

## Agenda

- O1 Understanding the credit universe
- O2 Three key reasons to consider a multi-asset strategy
- O3 Choose your multi-asset strategy managers wisely

#### The Alts Institute

## Credit investments are classified as investment grade or non-investment grade, reflecting differences in credit quality

Credit quality is associated with investment risk/return potential

Investment Grade		Non-Investment Grade				
AAA/Aaa → BBB-/Baa3	Credit Rating	BB+/Ba1 → D				
Established, stable companies or governments with strong financials	Issuer Profile	Smaller firms, leveraged companies, or those with uncertain cash flow				
Often institutions with stricter mandates	Typical Investors	More risk-tolerant, active investors				
Highly liquid (especially investment-grade bonds)	Liquidity	Less liquid, especially in stressed markets and private debt, but carries an illiquidity premium				
Typically single-digit returns focusing on stable income with lower volatility	Risk & Return Potential	Focus is on capturing greater returns; yields can reach high single to double digits				

Risk of default/yield %

Lower

Standard & Poor's ratings from A to CCC may be modified by a plus or minus sign to show relative standing within the rating categories. Moody's uses numerical modifiers "1," "2" and "3" in each category; "3" indicates the lower end of that rating category. Source: Standard & Poor's, Moody's. Source: Brookfield.

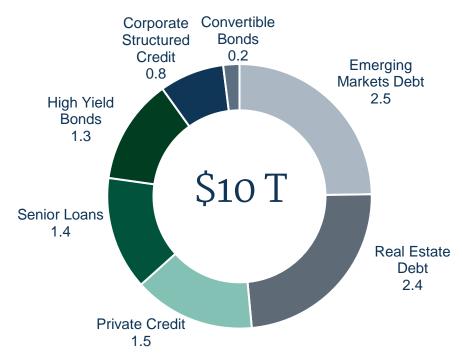


## Non-investment-grade credit connects portfolios to a larger, more varied market

## Investment Grade Market Size



## Approximate Non-Investment-Grade Credit Market Size



High Yield Bonds represented by ICE BofA U.S. High Yield Constrained Index, Convertible Bonds represented by ICE BofA Yield Alternative U.S. Convertible Index, Senior Loans represented by Credit Suisse Leveraged Loan Index, Emerging Markets Debt represented by JP Morgan Corporate Emerging Market Bond High Yield Index, Corporate Structured Credit represented by J.P. Morgan CLO Post-Crisis BB Index, Private Credit market size as reported by Preqin's Global Private Debt Report. Source: ICE BofA, Credit Suisse, J.P. Morgan, Bloomberg, Preqin, data as of September 30, 2024.

Source: SIFMA, JP Morgan, as of December 21, 2024. U.S. market size represents the total amount of outstanding issuance.

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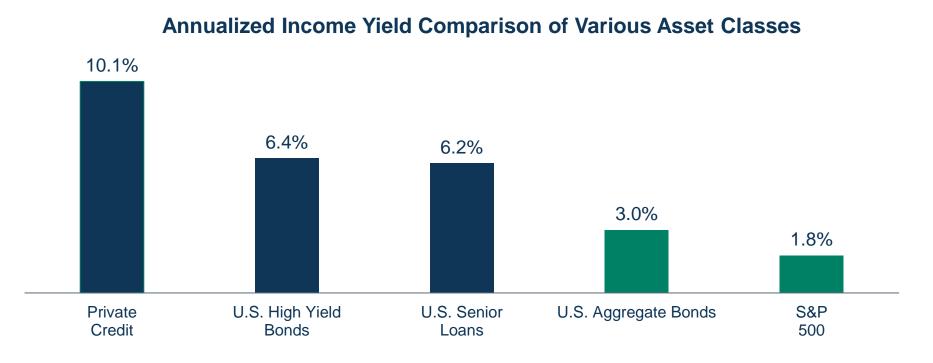
## Allocating to non-investment-grade credit broadens portfolio exposures for differentiated sources of return

#### Non-Investment-Grade Credit Universe

	Bonds		Loans	Structur	ed Credit	Private Credit		
High Yield Bonds	Emerging Markets Debt	Convertible Bonds	Senior Loans	Real Estate Debt	Corporate Structured Credit	Non-Sponsored Financings	Sponsored Financings	
Fixed-rate debt of companies primarily in the U.S. and Europe paying relatively high interest rates	Debt issued by governments, convert into stock, offering fixed income with equity upside potential economies  Bonds that can convert into stock, offering fixed income with equity upside potential		First-lien loans, typically secured by hard assets and issued by companies in the U.S. and Europe  Commercial mortgage-backed securities (CMBS) and residential mortgage-backed securities (RMBS)		Collateralized loan obligation (CLO) debt tranches and other asset-backed securities (ABS)	Highly structured private loans to primarily founder-owned businesses	Flexible financing solutions for private equity-owned businesses	
			Opport	tunities				
Large liquid U.S. market with higher return potential than investment grade	Often priced below comparable developed economies' credit, offering potential value and yield enhancement	Access to specialized markets and companies often under-researched due to structure complexity	Steady income potential with low volatility and low correlation to equities	Earns interest that adjusts with rates (floating-rate) and appealing loan-to- value profiles in real estate-backed portfolios	Compelling yields, floating-rate exposure, and structural protections such as call features	Access to quality businesses that may fall outside traditional lending criteria or bank access	Private equity activity drives consistent demand for capital, creating recurring lending opportunities	



## Non-investment-grade credit has historically delivered higher yields than investment grade bonds and stocks, too.



Non-investment-grade credit assets offer a significant yield premium—often due to illiquidity, complexity, or credit risk. This yield is a cushion in volatile markets.

Past performance does not guarantee future results. Represents 10-year annualized income yields/interest returns for each asset class as of December 31, 2024. Private Credit represented by Cliffwater Direct Lending Index. High Yield Bonds represented by ICE BofA U.S. High Yield Index. U.S. Senior Loans represented by S&P UBS Leveraged Loan Index. U.S. Aggregate Bonds represented by Bloomberg U.S. Aggregate Index. The indexes are unmanaged and cannot be purchased directly by investors. Index performance is shown for illustrative purposes only and does not predict or depict the performance of any investment. While yield may help offset some effects of market volatility, it does not guarantee protection from loss.

Source: Cliffwater, ICE BofA, S&P UBS, Bloomberg, S&P LCD.

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## Three Advantages of a Multi-Asset Credit Strategy

### Multi-asset credit strategy advantages



## 1. Enhanced income and return potential

Access to a broad range of credit opportunities across public and private markets



2. Diversification

Dynamic allocation across asset classes to help capture relative value



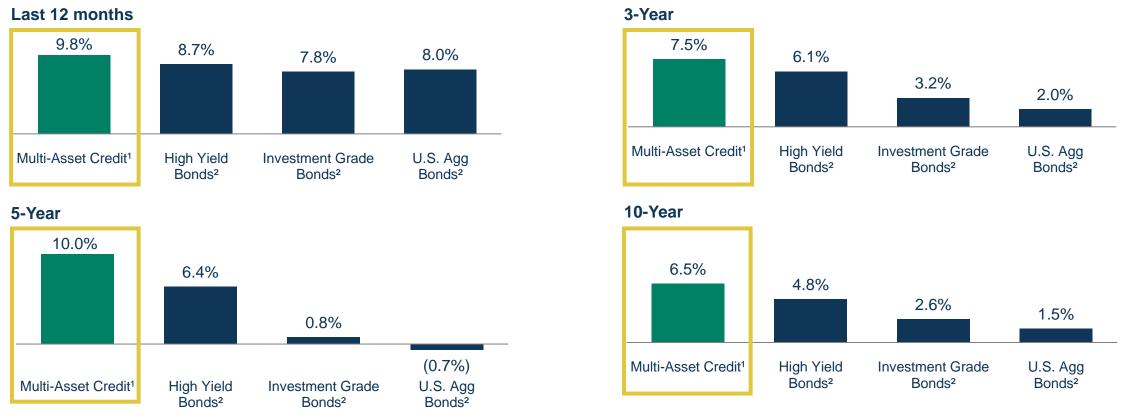
3. Risk mitigation

Adjustable exposure across credit segments; designed to navigate changing market conditions

## 1. Enhanced income and return potential

Access to a broad range of credit opportunities across public and private markets

### Multi-asset credit offers attractive returns over time



#### Past performance does not guarantee future results.

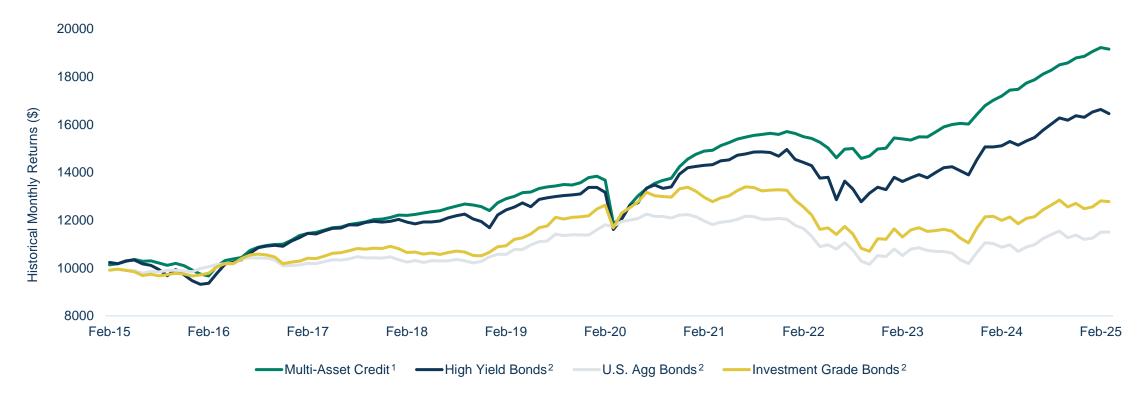
- 1. Multi-Asset Credit Index Blend reflects a custom index blend consisting of 25.0% Private Credit, 18.0% Senior Loans, 16.9% High Yield, 11.3% Real Estate Debt, 11.3% Corporate Structured Credit, 3.8% Emerging Markets Debt, 5.6% European High Yield, 4.5% European Loans, and 3.8% Convertibles
- 2. Corporate Structured Credit reflects JP Morgan CLO 2.0 BB Post-Crisis Index, Convertibles reflects Refinitiv Global Focus Convertible Index, Private Credit reflects Cliffwater Direct Lending Index, European High Yield reflects ICE BofA Global High Yield European Issuers Non-Financial Excluding Russia Index (HQSC), European Senior Loans reflects Credit Suisse Western European Leveraged Loan Index, Emerging Markets Debt reflects JP Morgan Corporate Broad CEMBI Diversified High Yield Index Level. U.S. Investment Grade reflects ICE BofA U.S. Corporate Index, High yield bonds represented by the ICE BofA U.S. High Yield Index, U.S. Investment Grade reflects ICE BofA U.S. Corporate Index, U.S. Aggregate Bond Index.

An investor cannot invest in an index. Indices do not reflect the impact of transaction costs, management and other investment-entity fees and expenses or the costs associated with raising capital or being a public company, which lower returns. The indexes are unmanaged and cannot be purchased directly by investors. Index performance is shown for illustrative purposes only and does not predict or depict the performance of any investment.

Source: JPMorgan, ICE BofA, Credit Suisse, Bloomberg, Morningstar, Cliffwater, Refinitiv, eVestment. Bloomberg, data as of March 31, 2025.

#### The Alts Institute

## Multi-asset credit historically outperforms high-yield, investment-grade and U.S. aggregate bonds



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- 2. High yield bonds represented by the ICE BofA U.S. High Yield Index, U.S. Investment Grade reflects ICE BofA U.S. Corporate Index, U.S. Agg Bonds by the Bloomberg U.S. Aggregate Bond Index.

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## 2. Diversification

A dynamic allocation across asset classes can help capture relative value

### Multi-asset credit helps you diversify, measured by correlation

#### **Correlations**

	Global High Yield	Global Senior Loans	Private Credit	Corporate Structured Credit	Real Estate Debt	IVISTRATE		Investment Grade Bonds	S&P 500		
Global High Yield <sup>1</sup>	1.00										
Global Senior Loans <sup>1</sup>	0.86	1.00									
Private Credit <sup>1</sup>	0.50	0.56	1.00								
Corporate Structured Credit <sup>1</sup>	0.69	0.79	0.48	1.00							
Real Estate Debt <sup>1</sup>	0.58	0.53	0.36	0.62	1.00						
Emerging Markets Debt <sup>1</sup>	0.89	0.84	0.45	0.72	0.57	1.00					
Convertible Bonds <sup>1</sup>	-0.10	-0.11	0.06	-0.17	-0.07	-0.09	1.00				
Investment Grade Bonds <sup>1</sup>	0.75	0.57	0.20	0.41	0.49	0.67	-0.03	1.00			
S&P 500	0.77	0.64	0.39	0.44	0.30	0.61	-0.13	0.55	1.00		

Correlation measures how two investments move in relation to each other.

A portfolio with low correlation among its assets reduces the volatility of overall returns.

A coefficient of -1 indicates a perfect negative correlation, meaning that they have historically moved in the opposite direction.

Past performance does not guarantee future results. For the period January 1, 2013 through December 31, 2024. Reflects the longest fullk-year time period available for all indexes shown.

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<sup>1.</sup> Corporate Structured Credit reflects JP Morgan CLO 2.0 BB Post-Crisis Index, Convertibles reflects Refinitiv Global Focus Convertible Index, Private Credit reflects Cliffwater Direct Lending Index, Global High Yield reflects ICE BofA Global High Yield Index Level.. An investor cannot invest in an index. Indices do not reflect the impact of transaction costs, management and other investment-entity fees and expenses or the costs associated with raising capital or being a public company, which lower returns. The indexes are unmanaged and cannot be purchased directly by investors. Index performance is shown for illustrative purposes only and does not predict or depict the performance of any investment.

Source: JPMorgan, ICE BofA, Credit Suisse, Bloomberg, Morningstar, Cliffwater, Refinitiv, eVestment. Bloomberg, data as of March 31, 2025.

## Multi-asset credit historically generates more consistent annual returns

#### **Annual Returns of Credit Indices Ranked in Order of Performance (2013-2024)**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
Corporate Structured Credit <sup>2</sup>	14%	15%	6%	22%	18%	8%	14%	23%	13%	6%	25%	23%	Best
Convertible Bonds <sup>2</sup>	13%	10%	4%	16%	10%	7%	14%	8%	11%	-3%	14%	19%	
Private Credit <sup>2</sup>	13%	6%	1%	16%	10%	2%	13%	7%	10%	-4%	12%	12%	
■ Multi-Asset Credit Index Blend¹	9%	5%	0%	12%	9%	0%	13%	6%	8%	-4%	12%	11%	
Global High Yield²	7%	3%	-2%	11%	9%	-1%	11%	6%	3%	-10%	12%	10%	
■ Global Senior Loans²	7%	2%	-2%	8%	8%	-2%	11%	6%	3%	-12%	11%	9%	
■ Emerging Markets Debt²	4%	2%	-2%	5%	7%	-3%	9%	5%	2%	-16%	10%	9%	<b>\$</b>
Real Estate Debt <sup>2</sup>	1%	1%	-6%	2%	6%	-3%	7%	-6%	-1%	-16%	-6%	7%	Worst

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Source: JPMorgan, ICE BofA, Credit Suisse, Bloomberg, Morningstar, Cliffwater, Refinitiv, eVestment, Bloomberg, data as of March 31, 2025.

<sup>1.</sup> Multi-Asset Credit Index Blend reflects a custom index blend consisting of 25.0% Private Credit, 18.0% Senior Loans, 16.9% High Yield, 11.3% Real Estate Debt, 11.3% Corporate Structured Credit, 3.8% Emerging Markets Debt, 5.6% European High Yield, 4.5% European Loans, and 3.8% Convertibles

<sup>2.</sup> Corporate Structured Credit reflects JP Morgan CLO 2.0 BB Post-Crisis Index, Convertibles reflects Refinitiv Global Focus Convertible Index, Private Credit reflects Cliffwater Direct Lending Index, European High Yield reflects ICE BofA Global High Yield European Issuers Non-Financial Excluding Russia Index (HQSC), European Senior Loans reflects Credit Suisse Western European Leveraged Loan Index, Emerging Markets Debt reflects JP Morgan Corporate Broad CEMBI Diversified High Yield Index Level. U.S. Investment Grade reflects ICE BofA U.S. Corporate Index, High yield bonds represented by the ICE BofA U.S. High Yield Index, U.S. Investment Grade reflects ICE BofA U.S. Corporate Index, U.S. Agg Bonds by the Bloomberg U.S. Aggregate Bond Index.

## 3. Risk mitigation

Adjustable exposure across credit segments designed to navigate changing market conditions

### Multi-asset credit offers a compelling return-to-risk ratio



Past performance does not guarantee future results. For the period January 1, 2015 through March 31, 2025. Reflects the longest time period available for all indexes shown.

- 1. Multi-Asset Credit Index Blend reflects a custom index blend consisting of 25.0% Private Credit, 18.0% Senior Loans, 16.9% High Yield, 11.3% Real Estate Debt, 11.3% Corporate Structured Credit, 3.8% Emerging Markets Debt, 5.6% European High Yield, 4.5% European Loans, and 3.8% Convertibles
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Source: JPMorgan, ICE BofA, Credit Suisse, Bloomberg, Morningstar, Cliffwater, Refinitiv, eVestment. Bloomberg, data as of March 31, 2025.

# Choosing a manager for your multi-asset credit strategy

### Experience in market cycles matters

Achieving strong risk-adjusted returns in non-investment-grade credit requires a skilled active manager with a proven track record in dynamic asset allocation



## Managers must balance the building blocks of credit performance

Price, yield, spread, and income work together to shape the return profile of a credit investment, each influenced by market conditions and manager decisions.

1

Price



The price you pay determines the yield you receive.

Lower prices (or higher spreads) mean more compensation for credit risk.

2

Yield



Credit offers a clear and reliable return based on yield.

Yield reflects compensation for risk, largely influenced by rates and spread levels. 3

Spread



Spread compression drives most of the return in credit.

Tight spreads indicate a safer market, often with a lower yield.

4

Income



Credit can offer steady income, especially in rate-driven environments.

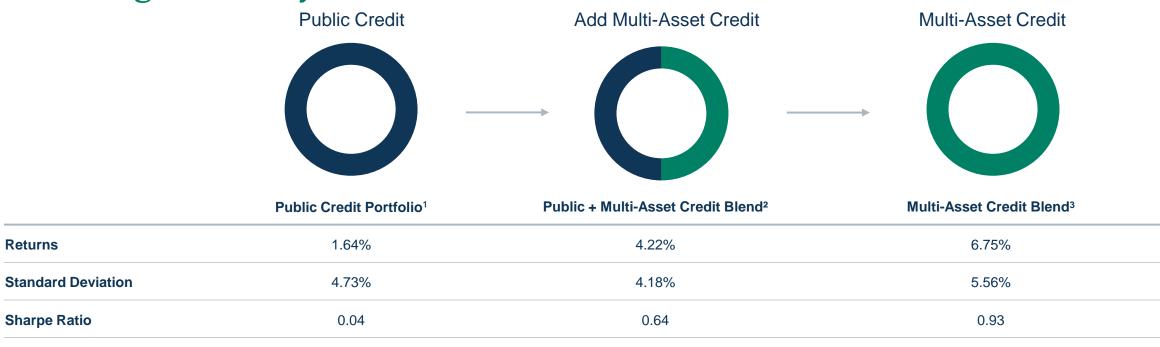
Higher rates make income a more meaningful part of return.

### Seek managers with deep expertise across market cycles

An active approach to managing your multi-asset portfolio should be attuned to market-cycle stages



## Multi-asset credit: a potential tool for improving returns and lowering volatility



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- 1. "Public Credit" is based on an illustrative portfolio comprising the Bloomberg U.S. Aggregate Index
- 2. Public + Multi-Asset Credit Blend" represents an illustrative portfolio comprising a 50% allocation to the Bloomberg U.S. Aggregate Index and a 50% allocation to the Multi Asset Credit Index Blend
- 3. "Multi-Asset Credit Blend" is entirely comprised of the Multi-Asset Credit Index Blend. Multi-Asset Credit Index Blend reflects a custom index blend consisting of 25.0% Private Credit, 18.0% Senior Loans, 16.9% High Yield, 11.3% Real Estate Debt, 11.3% Corporate Structured Credit, 3.8% Emerging Markets Debt, 5.6% European High Yield, 4.5% European Loans, and 3.8% Convertibles; Private Credit reflects Cliffwater Direct Lending Index, High Yield Bonds reflects ICE BofA U.S. High Yield Index, Senior Loans reflects Credit Suisse Leveraged Loan Index, Real Estate Debt reflects Bloomberg US CMBS 2.0 Baa Index, Corporate Structured Credit reflects JP Morgan CLO 2.0 BB Post-Crisis Index, Emerging Markets Debt reflects JP Morgan Corporate Broad CEMBI Diversified High Yield Index Level, Convertibles reflects Refinitiv Global Focus Convertible Index; European High Yield reflects ICE BofA Global High Yield European Issuers Non-Financial Excluding Russia Index (HQSC); European Loans reflects Credit Suisse Western European Leveraged Loan Index.

As of April 30, 2025. The chart compares select credit allocation strategies but omits several material factors that may significantly impact investment decisions. Differences in liquidity constraints, management fees, tax treatment, and risk considerations are not fully reflected and should be carefully evaluated before investing.



# When alternatives are the answer, we help with the questions

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#### **Private Credit Risks**

All investing involves risk. The value of an investment will fluctuate over time, and an investor may gain or lose money, or the entire investment. Past performance is no guarantee of future results.

As an asset class, private credit comprises a large variety of different debt instruments. While each has its own risk and return profile, private credit assets generally have increased risk of default, due to their typical opportunistic focus on companies with limited funding options, in comparison to their public equivalents.

Because private credit usually involves lending to below-investmentgrade or non-rated issuers, yield on private credit assets is increased in return for taking on increased risk.

#### **Forward-Looking Statements**

Information herein contains, includes or is based on forward-looking statements within the meaning of the federal securities laws, specifically Section 21E of the Securities Exchange Act of 1934, as amended, and Canadian securities laws. Forward-looking statements include all statements, other than statements of historical fact, that address future activities, events or developments, including, without limitation, business or investment strategy or measures to implement strategy, competitive strengths, goals, expansion and growth of our business, plans, prospects and references to our future success. You can identify these statements by the fact that they do not relate

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#### **Index Definitions**

The **Bloomberg Global Aggregate Index** is a market-capitalization-weighted index comprising globally traded investment-grade bonds. The index includes government securities, mortgage-backed securities, asset-backed securities and corporate securities to simulate the universe of bonds in the market. The maturities of the bonds in the index are more than one year.

The **Cliffwater Direct Lending Index** measures the unlevered, gross-of-fees performance of U.S. middle-market corporate loans, as represented by the asset-weighted performance of the underlying assets of business development companies (BDCs), including both exchange-traded and unlisted BDCs, subject to certain eligibility requirements.

The **S&P UBS Leveraged Loan Index** measures the market-value weighted performance of the investable universe of USD-denominated leveraged loans issued from the following countries: Australia, Austria, Belgium, Bulgaria, Canada, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Guernsey, Greece, Hungary, Iceland, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Latvia, Lithuania, Luxembourg, Malta, Netherlands, New Zealand, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, the United Kingdom, or the United States.

The JP Morgan CLO 2.0 BBB Post-Crisis Index tracks floating-rate CLO BBB securities in post-crisis vintages, which consists of deals issued in 2010 and later. The index utilizes a market-value-weighted methodology.

The JP Morgan Corporate Emerging Market Bond High Yield Index (CEMBI HY) is a global, liquid corporate emerging markets index that tracks U.S.-denominated corporate bonds (high yield subset only) issued by emerging markets entities.

**ICE BofA Global High Yield Index** tracks the performance of U.S. dollar-, Canadian dollar-, British pound- and euro-denominated below-investment-grade (IG) corporate debt publicly issued in the major domestic or eurobond markets.

The Morningstar Global Leveraged Loan Index is designed to measure the performance of the global leveraged loan market. It is a fixed-weight composite index consisting of 75% weight from the Morningstar LSTA US Leveraged Loan Index and 25% weight from the Morningstar European Leveraged Loan Index.

The S&P 500 Index is an equity index of 500 widely held, large-capitalization U.S. companies.



### **Index Definitions**

**Convertible Bonds:** The benchmark for the convertible bond strategy is the Thomson Reuters Global Focus Convertible Index, adopted in January 2016. Before that, the strategy used a Custom Global Convertibles Index, which blended Oaktree's U.S. and Non-U.S. Convertibles benchmarks. The Thomson Reuters index includes larger, balanced convertibles that meet monthly price and premium tests, with no restrictions on credit rating. Convertibles that function as fixed income surrogates or equity substitutes are excluded and replaced with balanced securities. This index was chosen for its alignment with the strategy's exposures to High Income, U.S., and Non-U.S. Convertibles, and for its broad acceptance in Europe. It is valued in and hedged to U.S. dollars. The U.S. Convertibles benchmark is the ICE BofA ML All U.S. Convertible Index, while the Non-U.S. Convertibles benchmark transitioned from the JACI Global ex-U.S. (Local) Index (used through 2014) to the Thomson Reuters Global Focus ex-US Index following the discontinuation of the Jefferies index. The custom index reflects the Composite's asset allocation policy weights and is rebalanced monthly based on policy changes.

**Corporate Structured Credit:** The JP Morgan CLO 2.0 BBB Post-Crisis Index tracks floating-rate CLO BBB securities issued in post-crisis vintages, beginning in 2010. It uses a market-value weighted methodology to reflect the performance of these securities.

**Emerging Markets Debt:** The JP Morgan Corporate Emerging Market Bond High Yield Index (CEMBI HY) is a global, liquid index that tracks U.S.-denominated high yield corporate bonds issued by entities in emerging markets.

**European Government Bonds:** The ICE BofA German Government Index tracks the performance of EUR-denominated sovereign debt publicly issued by the German government in the domestic or Euro-

Bond market. Securities marketed primarily to retail investors are excluded.

**European High Yield Bonds:** The ICE BofA Merrill Lynch Global High Yield European Issuers Non-Financial 3% Constrained, Ex Russia Index includes all securities from the broader index except those from financial issuers or those with Russia as their country of risk. Issuer exposure is capped at 3%, and the index is rebalanced monthly. It is USD hedged.

**European Investment Grade Bonds:** The ICE BofA Euro Corporate Index tracks EUR-denominated investment grade corporate debt issued in the Euro-Bond or Euro member domestic markets. Eligible securities must have an average investment grade rating from Moody's, S&P, and Fitch, and at least 18 months to final maturity at issuance.

European Senior Loans: The Credit Suisse Western European Leveraged Loan Index mirrors the investable universe of Western European leveraged loans. It includes loans denominated in U.S. dollars and Western European currencies, rated Baa1/BBB+ or lower, with a minimum initial spread of Libor +125 basis points. Only funded loans are included. The index is EUR hedged for the European Senior Loan Composite and USD hedged for the European component of Oaktree's Global Credit strategy.

**Real Estate Debt:** The Bloomberg Barclays Capital CMBS 2.0 BBB Index is a rules-based index designed to measure the market of investment-grade CMBS BBB conduit and fusion deals issued since 2010.

U.S. Agencies: The ICE BofA U.S. Bullet Agency Index is a subset of

the ICE BofA U.S. Agency Index, excluding all securities with embedded call or put options unless they have passed their last exercise date.

**U.S. High Yield Bonds:** The ICE BofA U.S. High-Yield Index is market capitalization weighted and tracks the performance of U.S. dollar-denominated below-investment grade corporate debt publicly issued in the U.S. domestic market.

**U.S. Investment Grade Bonds:** The ICE BofA U.S. Corporate Index tracks the performance of U.S. dollar-denominated investment grade corporate debt publicly issued in the U.S. market. Constituents are weighted by market capitalization.

**U.S. Mortgages:** The ICE BofA U.S. Mortgage Backed Securities Index tracks fixed-rate residential mortgage pass-through securities issued by U.S. agencies. It excludes hybrid, interest-only, balloon, mobile home, graduated payment, and quarter coupon mortgages, as well as all collateralized mortgage obligations.

**U.S. Senior Loans:** The Credit Suisse Leveraged Loan Index reflects the investable universe of U.S.-denominated leveraged loans. It includes only funded loans rated "5B" or lower, or if unrated, those with an initial spread of Libor +125 basis points or higher, and a minimum tenor of one year.

**U.S. Treasuries:** The ICE BofA U.S. Treasury Index (10-year) is a subset of the Bank of America Treasury Master Index. It measures the total return performance of U.S. Treasury bonds with an outstanding par value of at least \$25 million.

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