

# Memorandum

**To:** Board of Trustees, Fresno County Employees' Retirement Association  
**From:** Michael Kamell, CFA, CAIA, Senior Consultant  
**Date:** April 6<sup>th</sup>, 2022  
**RE:** Illiquid Multi-Sector Credit Finalists

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## Structure Review

During the February 2022 meeting, please recall that the Board accepted Verus' proposal to combine FCERA's liquid credit mandates into one multi-sector credit bucket. Historically, FCERA maintained dedicated mandates to high yield, bank loans, and emerging market debt (EMD) asset classes. The portfolio utilized a "silo approach" with 3 separate managers acting independently of each other and focusing just on their respective mandates. Given that FCERA's allocation to credit has decreased as well as expectations for a challenging valuation environment, Verus proposed combining the allocations into a unified multi-sector credit bucket which we believe will better position the portfolio moving forward.

Relative to the current policy allocation of 4% to high yield, 4% to bank loans, and 2% to EMD, the same targets are now achieved with a 10% allocation to multi-sector credit where managers can allocate dynamically across the credit asset classes and capitalize on ever changing market conditions. In addition to the asset classes comprised in the benchmark, multi-sector credit strategies may also opportunistically allocate to other fixed income sectors such as structured credit, global bonds, convertibles, and stressed/distressed securities. Verus also proposed allocating 6% to "liquid multi-sector credit" and 4% to "semi-liquid multi-sector credit" within FCERA's new structure. The relatively less liquid allocation adds further flexibility and potential alpha generation within the mandate.

## Finalists

Finalist presentations for the liquid multi-sector credit managers and semi-liquid multi-sector credit managers will be spread out over the March and April 2022 meetings respectively. During the March meeting, the Board heard from liquid multi-sector credit managers PIMCO, PGIM, and Loomis Sayles. After the presentations, the Board decided that PGIM will manage the 6% liquid portion of the multi-sector credit structure.

For the upcoming April meeting HPS, GoldenTree, and KKR will be presenting with regards to the 4% illiquid portion of the multi-sector credit mandate.



# **PERSPECTIVES** THAT DRIVE ENTERPRISE SUCCESS



**February 2022**

Multi-Asset Credit Search

**Fresno County Employees' Retirement Association**

# Manager overview

# Manager comparison

	Beach Point	Brigade	GoldenTree
FIRM OWNERSHIP	100% employee owned	90% employee owned; 10% Asset Management Finance (AMF)	100% employee owned
FIRM NAME	Beach Point Capital Management LP	Brigade Capital Management, LP	GoldenTree Asset Management, LP
PRODUCT NAME	Beach Point Dynamic Income Fund	Brigade Opportunistic Credit	GoldenTree Multi-Sector Fund
FIRM TOTAL AUM (\$MM)	\$17,143	\$30,098	\$46,086
STRATEGY AUM (\$MM)	\$725	\$4,617	\$6,628
INCEPTION DATE	Feb-13	Mar-09	Jan-13
PREFERRED BENCHMARK	Bloomberg US Corporate High Yield	Benchmark Agnostic	50% S&P/LSTA Leveraged Loan/50% ICE BofAML US HY
INVESTMENT APPROACH	Fundamental	Fundamental	Fundamental
SCREENING APPROACH	Bottom-Up	Bottom-Up	Bottom-Up
KEY ATTRIBUTES	Risk-controlled approach High quality / Lower beta bias Legally trained analyst team	Benchmark agnostic Opportunistic Event-driven approach	Benchmark agnostic Catalyst-driven approach Focus on relative value

# Manager comparison

	HPS	KKR	Oaktree
FIRM OWNERSHIP	Majority employee owned; JP Morgan and Dyal Capital have a passive minority interest	Public Company (NYSE: KKR)	100% employee owned
FIRM NAME	HPS Investment Partners, LLC	Kohlberg Kravis Roberts & Co.	Oaktree Capital Management, L.P.
PRODUCT NAME	Institutional Credit Fund LP	Opportunistic Credit (Global Geographic Focus)	Oaktree Global Credit
FIRM TOTAL AUM (\$MM)	\$75,500	\$459,000	\$157,890
STRATEGY AUM (\$MM)	\$3,900	\$4,200	\$7,302
INCEPTION DATE	Nov-15	Aug-19	Feb-17
PREFERRED BENCHMARK	50% CS Leveraged Loan/50% CS High Yield	50% S&P/LSTA Leveraged Loan/50% ICE BofAML US HY	Oaktree Gbl HY/Sr Loans Custom Index
INVESTMENT APPROACH	Discretionary	Fundamental	Fundamental
SCREENING APPROACH	Bottom-Up	Bottom-Up	Bottom-Up
KEY ATTRIBUTES	Relatively concentrated Focus on relative value	Emphasis on flexibility Well-resourced organization CCC and below quality basis	Fundamental Value driven approach Access to firmwide knowledge and best ideas

# Strategy overview

	Beach Point	Brigade	GoldenTree
<b>Overview</b>	<p>Beach Point's Dynamic Income fund is a long-only income-oriented opportunistic credit strategy that employs a flexible mandate, selectively investing in high income securities up and down the capital structure. Investments may include, but are not limited to, yield-to-call bonds, high yield bonds, senior bank debt, special situations investments and convertible debt. The majority of the allocation, however, tends to be comprised of high yield bonds and senior loans.</p>	<p>Brigade's Opportunistic Credit strategy is a long-only, benchmark agnostic, multi-asset credit strategy. The fund typically invests in high yield bonds and leveraged loans; it may also more opportunistically hold convertibles, structured corporate credit and stressed/distressed securities. The strategy can include various macro, sector, and interest rate hedges, ranging from 0% to 20%, to dampen volatility and reduce beta exposures in adverse environments.</p>	<p>The Multi-Sector strategy is GoldenTree's flexible, long-only strategy which aims to identify the most attractive risk-adjusted return opportunities across a broad universe of credit instruments including loans, bonds and structured products. This is a benchmark-agnostic product whose returns are driven primarily by security selection with idiosyncratic factors. The team has broad geographic exposure and limited overlap with index products.</p>

# Strategy overview

	HPS	KKR	Oaktree
<b>Overview</b>	<p>The HPS Institutional Credit strategy seeks to generate attractive risk-adjusted returns and relative outperformance while minimizing credit losses across market cycles by investing in a portfolio that can rotate exposures across leveraged loans, high yield bonds, IG crossover debt and securitized credit assets, with an emphasis on performing credit.</p>	<p>KKR's Opportunistic Credit strategy's investment objective is to provide an attractive risk-adjusted return through investment in a diversified portfolio of credit-related fixed income securities. The strategy is designed to be flexible, with the ability to toggle between various asset classes and thematic approaches depending on the firm's views on current credit cycle positioning. Investments are made primarily in high yield bonds, bank loans and structured credit and focus on income-generating, performing assets with an emphasis on principal protection</p>	<p>Oaktree's Global Credit strategy seeks to earn attractive total return and current income with volatility limited through diversification. The team aims to accomplish this by investing in liquid credit opportunities across Oaktree's platform of high yield bonds, senior loans, structured credit, emerging markets debt and convertibles. The team expects to generate value from three sources: exposure to credit strategies not easily accessed and requiring specialized expertise; security selection based on bottom-up, proprietary credit research; capital allocation among strategies based on Oaktree's relative value assessment.</p>

# Strategy overview

	Beach Point	Brigade	GoldenTree
<b>Verus View</b>	<p>Beach Point's core specialization and focus is on opportunistic credit up and down the capital structure. A portion of Beach Point's analyst team is legally trained, including both co-CIOs. This in-house skill set is essential to analyzing complex covenants, bond indentures, and restructuring proposals in order to minimize downside risk and identify upside catalysts. We also appreciate Dynamic Income's more constrained approach to multi-asset credit, as the strategy aims to find relative value between senior loans and high yield bonds.</p>	<p>We view this strategy as a favorable option for clients seeking a diversified credit exposure in the below-investment grade space. Brigade's platform centers around their strength, which is managing below investment grade credit. The team collectively has extensive experience in leveraged finance and credit selection; the same team manages all strategies in accordance to a consistent investment process and strategy-specific risk limits. Credit rotation within a well-diversified portfolio are central elements of Brigade's investment philosophy.</p>	<p>We view this strategy as a favorable option for clients seeking diversified credit exposure in the below-investment grade space. GoldenTree has a long track record in capturing attractive value across a large, diverse universe of credit instruments including loans, bonds, and structured products. The strategy seeks to generate attractive single-digit net returns across market cycles by investing in securities that are substantially undervalued regardless of rating or where they reside in the capital structure.</p>



# Strategy overview

	HPS	KKR	Oaktree
<b>Verus View</b>	<p>We believe the Institutional Credit Fund's emphasis on fundamental credit selection and ongoing relative value across asset classes and industry sectors, along with a focus on current income, enables it to generate consistent returns across credit cycles while limiting downside risks. Additionally, we believe that the strategy benefits from the breadth of HPS's platform. The team is able to leverage industry and company knowledge across the capital structure. HPS also has deep and longstanding relationships with company management and sponsors. These relationships and information often lead to sourcing opportunities for investment ideas.</p>	<p>We are constructive on KKR's multi-asset credit approach which emphasizes flexibility as well as leveraging the deep resources of the broader KKR platform. The team has demonstrated their ability to be nimble and rotate asset classes and themes in the portfolio to capture value, particularly in periods following market volatility.</p>	<p>The Global Credit team employs a fundamental, value-driven opportunistic approach to investing, and seeks to benefit from the resources, relationships and information shared across Oaktree's global platform. The team is composed of a select group of investment professionals with cross-strategy representation. We appreciate the collaboration with other investment teams at Oaktree for industry and analytical insight.</p>

# Strategy overview

	Beach Point	Brigade	GoldenTree
<b>Risks and Observations</b>	<p>We view co-CIOs Carl Goldsmith and Scott Klein to be central to the investment process. As such, we view there to be moderate key person risk with this strategy. Regarding the allocation between bonds and loans, structurally the strategy has been tilted to favor high yield with an opportunistic allocation to loans of roughly 25%-40%.</p>	<p>While there has been good continuity among team members which has provided Brigade a solid track record in managing opportunistic credit portfolios, we would be concerned if Don Morgan or Doug Pardon were to depart the firm; there is essentially key man risk as these individuals have expertise that is integral to the process and they are primarily responsible for the management of the strategies at the firm.</p>	<p>The Multi-Sector strategy has quarterly liquidity with 90 days' written notice and employs a master-feeder structure. The master fund is structured as an ICAV (Irish Collective Asset Management Vehicle). The offshore feeder is a Cayman Islands Exempted Company. The onshore feeder is registered as a limited partnership in the state of Delaware. In addition, there is a Multi-Sector ERISA Fund. Less liquid and distressed opportunities tend to make up 0-10% of the total assets in the fund.</p>

# Strategy overview

	HPS	KKR	Oaktree
<b>Risks and Observations</b>	<p>The Institutional Credit Fund utilizes a “master-feeder” structure. The fund offers quarterly liquidity with 90 days' written notice. The minimum investment for the fund is relatively low, at \$1 million. For a multi-asset credit strategy, the "sleeves" of credit are relatively constrained, with the fund focusing primarily on loans, high yield bonds, crossover investment-grade credit and senior securitized credit.</p>	<p>KKR is a large, publicly traded global investment firm with numerous lines of business and over 1,400 portfolio companies. While we believe the strategy benefits from KKR's size, extensive resources and broad industry contacts, there is a level of headline risk with large, public financial organizations.</p>	<p>While this strategy is managed in a team-based approach, we view Bruce Karsh as a key team member of strategy and integral to the process given his experienced in distressed debt investing. While we are confident with the tenure and experience of Oaktree's investment team, his departure would cause us to take pause.</p>

# Strategy overview

	Beach Point	Brigade	GoldenTree
<b>Performance Sensitivity</b>	Relative to the high yield index, the strategy's focus on senior, lower beta securities with lower duration may help mitigate drawdowns. The conservative nature of the strategy also results in relatively limited alpha generation relative to peers. This strategy is appropriate for clients seeking exposure to a specialized credit manager, or for clients interested in diversifying their high yield allocation.	The since inception Sharpe ratio for the strategy (3/2009) is ~1.2. The strategy tends to have low-to-negative correlations with traditional fixed income indices (although higher correlations to a traditional high yield index), making it a good complement to a core fixed income allocation.	GoldenTree looks to deliver mid-to-high single digit returns over a full market cycle. The strategy is best positioned to outperform during periods of volatility and heightened dispersion. In these environments, GoldenTree's fundamental investment process aims to both protect capital and be nimble, taking advantage of volatility to source investments at attractive levels.

# Strategy overview

	HPS	KKR	Oaktree
<b>Performance Sensitivity</b>	<p>The strategy's principal investment objective is to generate attractive risk-adjusted returns and relative outperformance of peers while minimizing credit losses across market cycles with a target net return of 6-8% across a cycle and a focus on generating current income. We have observed that since inception, the strategy has met their objective while also outperforming the 50% Bloomberg Barclays US Corporate High Yield/50% Credit Suisse Leveraged Loan Index benchmark.</p>	<p>The performance objective of the strategy is to outperform the blended benchmark (50% BAML HY Index / 50% S&amp;P LSTA Loan Index) over a full market cycle. The strategy tends to lag during times when the market is dominated by buyers who do not differentiate based on underlying credit fundamentals leading to market values that become disconnected from intrinsic value. The strategy tends to outperform in markets when credit differentiation matters, particularly after periods of market stress and volatility.</p>	<p>The track record for the Global Credit strategy is relatively short but we have viewed the strategy's performance to be attractive versus a 50/50 blend of high yield and bank loans. The strategy's long-term performance target is 400 to 600 bps over 3-Month LIBOR over a full market cycle. Oaktree's investment style tends to protect on the downside and avoid defaults; this strategy is expected to perpetuate that notion.</p>

# Investment vehicle information

	INVESTMENT VEHICLES	MINIMUM INVESTMENT	EXPENSE RATIO	FEE SCHEDULE	Other Fees	Liquidity
Beach Point	Commingled Fund (Offshore Feeder)	\$1,000,000	0.65%	All Assets		Monthly 60 day notice
	Commingled Fund (Onshore Feeder)	\$5,000,000	0.65%	All Assets		
Brigade	Commingled Fund	\$5,000,000	0.80%	All Assets		Quarterly, with 60 days notice
	Separate Account	\$100,000,000	0.80%	All Assets		1-year soft lock-up/5% redemption fee for withdraw< 1-year
GoldenTree	Commingled Fund (Quarterly Liquidity)	\$1,000,000	0.75% 0.70%	< \$100,000,000 > \$100,000,000	Operating Expenses:	Quarterly (90 days notice)
	Commingled Fund (Annual Liquidity)		0.70% 0.65%	< \$100,000,000 > \$100,000,000	Pooled Fund - Up to 20bps Separate Account - None	Annual

# Investment vehicle information

	INVESTMENT VEHICLES	MINIMUM INVESTMENT	EXPENSE RATIO	FEE SCHEDULE	Other Fees	Liquidity
HPS	Commingled Fund (Share Class A)	\$1,000,000	0.60%	All Assets	10% Incentive Fee 6% Hurdle	Purchase - Monthly / Sales - Quarterly, with 90-day notice
	Commingled Fund (Share Class B)	\$1,000,000	1.00% 0.75% 0.65% 0.50%	First \$50,000,000 Next \$200,000,000 Next \$250,000,000 Remaining Balance		Purchase - Monthly / Sales - Quarterly, with 90-day notice
	Separate Account	\$1,000,000	Negotiable			
KKR	Comingled Fund	\$10,000,000	0.90% 0.85% 0.75%	< \$75,000,000 < \$150,000,000 > \$150,000,000	Management fee 0.15-0.20%	Quarterly, subject to 12-month soft lock with 3% early withdrawal fee
	Separate Account	\$150,000,000	0.75% 0.70% 0.65%	First \$100,000,000 Next \$100,000,000 Remaining Balance		
Oaktree	Commingled Fund	\$10,000,000	0.65% 0.60%	< \$100,000,000 < \$200,000,000		Monthly, 30 days notice
	Separate Account	\$250,000,000 (willing to do \$200,000,000)	0.55% 0.50% 0.45% 0.40%	< \$300,000,000 < \$400,000,000 < \$500,000,000 < \$750,000,000		

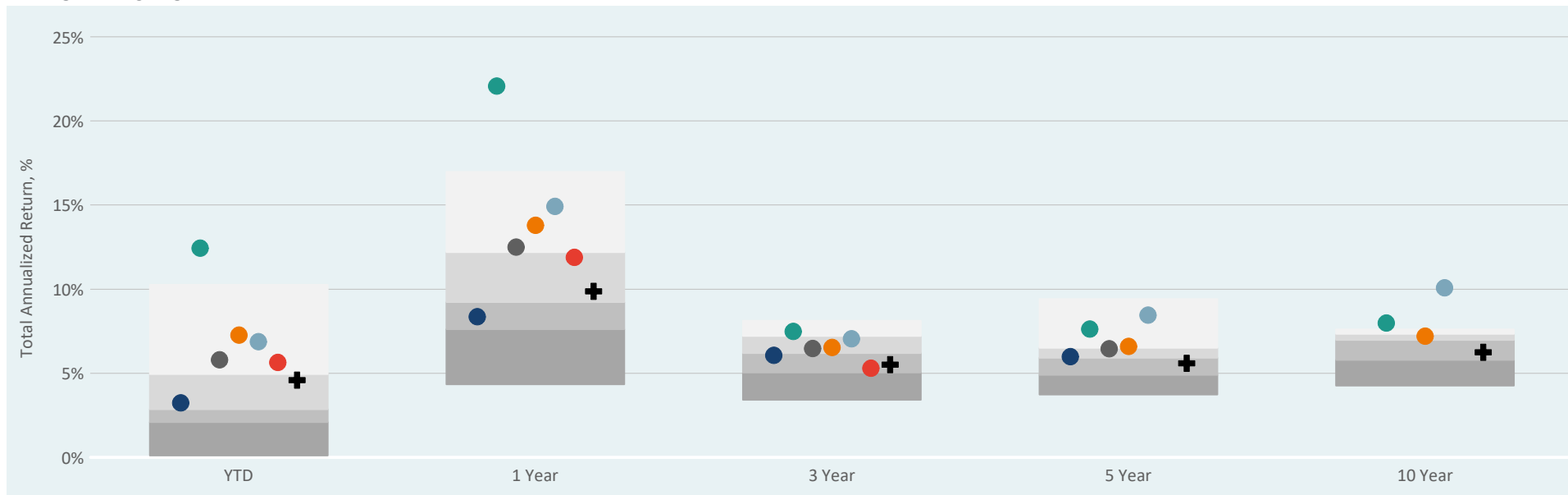
# Performance Analysis



# Performance comparison - as of September 2021

● Beach Point ● Brigade ● GoldenTree ● HPS ● KKR ● Oaktree + 50% BBg US HY Corp / 50% CS Lev Loan

## PERFORMANCE TO DATE

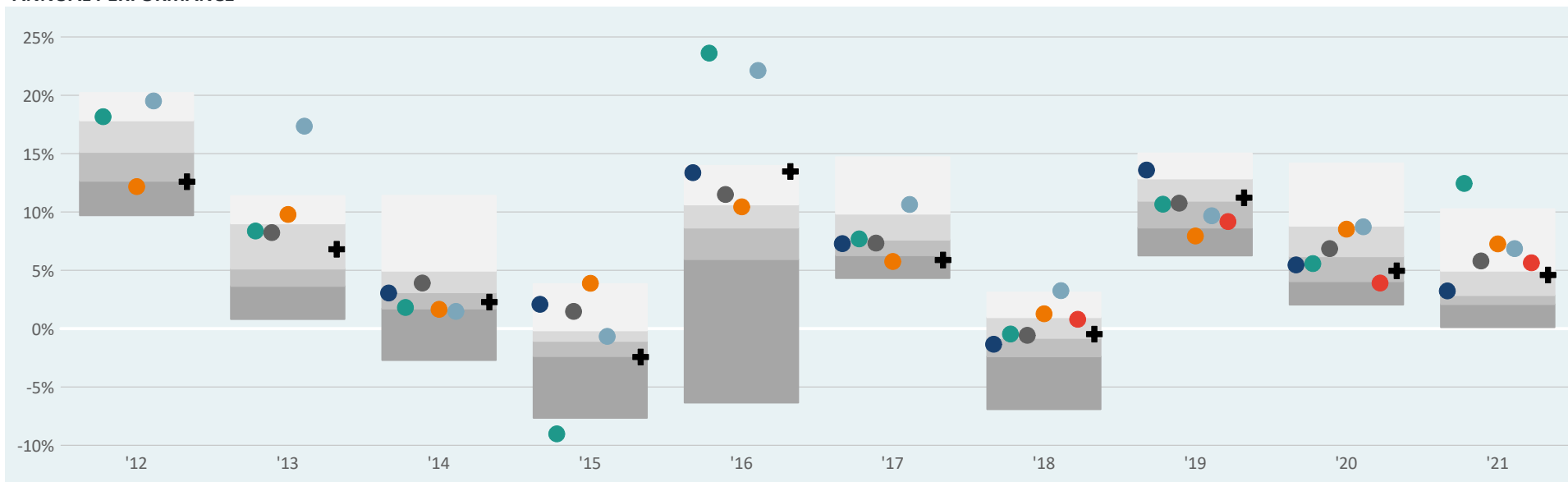


EXCESS ANNUALIZED RETURN TO DATE, %	YTD	1 Year	3 Year	5 Year	10 Year
Beach Point	-1.4	-1.5	0.6	0.4	---
Brigade	7.9	12.2	2.0	2.1	1.7
GoldenTree	1.2	2.6	1.0	0.9	---
HPS	2.7	3.9	1.0	1.0	1.0
KKR	2.3	5.1	1.6	2.9	3.8
Oaktree	1.0	2.0	-0.2	---	---

# Calendar year performance

● Beach Point ● Brigade ● GoldenTree ● HPS ● KKR ● Oaktree + 50% BBg US HY Corp / 50% CS Lev Loan

## ANNUAL PERFORMANCE



ANNUAL PERFORMANCE + RANKING	2013	2014	2015	2016	2017	2018	2019	2020	2021
Beach Point		3.1	2.1	13.4	7.3	-1.3	13.6	5.5	3.2
Rank		55	11	7	53	60	16	60	43
Brigade	8.4	1.8	-9.0	23.6	7.7	-0.4	10.7	5.6	12.4
Rank	29	73	96	0	48	47	52	59	2
GoldenTree	8.2	3.9	1.5	11.5	7.3	-0.6	10.8	6.9	5.8
Rank	29	36	13	18	52	48	52	44	17
HPS	9.8	1.7	3.9	10.4	5.8	1.3	8.0	8.5	7.3
Rank	20	78	4	26	84	16	83	29	14
KKR	17.4	1.5	-0.7	22.1	10.7	3.3	9.7	8.7	6.9
Rank	1	79	38	0	19	4	62	27	15
Oaktree						0.8	9.2	3.9	5.6
Rank						32	71	80	19
50% BBg US HY Corp / 50% CS Lev Loan	6.8	2.3	-2.4	13.5	5.9	-0.5	11.2	4.9	4.6
Rank	32	65	79	7	82	47	44	69	26

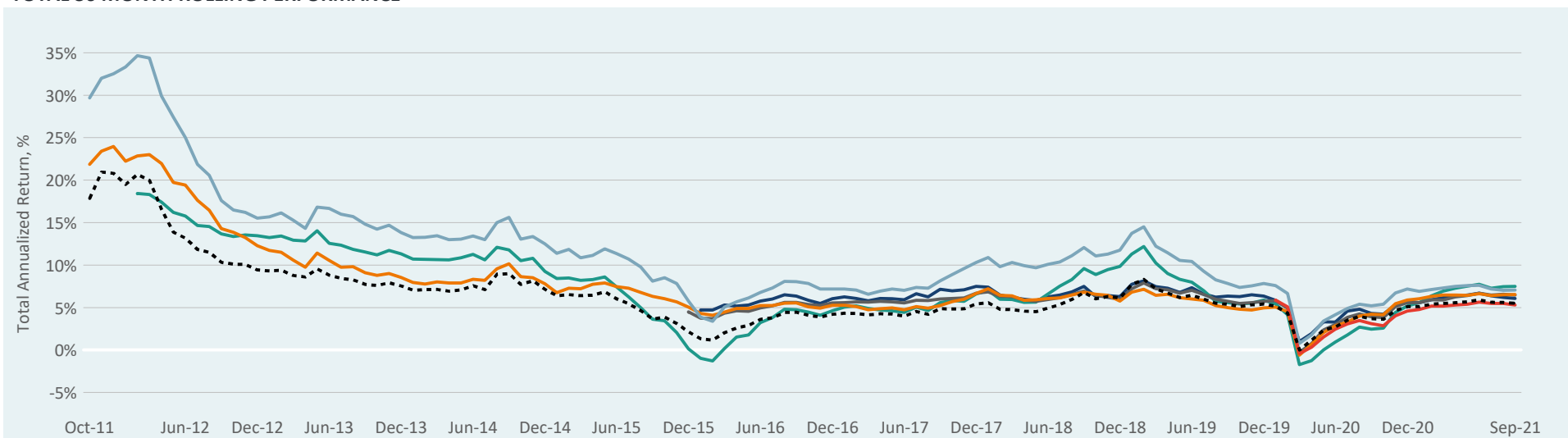
# Performance summary - as of September 2021

	Beach Point	Brigade	GoldenTree	HPS	KKR	Oaktree	50% BBg US HY Corp / 50% CS Lev Loan
<b>PERFORMANCE ANALYSIS - (3 Years)</b>							
Alpha %	0.7	1.0	0.5	0.6	0.7	-0.6	0.0
Beta	1.0	1.3	1.1	1.1	1.2	1.1	1.0
R-squared %	96.9	91.3	97.9	94.7	96.0	94.1	100.0
Sharpe Ratio	0.5	0.5	0.5	0.5	0.5	0.4	0.5
Treynor Ratio	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Tracking Error %	1.6	4.2	1.9	2.5	3.0	2.8	0.0
Annualized Std Dev %	8.8	11.7	10.1	10.1	11.1	10.4	8.9
Information Ratio	0.3	0.5	0.5	0.4	0.5	0.0	---
Max Drawdown %	-12.5	-17.6	-15.2	-14.6	-16.4	-16.0	-13.2
Calmar Ratio	0.5	0.4	0.4	0.4	0.4	0.3	0.4
Excess Ann. Return %	0.6	2.0	1.0	1.0	1.6	-0.2	0.0
<b>PERFORMANCE TO DATE</b>							
1 Year	8.4	22.1	12.5	13.8	14.9	11.9	9.9
3 Year	6.1	7.5	6.5	6.5	7.1	5.3	5.5
5 Year	6.0	7.6	6.5	6.6	8.5	---	5.6
7 Year	6.1	6.4	6.0	6.0	7.8	---	5.1
10 Year	---	8.0	---	7.2	10.1	---	6.2
Common Inception (Feb-17)	5.6	7.2	6.2	6.4	8.0	5.6	5.3
<b>CALENDAR YEAR RETURNS</b>							
2020	5.5	5.6	6.9	8.5	8.7	3.9	4.9
2019	13.6	10.7	10.8	8.0	9.7	9.2	11.2
2018	-1.3	-0.4	-0.6	1.3	3.3	0.8	-0.5
2017	7.3	7.7	7.3	5.8	10.7	---	5.9
2016	13.4	23.6	11.5	10.4	22.1	---	13.5
2015	2.1	-9.0	1.5	3.9	-0.7	---	-2.4
2014	3.1	1.8	3.9	1.7	1.5	---	2.3
2013	---	8.4	8.2	9.8	17.4	---	6.8
2012	---	18.2	---	12.2	19.5	---	12.6
2011	---	7.7	---	3.8	5.1	---	3.4

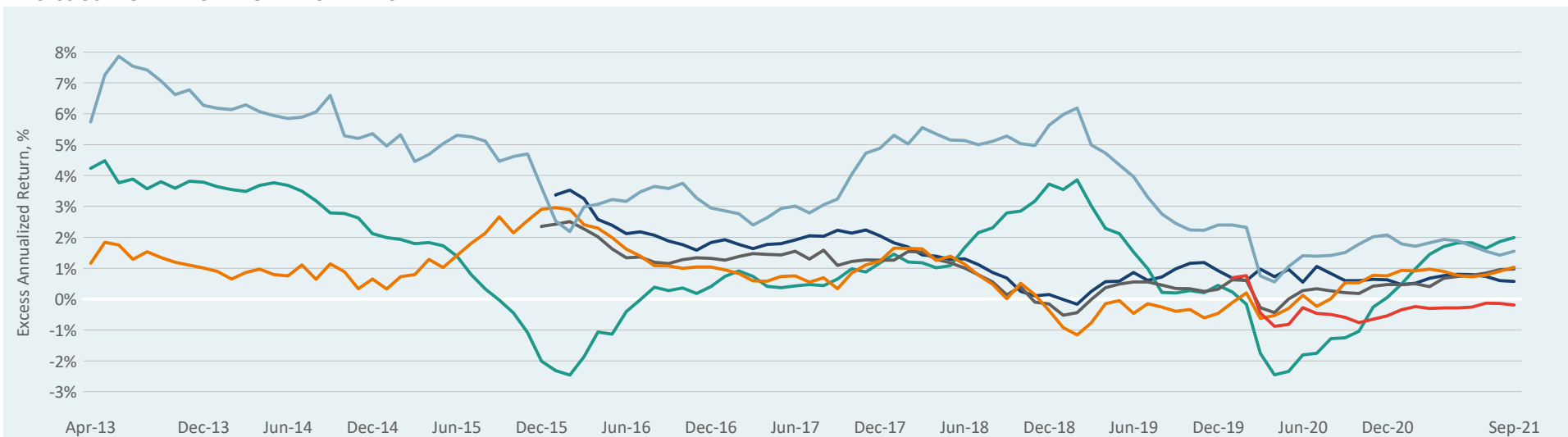
# Rolling performance

● Beach Point ● Brigade ● GoldenTree ● HPS ● KKR ● Oaktree ● + 50% BBg US HY Corp / 50% CS Lev Loan

## TOTAL 36 MONTH ROLLING PERFORMANCE



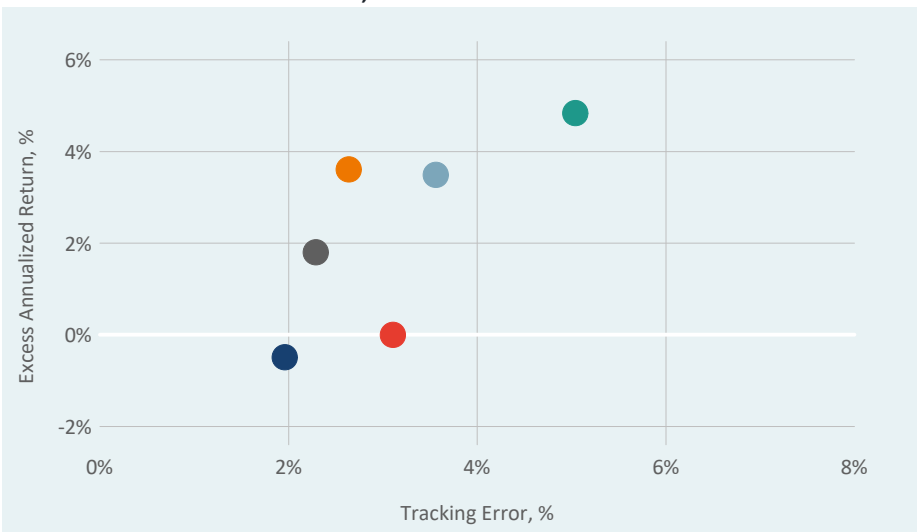
## EXCESS 36 MONTH ROLLING PERFORMANCE



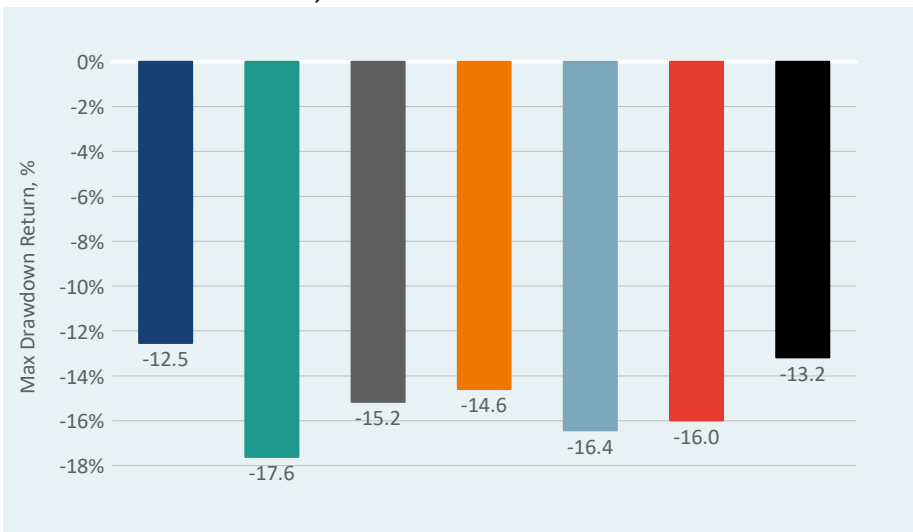
# Performance statistics

● Beach Point 
 ● Brigade 
 ● GoldenTree 
 ● HPS 
 ● KKR 
 ● Oaktree 
 + 50% BBg US HY Corp / 50% CS Lev Loan

EXCESS PERFORMANCE VS. RISK, JAN-20 TO SEP-21



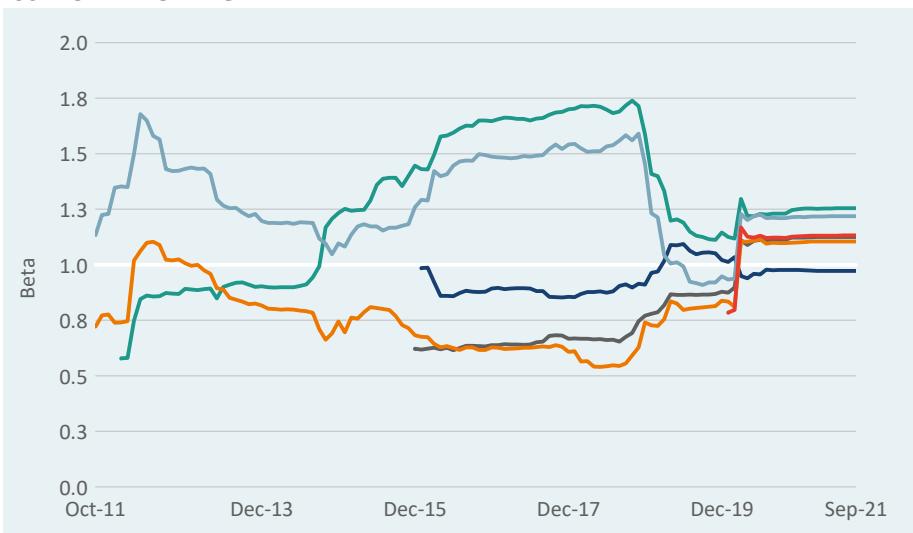
MAX DRAWDOWN RETURN, FEB-17 TO SEP-21



36 MONTH ROLLING ALPHA



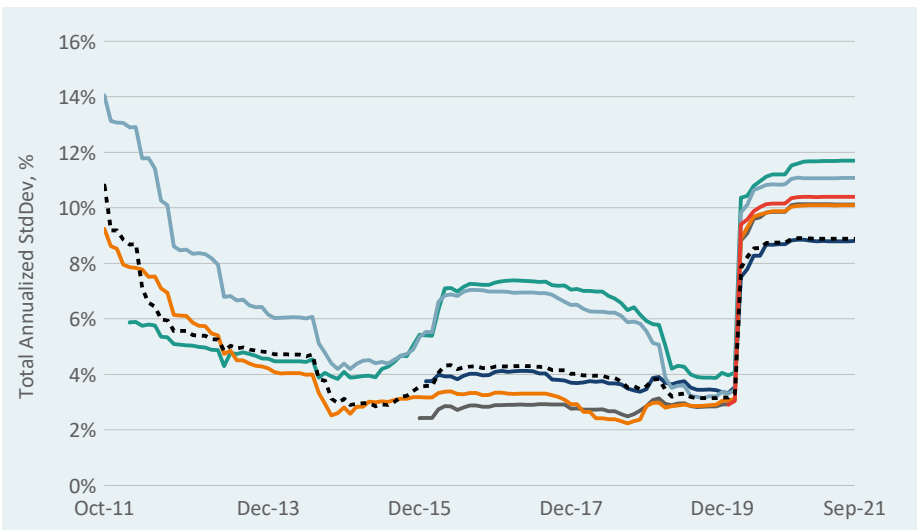
36 MONTH ROLLING BETA



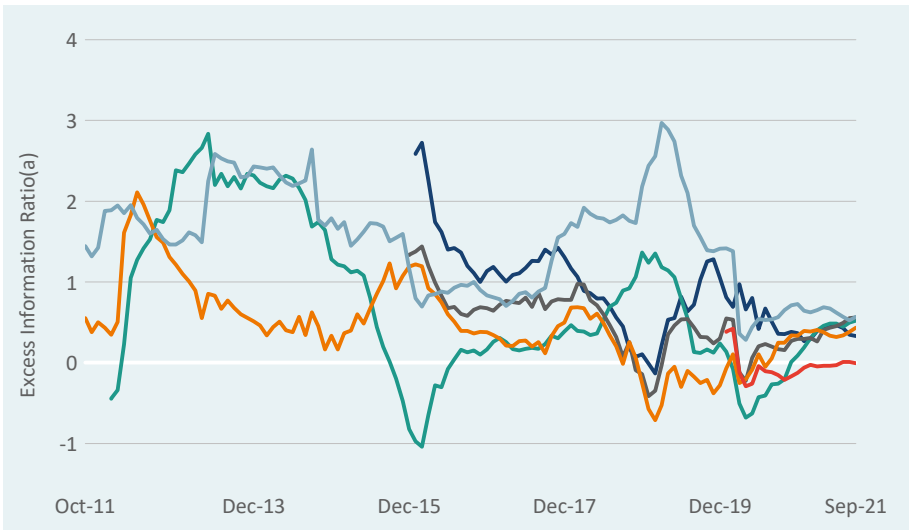
# Performance statistics

● Beach Point ● Brigade ● GoldenTree ● HPS ● KKR ● Oaktree ● + 50% BBg US HY Corp / 50% CS Lev Loan

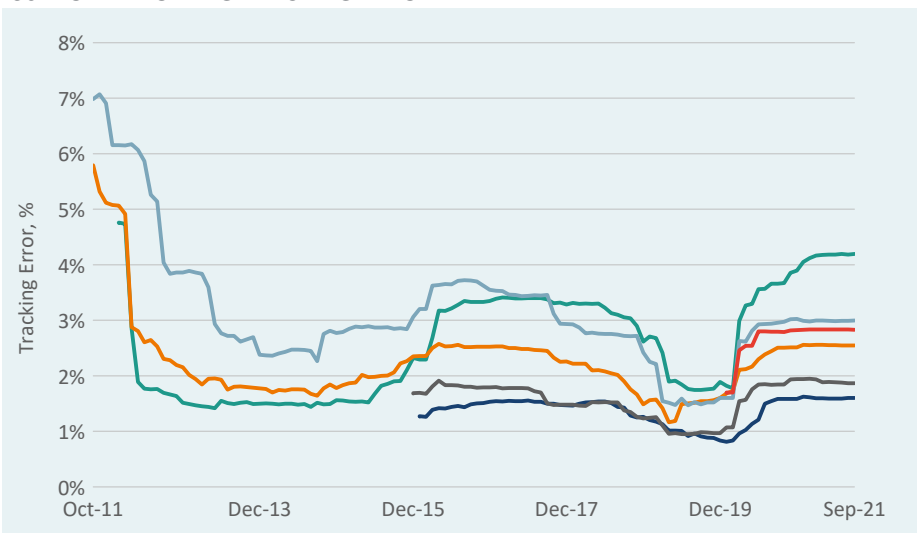
## 36 MONTH ROLLING RISK



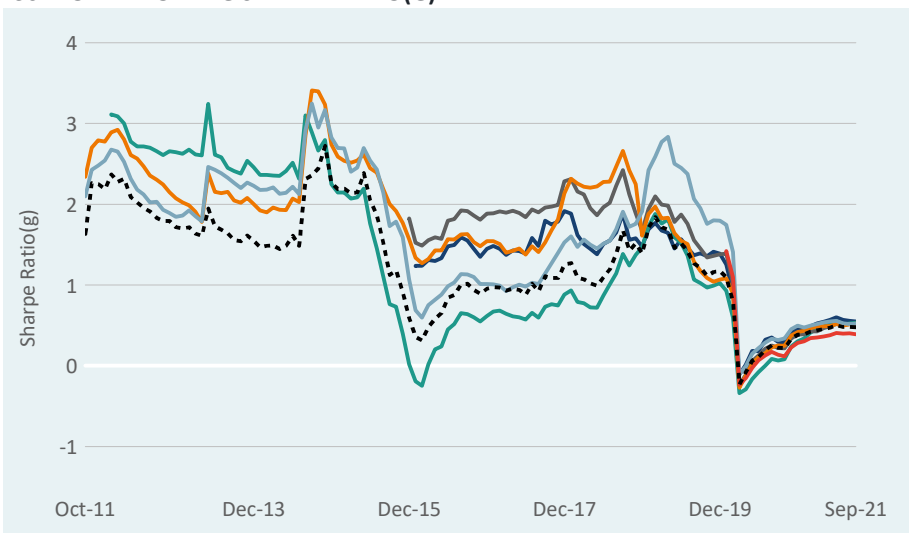
## 36 MONTH ROLLING PERFORMANCE STATISTICS



## 36 MONTH ROLLING TRACKING ERROR



## 36 MONTH ROLLING SHARPE RATIO(G)

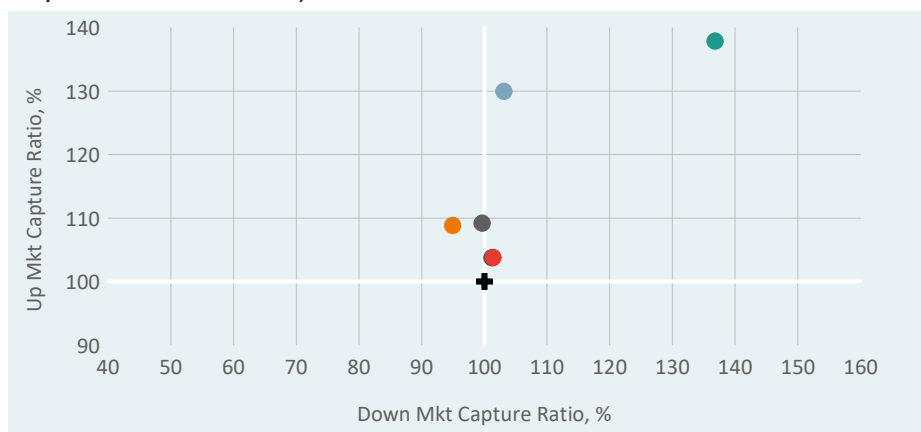


# Style Analysis and Portfolio Analytics

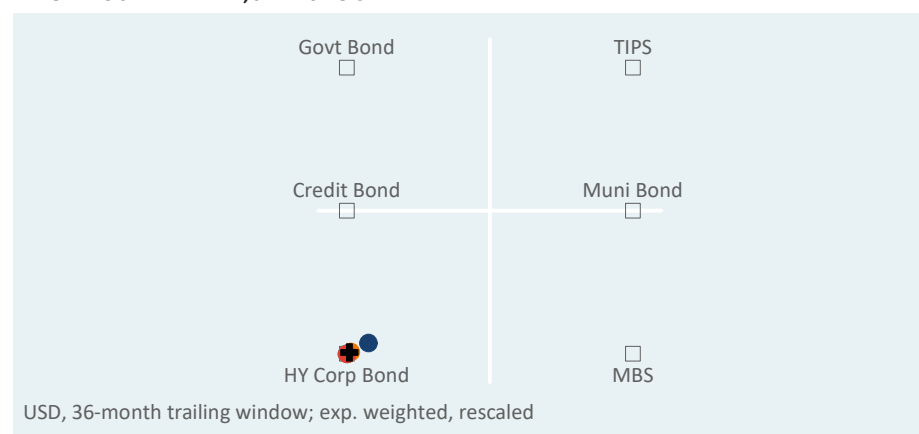
# Style and portfolio comparison

● Beach Point ● Brigade ● GoldenTree ● HPS ● KKR ● Oaktree + 50% BBg US HY Corp / 50% CS Lev Loan

UP/DOWN MARKET CAPTURE, FEB-17 TO SEP-21



BBGBARC 6-INDEX MAP, JAN-20 TO SEP-21



	Beach Point	Brigade	GoldenTree	HPS	KKR	Oaktree
ANNUAL TURNOVER	98.0%	54.0%	140.0%	111.5%	80.6%	93.0%
YIELD TO MATURITY	5.3%	6.3%	6.0%	6.0%	7.3%	5.3%
EFFECTIVE DURATION	2.9	1.2	2.4	1.4	1.6	2.4
AVERAGE QUALITY ISSUE	B	B	BB	B / B-	CCC+	B
HY CORPORATES	75.9%	48.7%	54.2%	27.3%	38.0%	29.0%



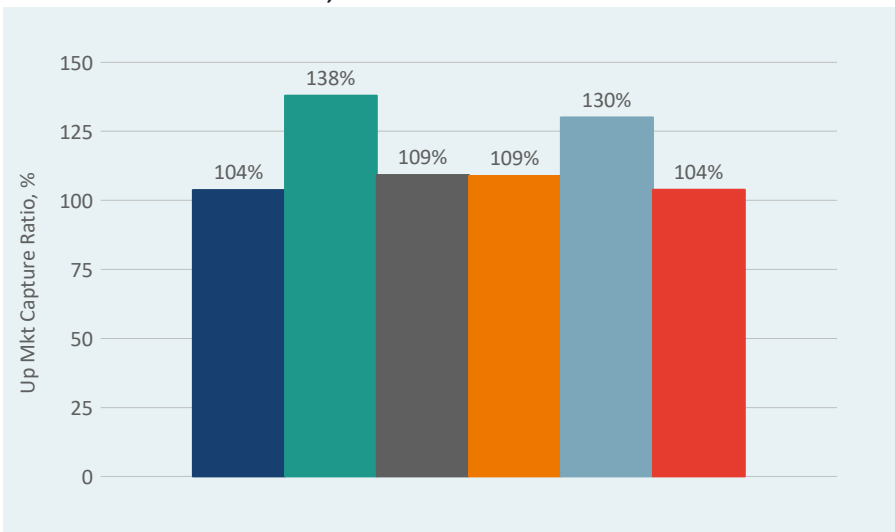
# Up & down market analysis

● Beach Point ● Brigade ● GoldenTree ● HPS ● KKR ● Oaktree ● 50% BBg US HY Corp / 50% CS Lev Loan

36 MONTH ROLLING UP MKT CAPTURE RATIO



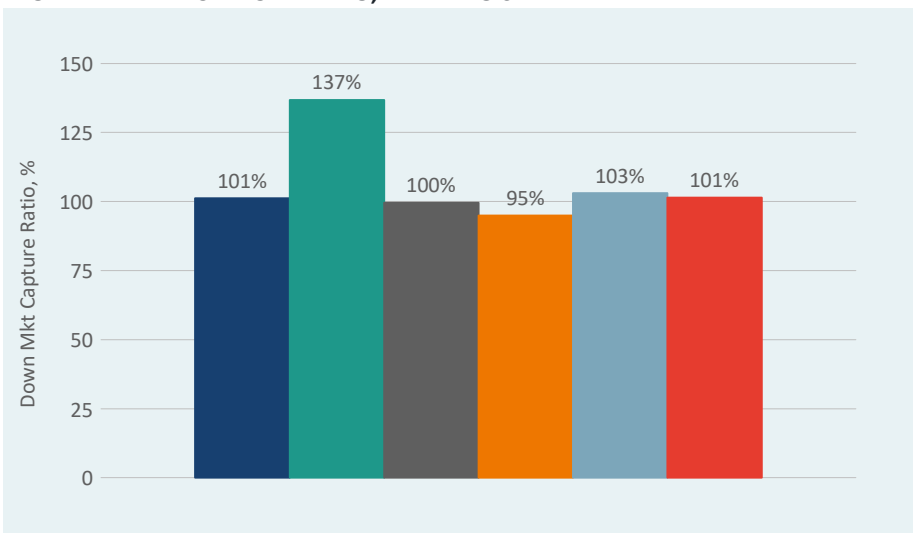
UP MARKET CAPTURE RATIO, FEB-17 TO SEP-21



36 MONTH ROLLING DOWN MKT CAPTURE RATIO



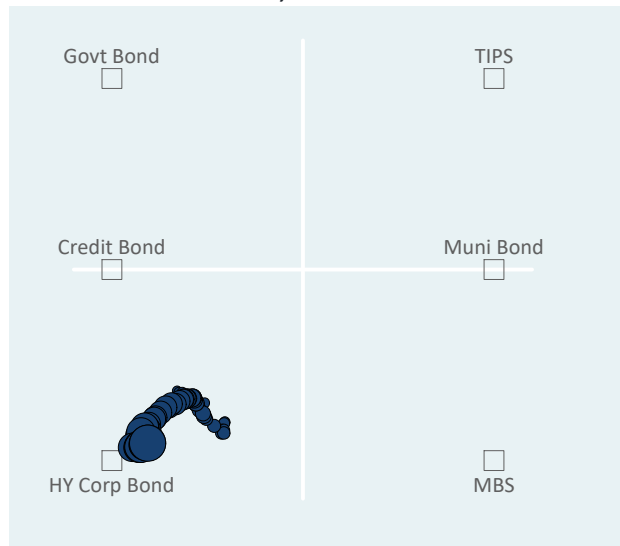
DOWN MARKET CAPTURE RATIO, FEB-17 TO SEP-21



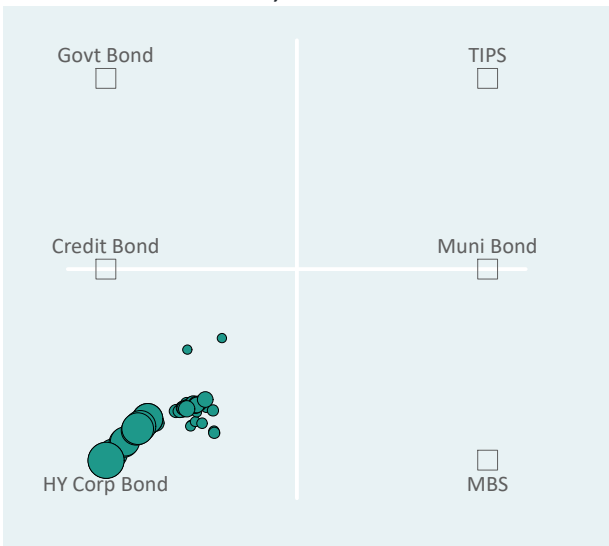
# Style analysis (BBgBarc 6-Index Map)

● Beach Point ● Brigade ● GoldenTree ● HPS ● KKR ● Oaktree

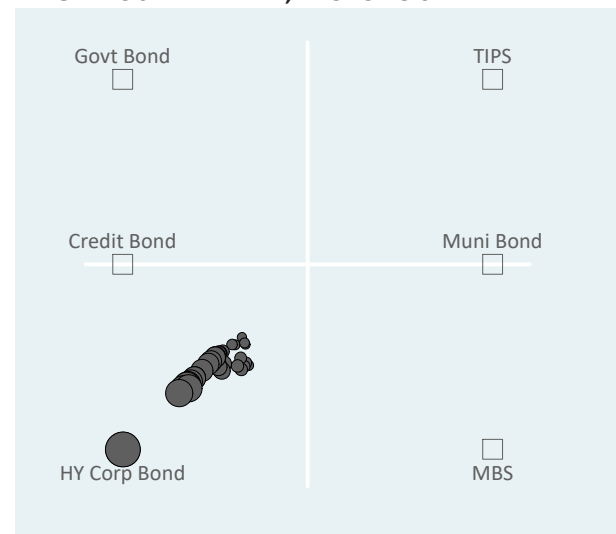
BBGBARC 6-INDEX MAP, JAN-16 TO SEP-21



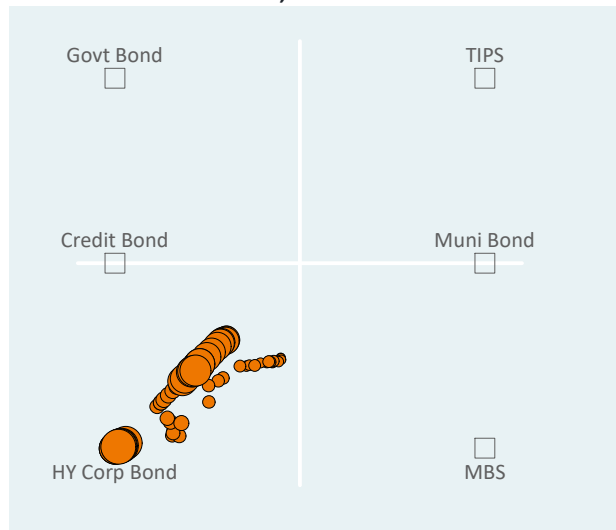
BBGBARC 6-INDEX MAP, FEB-12 TO SEP-21



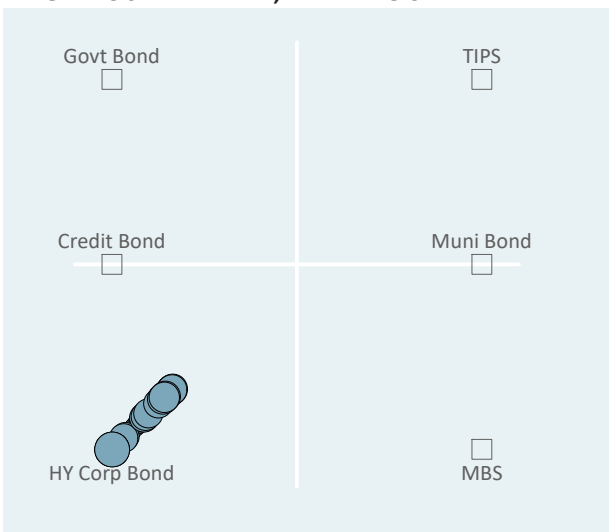
BBGBARC 6-INDEX MAP, DEC-15 TO SEP-21



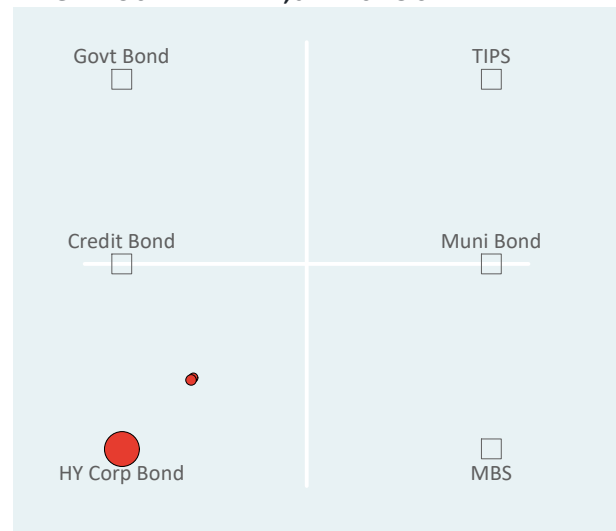
BBGBARC 6-INDEX MAP, MAY-10 TO SEP-21



BBGBARC 6-INDEX MAP, APR-11 TO SEP-21

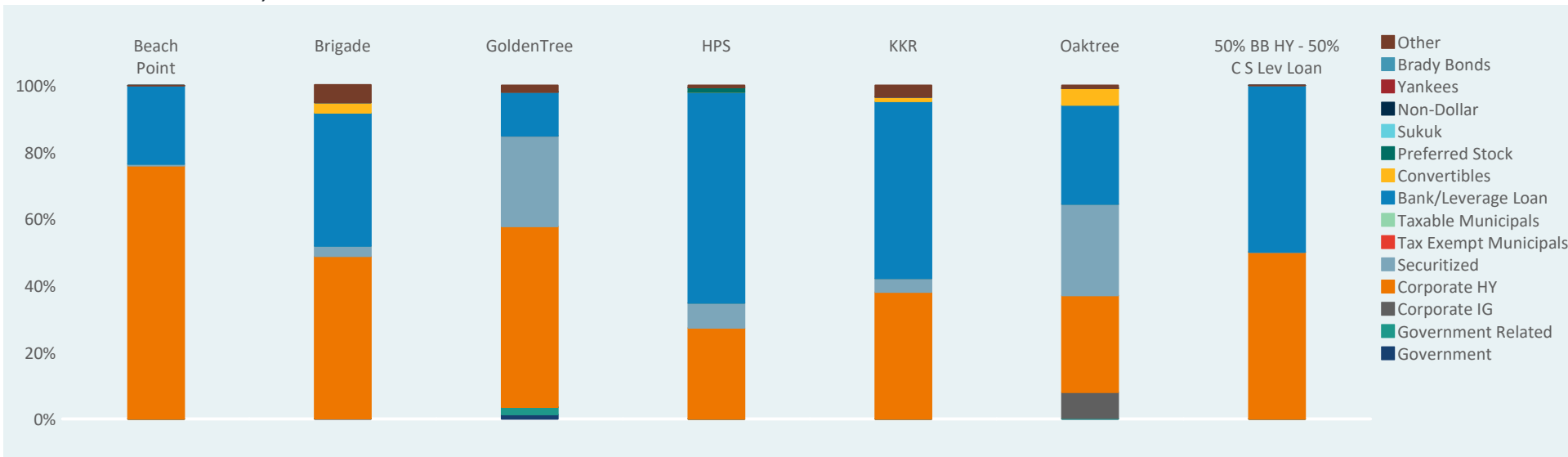


BBGBARC 6-INDEX MAP, JAN-20 TO SEP-21



# Fixed income sector exposure

CURRENT SECTOR POSITION, AS OF SEP-21

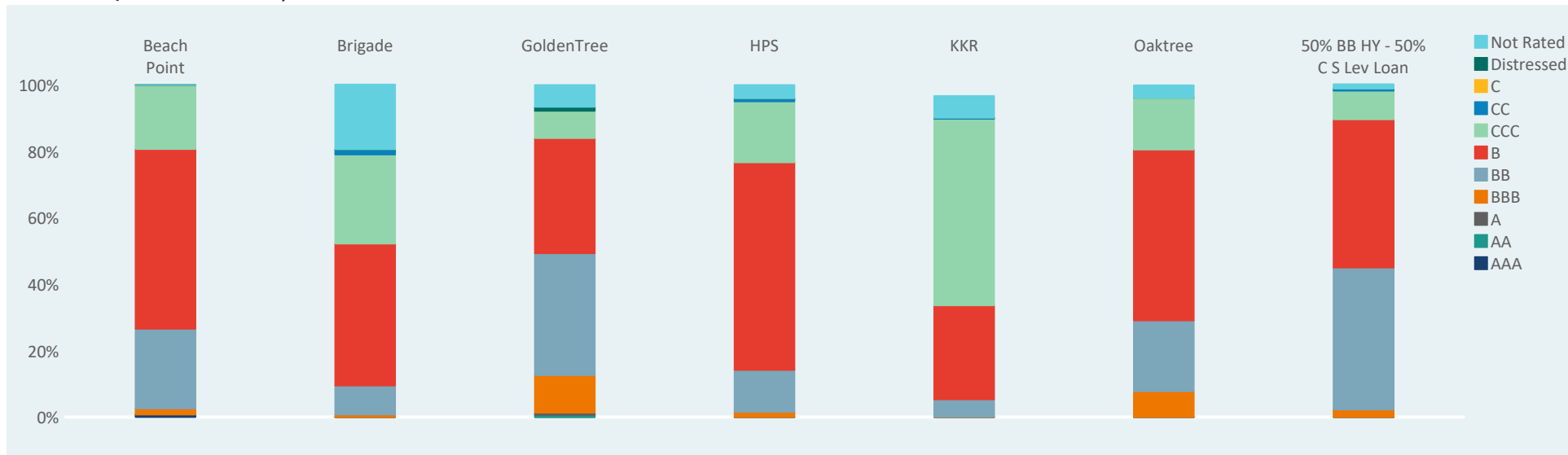


RELATIVE TO 50% BBG US HY CORP / 50% CS LEV LOAN, AS OF SEP-21



# Fixed income quality exposure

CURRENT QUALITY EXPOSURE, AS OF SEP-21



RELATIVE TO 50% BBG US HY CORP / 50% CS LEV LOAN, AS OF SEP-21

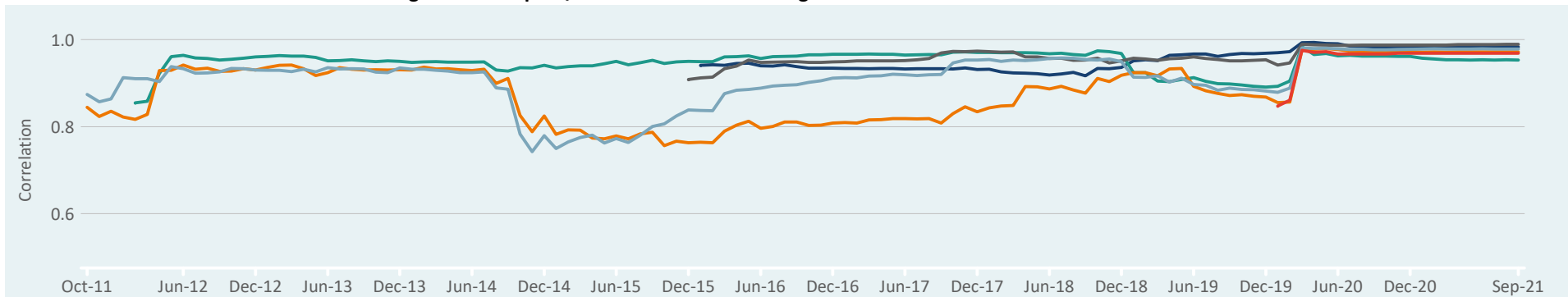


# Risk Analysis

# Correlations

● Beach Point ● Brigade ● GoldenTree ● HPS ● KKR ● Oaktree + 50% BBg US HY Corp / 50% CS Lev Loan

## CORRELATION - 3 YEAR ROLLING vs. 50% BBgBarc US Corp HY/50% Credit Suisse Leveraged Loan



### 3 YEAR ENDING 09/2021

	Beach Point	Brigade	GoldenTree	HPS	KKR	Oaktree	50% / 50% US Corp HY & CS Lev Loan
Beach Point	1.00	0.92	0.97	0.93	0.95	0.94	0.98
Brigade	0.92	1.00	0.97	0.97	0.98	0.97	0.95
GoldenTree	0.97	0.97	1.00	0.98	0.99	0.98	0.99
HPS	0.93	0.97	0.98	1.00	0.99	0.97	0.97
KKR	0.95	0.98	0.99	0.99	1.00	0.98	0.98
Oaktree	0.94	0.97	0.98	0.97	0.98	1.00	0.97
50% BBg US HY Corp / 50% CS Lev Loan	0.98	0.95	0.99	0.97	0.98	0.97	1.00

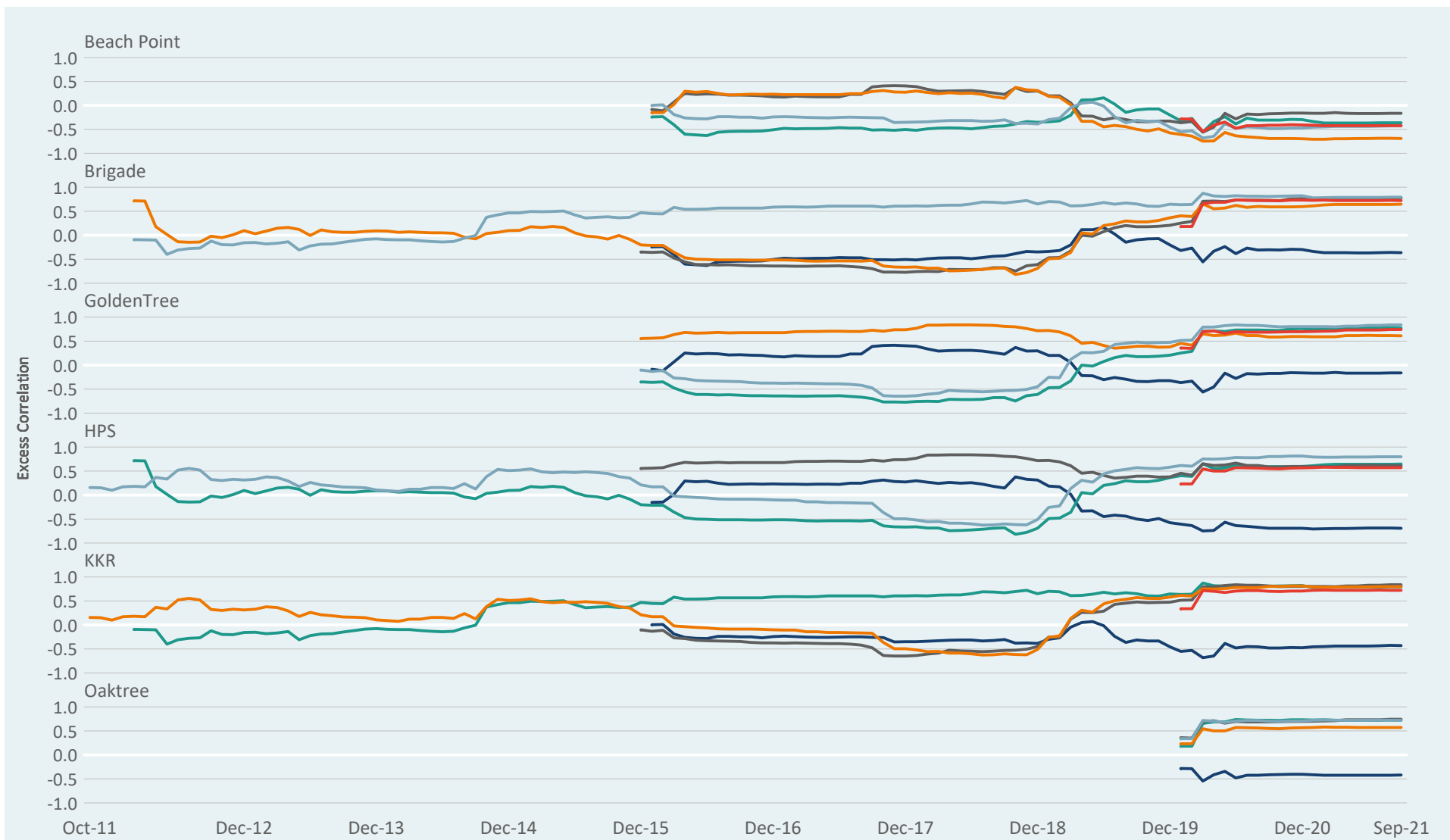
### 5 YEAR ENDING 09/2021

	Beach Point	Brigade	GoldenTree	HPS	KKR	Oaktree	50% / 50% US Corp HY & CS Lev Loan
Beach Point	1.00	0.92	0.96	0.92	0.94		0.98
Brigade	0.92	1.00	0.97	0.96	0.97		0.95
GoldenTree	0.96	0.97	1.00	0.98	0.99		0.99
HPS	0.92	0.96	0.98	1.00	0.98		0.97
KKR	0.94	0.97	0.99	0.98	1.00		0.97
Oaktree							
50% BBg US HY Corp / 50% CS Lev Loan	0.98	0.95	0.99	0.97	0.97		1.00

# Rolling excess return correlation

● Beach Point ● Brigade ● GoldenTree ● HPS ● KKR ● Oaktree

36 MONTH ROLLING



# Excess return correlations

## 1 YEAR ENDING 09/2021

	Beach Point	Brigade	GoldenTree	HPS	KKR	Oaktree
Beach Point	1.00	-0.32	-0.02	-0.59	0.38	-0.19
Brigade	-0.32	1.00	0.70	0.85	0.59	0.63
GoldenTree	-0.02	0.70	1.00	0.50	0.63	0.92
HPS	-0.59	0.85	0.50	1.00	0.38	0.45
KKR	0.38	0.59	0.63	0.38	1.00	0.36
Oaktree	-0.19	0.63	0.92	0.45	0.36	1.00

## 3 YEAR ENDING 09/2021

	Beach Point	Brigade	GoldenTree	HPS	KKR	Oaktree
Beach Point	1.00	-0.36	-0.16	-0.69	-0.43	-0.42
Brigade	-0.36	1.00	0.77	0.64	0.79	0.72
GoldenTree	-0.16	0.77	1.00	0.61	0.84	0.74
HPS	-0.69	0.64	0.61	1.00	0.80	0.57
KKR	-0.43	0.79	0.84	0.80	1.00	0.72
Oaktree	-0.42	0.72	0.74	0.57	0.72	1.00

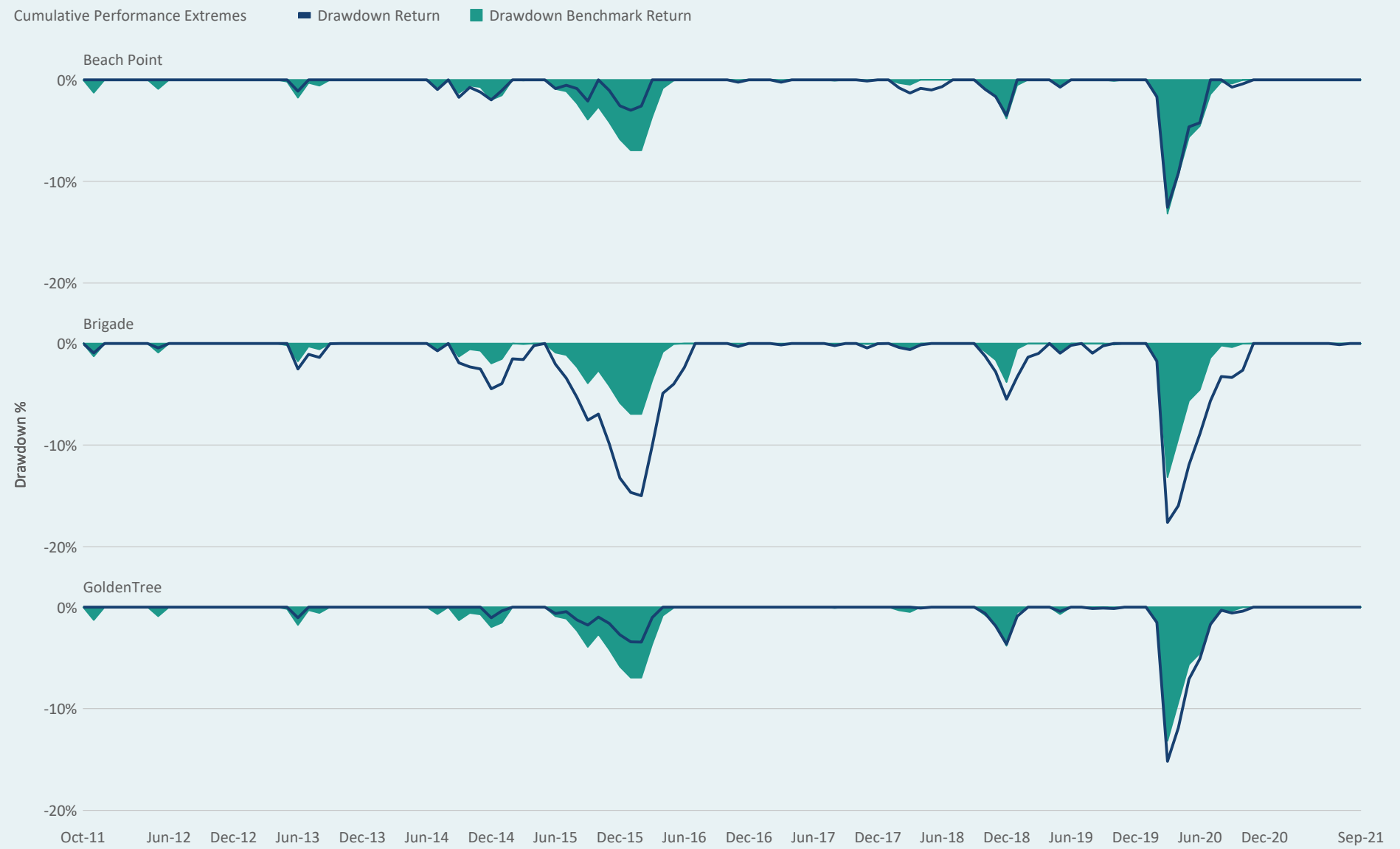
## 5 YEAR ENDING 09/2021

	Beach Point	Brigade	GoldenTree	HPS	KKR	Oaktree
Beach Point	1.00	-0.28	-0.19	-0.65	-0.36	
Brigade	-0.28	1.00	0.68	0.59	0.75	
GoldenTree	-0.19	0.68	1.00	0.58	0.76	
HPS	-0.65	0.59	0.58	1.00	0.74	
KKR	-0.36	0.75	0.76	0.74	1.00	
Oaktree						



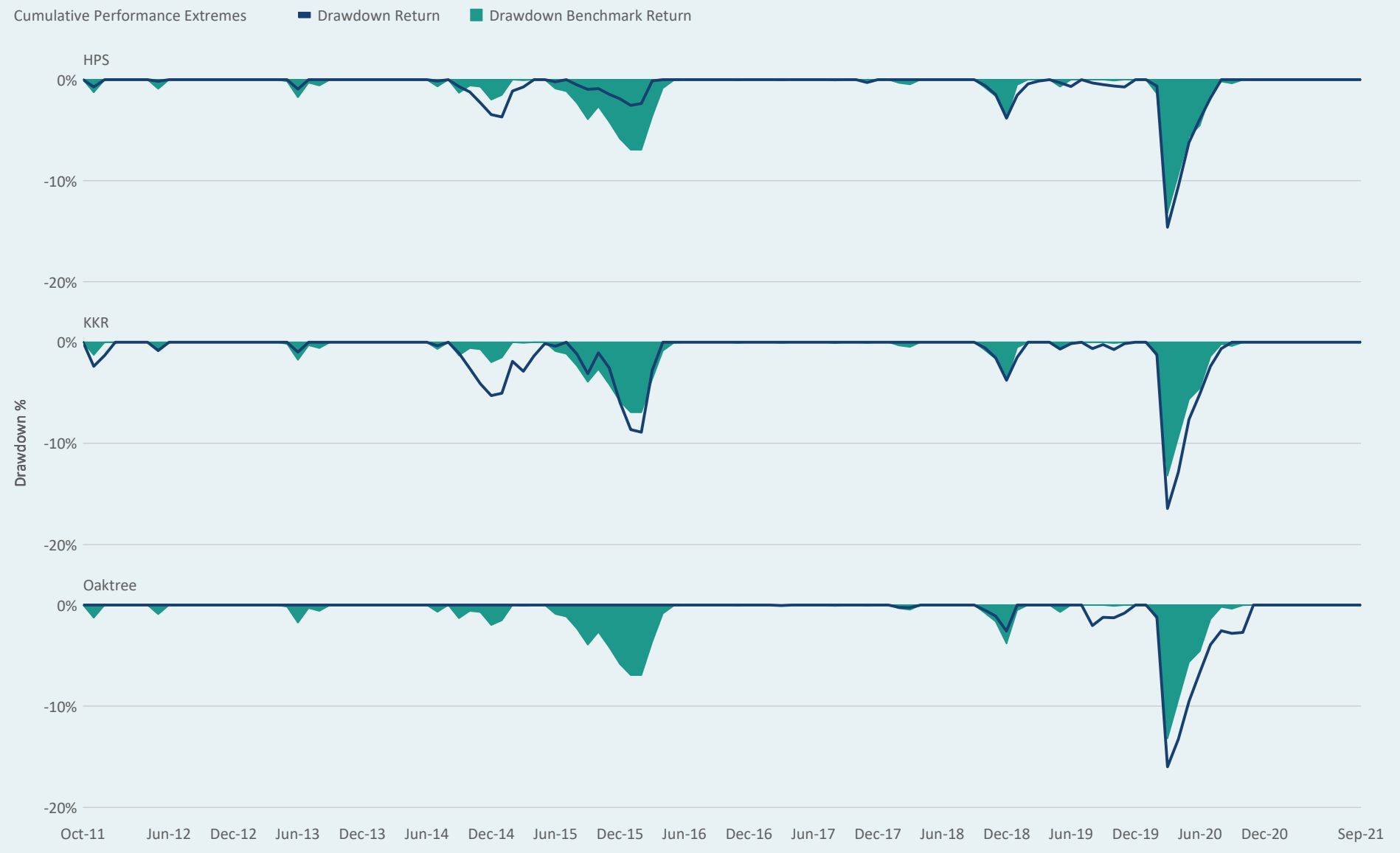
# Historical drawdowns

## CUMULATIVE PERFORMANCE EXTREMES



# Historical drawdowns

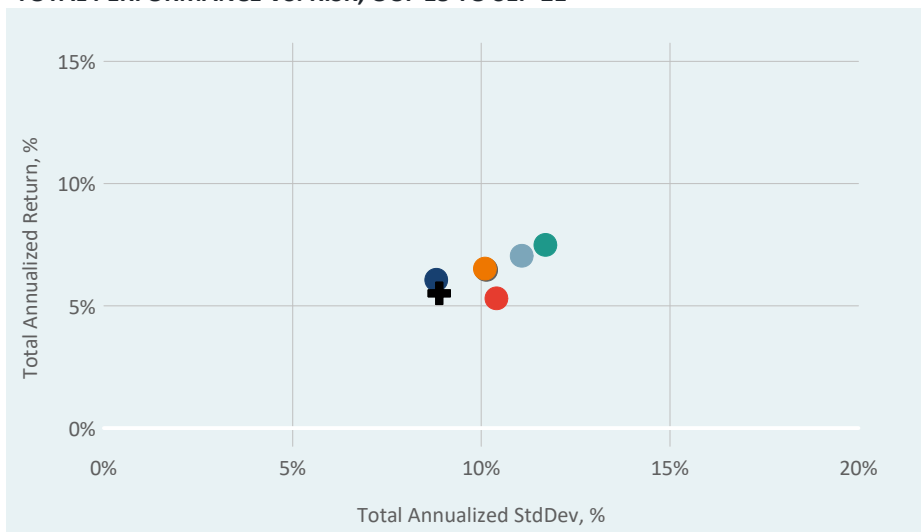
## CUMULATIVE PERFORMANCE EXTREMES



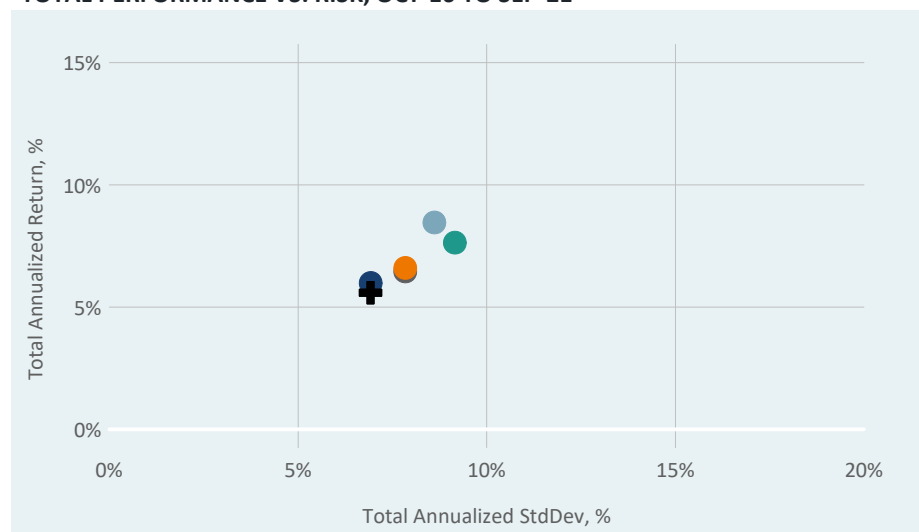
# Risk vs. return

● Beach Point ● Brigade ● GoldenTree ● HPS ● KKR ● Oaktree + 50% BBg US HY Corp / 50% CS Lev Loan

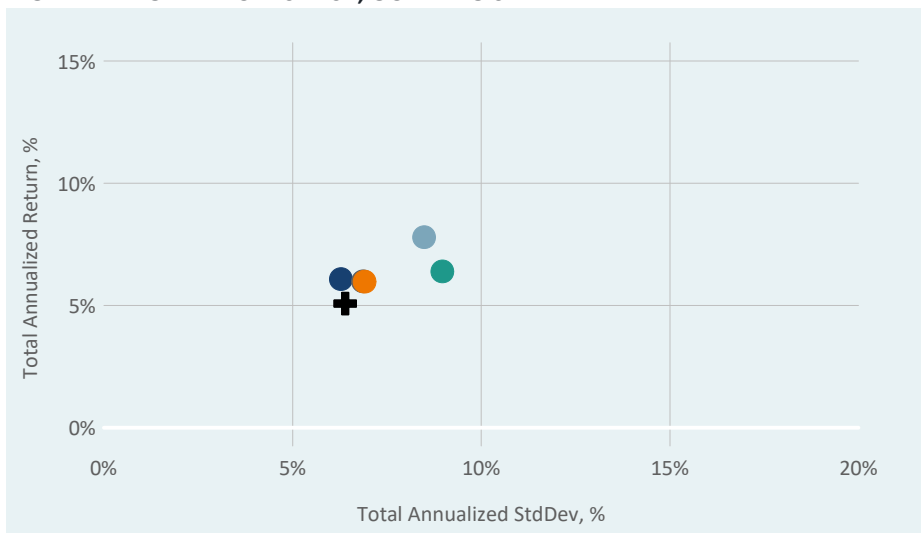
TOTAL PERFORMANCE VS. RISK, OCT-18 TO SEP-21



TOTAL PERFORMANCE VS. RISK, OCT-16 TO SEP-21



TOTAL PERFORMANCE VS. RISK, OCT-14 TO SEP-21



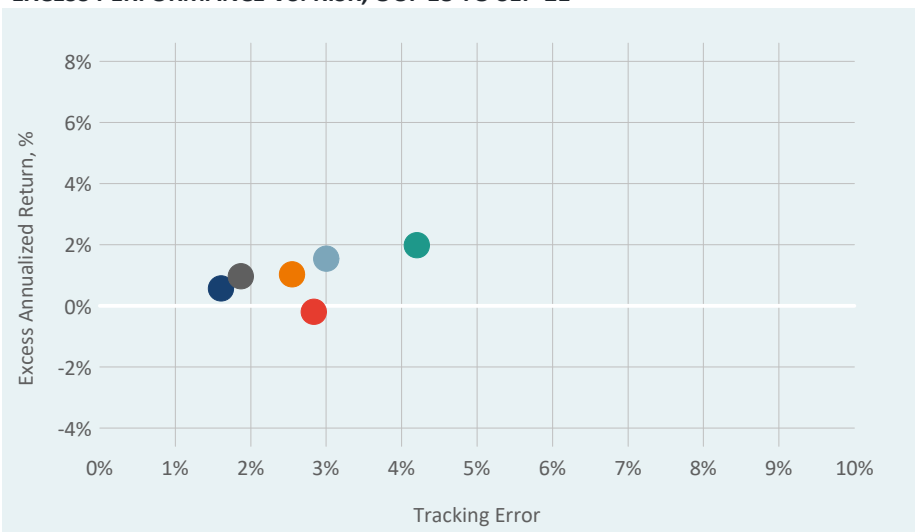
TOTAL PERFORMANCE VS. RISK, OCT-11 TO SEP-21



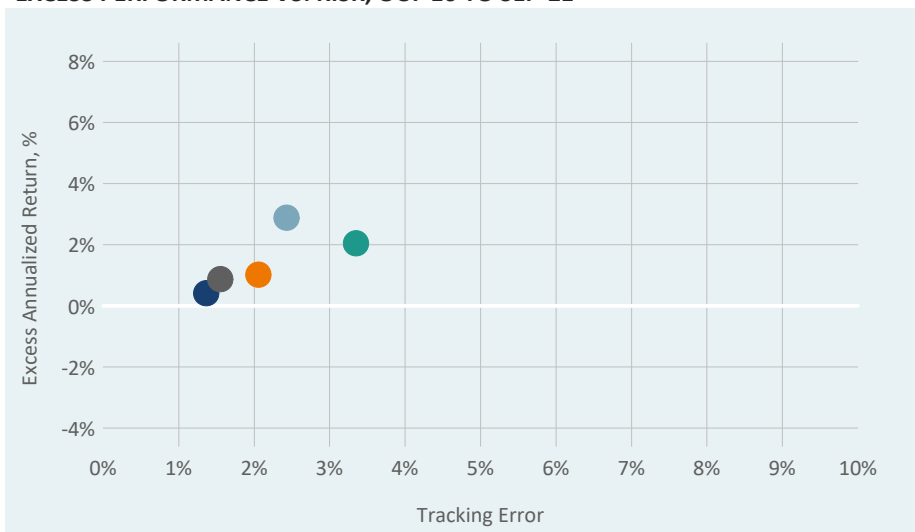
# Performance efficiency

● Beach Point ● Brigade ● GoldenTree ● HPS ● KKR ● Oaktree ➕ 50% BBg US HY Corp / 50% CS Lev Loan

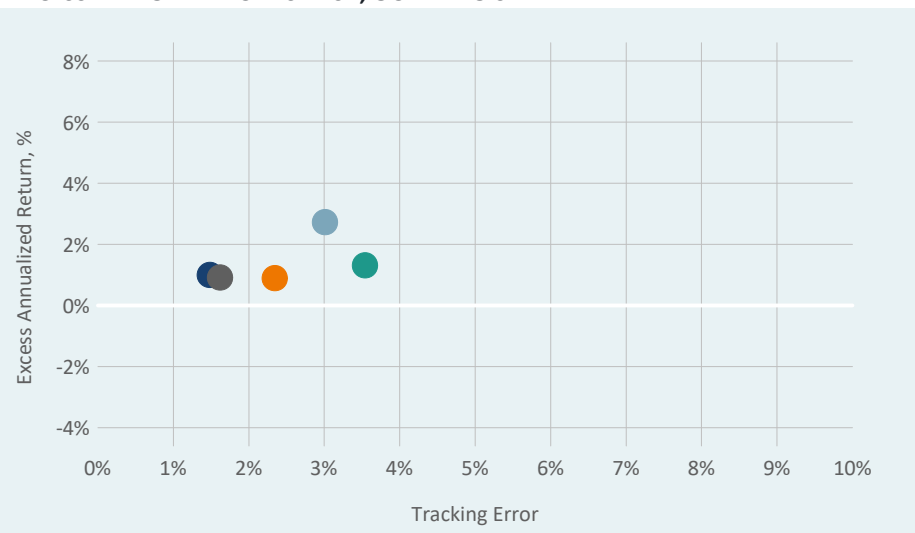
EXCESS PERFORMANCE VS. RISK, OCT-18 TO SEP-21



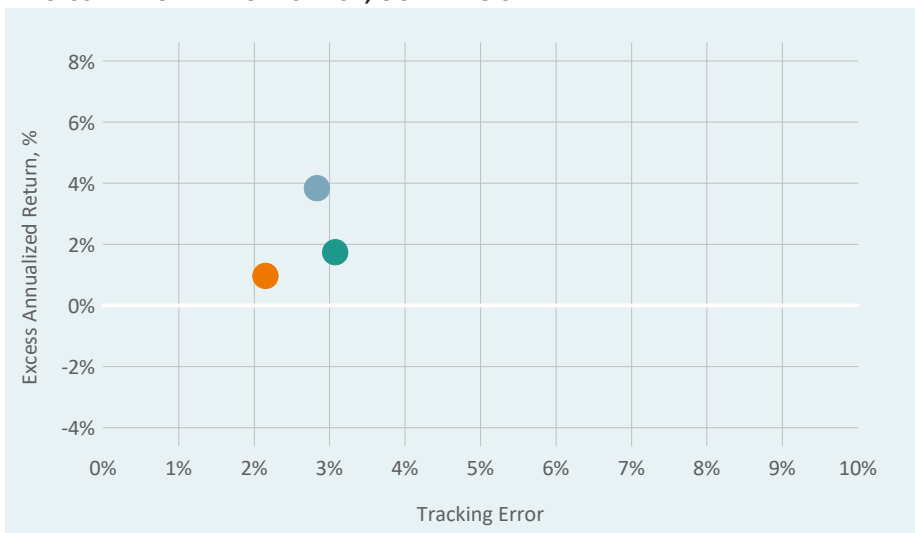
EXCESS PERFORMANCE VS. RISK, OCT-16 TO SEP-21



EXCESS PERFORMANCE VS. RISK, OCT-14 TO SEP-21



EXCESS PERFORMANCE VS. RISK, OCT-11 TO SEP-21



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