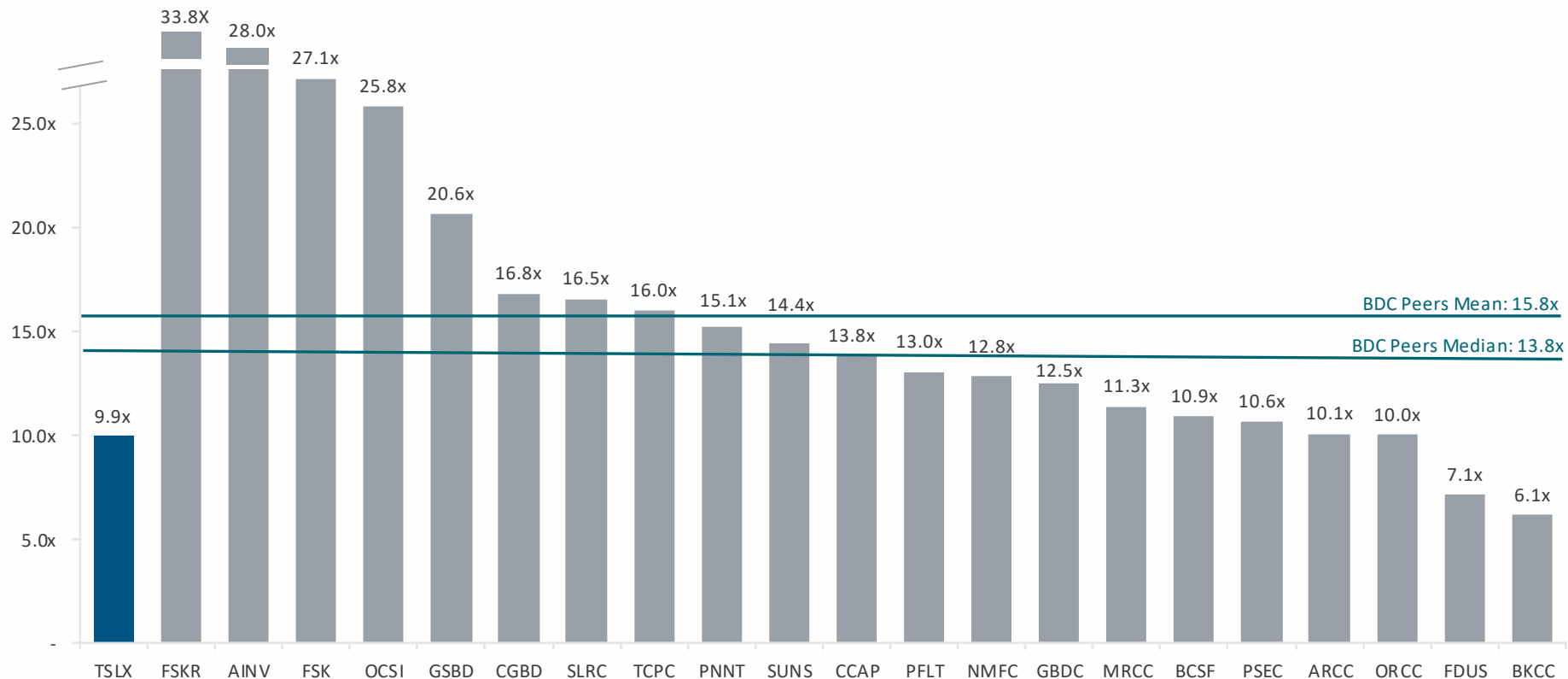
Note: BDC Peers consist of 19 externally managed BDCs in the S&P BDC Index with total assets greater than \$750 million as of 6/30/20 financials, with the addition of BKCC, MRCC, OCSI, GAIN and SUNS

Source: SNL Financial, price as of 12/3/20

# SECTOR OBSERVATIONS

## ADJUSTED PRICE-TO-EARNINGS (2020E)

Adjusted Price-to-Earnings<sup>1</sup>



***TSX's valuation on a price-to-earnings basis  
(as measured by NII, adjusted for historical NI as % of NII<sup>2</sup>) is attractive***

1. Calculated as price per share divided by consensus 2020 net investment income per share adjusted for historical net income (NI) per share as percentage of net investment income (NII) per share. OCSI, BBDC and GAIN are excluded given not meaningful NI per share as a percentage of NII per share
2. Please refer to calculations on the prior page

Note: BDC Peers consist of 19 externally managed BDCs in the S&P BDC Index with total assets greater than \$750 million as of 6/30/20 financials, with the addition of BKCC, MRCC, OCSI, GAIN and SUNS  
Source: SNL Financial, price as of 12/3/20



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