



OAKTREE GLOBAL CREDIT FUND - CLASS I

A SUBFUND OF OAKTREE (LUX.) III

FACTSHEET | FEBRUARY 2022

ABOUT OAKTREE

Founded in 1995, Oaktree is a leading global investment management firm focused on alternative markets. Oaktree manages \$166 billion of assets in contrarian, value-oriented, risk-controlled investment strategies. Oaktree's mission is to deliver superior investment results with risk under control and to conduct our business with the highest integrity.

FUND OVERVIEW

Fund Base Currency

USD

Total Net Assets (in millions)

1,068.89

SICAV Strategy Inception Date

1 September 2017

Domicile

Luxembourg

Legal Structure

SICAV

Morningstar Category

EAA Fund Other Bond

Benchmark Name

Custom Index²

FUND MANAGERS

Bruce Karsh

37 Years of Experience

SHARE CLASS FACTS

Unit Class

I

Unit Class Currency

USD

Share Class Inception Date

1 September 2017

ISIN Number

LU1617687584

Bloomberg Ticker

OTGLCIU LX

Valor Number

36845234

WKN Number

A2DST6

Net Asset Value

119.74

Minimum Investment

3,000,000

Subscriptions

Daily

Redemptions

Weekly

Notice Period - Subscriptions

T-0

Notice Period - Redemptions

T-7 Calendar Days

Base Management Fee p.a.

0.65%

INVESTMENT OBJECTIVE

The fund seeks to generate attractive total return and current income while limiting volatility through diversification. Portfolio investments include global high yield bonds, senior loans, structured credit, emerging markets debt and convertibles selected based on our bottom-up assessment of relative value. Portfolio allocations among credit sectors and geographies are dynamically managed to take advantage of changing market conditions.

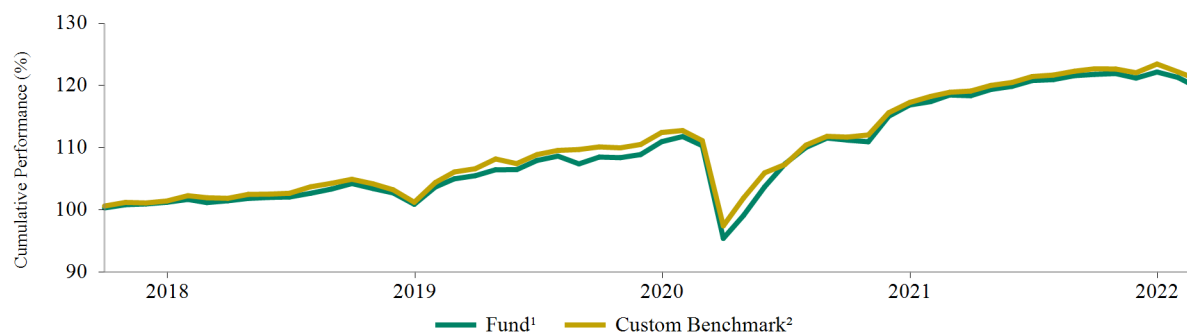
PORTFOLIO COMMENTARY

In February, weakness in global equity and credit markets became increasingly broad-based as Russia invaded Ukraine on February 24, U.S. inflation touched a 40-year high, and earnings revisions turned negative globally. The Russia/Ukraine conflict remains highly uncertain and is weighing on investor sentiment, given concerns that increased sanctions could drive global energy prices and inflation higher. This dynamic creates a dilemma for global central banks, which seek to combat higher inflation against a backdrop of potentially weaker growth. European risk assets were especially under pressure, as the ECB had already taken a more hawkish stance amid inflationary pressures, and Russia's invasion of Ukraine significantly increased uncertainty. In this environment, equities underperformed credit, with European equities down 5.9% and U.S. equities down 3.0%, compared with global investment grade bonds down 2.1% and high yield bonds down 1.3%. Senior loans – which had shown resilience in a challenging January for other risk assets – started to experience some weakness in February (down 0.6%) but continued to outperform fixed-rate debt.

Despite the portfolio's diversification across credit asset classes, it underperformed the global high yield bond and senior loan index in February. To put a finer point on this, the portfolio did better than this index until the final two days of the month, during which the sell-off reversed and some markets rallied. Our high yield bond and senior loan investments rallied in concert, while off-benchmark strategies did not realize the same short-term price rebound. As the Russia/Ukraine conflict intensified, emerging markets debt was the portfolio's largest detractor, despite no direct exposure to Russia and little direct exposure to Ukraine. Prices in Chinese corporates – particularly in the property sector – remain highly volatile as issuers (even the highest quality ones) struggled to assuage investor concerns surrounding their ability to meet upcoming maturities. High yield bonds detracted from the portfolio's performance for a second consecutive month, hurt by both interest rates and credit spreads moving higher. Loans also posted a loss in February, after a strong January, as credit spreads moved wider, but outperformed high yield bonds. European high yield bonds and loans lagged their U.S. counterparts due to (a) the ECB discussing interest rate hikes in 2022 and (b) rising inflation risks, particularly higher gas prices across Europe following Russia's invasion of Ukraine. Performance of structured credit was mixed in February. Our real estate debt holdings delivered a small gain, helped by low correlation to corporate credit. CLOs declined across all ratings categories as investors' risk appetite declined and credit spreads widened. Finally, our convertibles allocation – which is currently less than 2% of the portfolio – detracted from performance amid continued equity market volatility.

Over the last few weeks, we have been reducing our exposure to loans trading near par – given their limited upside and long settlement periods – in anticipation of better relative value opportunities in other credit asset classes. We believe structured credit, particularly new-issue BB-rated CLOs, and emerging markets corporate debt continue to be some of the most attractive areas to deploy capital. We are also closely monitoring select opportunities in busted convertibles and high yield bonds that have sold off over the past few weeks. Generally speaking, we anticipate there could be a better buying opportunity ahead as inflation remains high and central banks will likely be forced to continue to reduce accommodation. We believe the portfolio continues to offer an attractive current yield with low duration, reflecting an attractive entry point for investors.

HISTORICAL PERFORMANCE (NET)



CUMULATIVE AND ANNUALISED PERFORMANCE (%)

	1 Month	3 Months	YTD	1 Year	3 Years (p.a)	5 Years (p.a)	Since Inception (p.a)
Fund (Net) ¹	(1.29)	(1.21)	(2.01)	1.06	4.47	n/a	4.09
Custom Benchmark ²	(0.96)	(0.86)	(1.98)	1.76	4.47	n/a	4.33

ANNUAL PERFORMANCE (%)

	2022	2021	2020	2019	2018	2017
Fund (Net) ¹	(2.01)	4.54	5.32	9.97	(0.32)	1.25
Custom Benchmark ²	(1.98)	5.26	4.29	11.07	(0.21)	1.43

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PORTFOLIO CHARACTERISTICS

		Portfolio
Fund Characteristics	Number Of Issuers	550
	Average Price	96.02
	Average Coupon	5.21%
	Effective Duration	2.45
	Fixed/Floating	42.2% / 57.8%
	Average Credit Rating (Moody's/S&P) ³	B2/B
Yields and Spreads	Current Yield	5.38%
	Yield to Worst	6.58%
	Hedged Yield to Worst	6.97%
	Spread to Worst	529 bps
Risk analysis	Annualized Volatility (1 year/3 year)	2.23%/9.45%
	Sharpe Ratio (1 year/3 year)	0.45/0.38

STRATEGY ALLOCATIONS⁵

	Baseline Allocation(%)	Current Allocation(%)
High Yield Bonds	30.00	29.74
U.S.	22.50	22.80
European	7.50	6.94
Senior Loans	30.00	31.56
U.S.	24.00	20.29
European	6.00	11.27
Emerging Markets Debt	10.00	7.58
Structured Credit	25.00	25.00
Real Estate Debt Securities	12.50	10.28
Corporate Structured Credit	12.50	14.73
Convertibles	5.00	1.47
IG Credit	0.00	0.03
Total	100.00	95.37

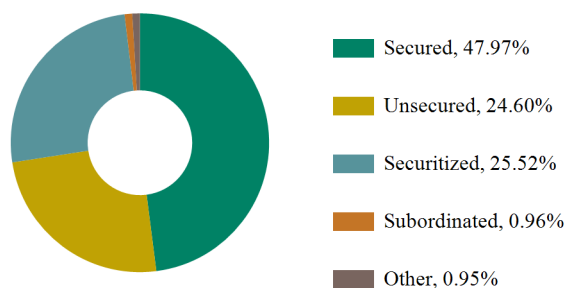
STRATEGY PERFORMANCE CONTRIBUTIONS (GROSS)^{5,6}

	Month- to-Date (bps)	Quarter- to-Date (bps)	Year- to-Date (bps)
U.S. High Yield Bonds	(18)	(66)	(66)
European High Yield Bonds	(20)	(36)	(36)
U.S. Senior Loans	(10)	1	1
European Senior Loans	(11)	(7)	(7)
Emerging Markets Debt	(40)	(57)	(57)
Real Estate Debt Securities	1	2	2
Corporate Structured Credit	(23)	(11)	(11)
Convertibles	(4)	(19)	(19)
IG Credit/Cash	0	0	0
Total	(125)	(193)	(193)

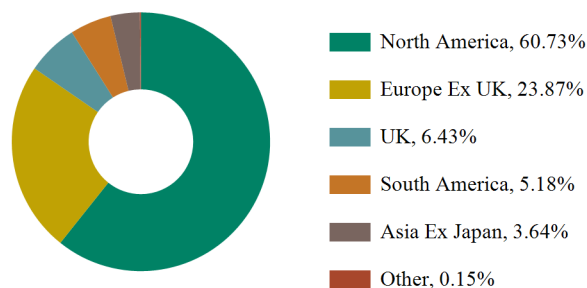
TOP 10 INDUSTRY DIVERSIFICATION⁷

	% of Fund
Software	6.68
Oil, Gas & Consumable Fuels	4.11
Diversified Telecommunication Services	4.10
Media	3.95
Health Care Providers & Services	3.67
Commercial Services & Supplies	3.31
Hotels, Restaurants & Leisure	3.18
Containers & Packaging	2.99
Real Estate Management & Development	2.79
Diversified Consumer Services	2.44
Total	37.21

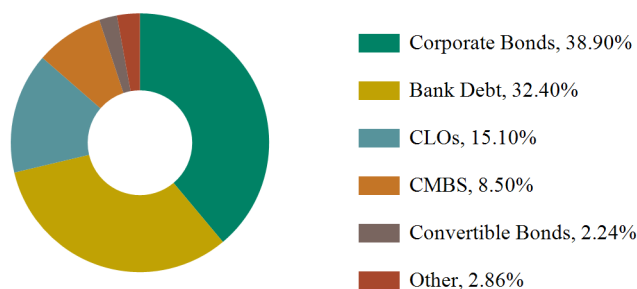
SENIORITY⁸



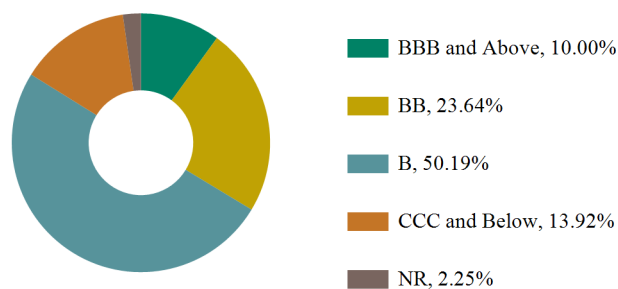
GEOGRAPHIC DIVERSIFICATION



PORTFOLIO COMPOSITION



CREDIT QUALITY⁹



ENDNOTES

Note: Past performance is not a guarantee or indicator of future results. See Performance Disclosures.

- ¹ Net returns are based on official NAVs provided by the fund administrator and are inclusive of fees and expenses. The fund administrator will implement swing pricing when contributions or redemptions breach a defined threshold, and this may impact performance as reported at month end.
- ² The Benchmark is a custom index that represents 50% BofA Merrill Lynch Non-Financial Developed Market High Yield Constrained (USD Hedged) Index, 40% Credit Suisse Leveraged Loan Index, and 10% Credit Suisse Western European Leveraged Loan Index (USD Hedged). This is provided as a representation of returns for a balanced high yield and senior loan index. Index returns are before fees and expenses.
- ³ Average credit rating reflects the rated portion of the fund. Not rated securities are excluded.
- ⁴ Additional account-specific allocation guidelines or other restrictions may apply. From time-to-time the account's cash (as reported on a trade date basis) may be negative due to the purchase of investments in asset classes such as senior loans, which have longer-dated settlement periods. As such, those monies may be temporarily deployed in other liquid securities and/or short-horizon investments which will be liquidated to meet the portfolio's funding requirements upon trade settlement. Settlement date cash will always remain positive.
- ⁵ All returns presented are before fees and expenses, based on Oaktree pricing sources and methodology and reconciled with NAVs provided by the fund administrator. Strategy-level market values utilized in the calculation of performance contribution are beginning of period cash-flow adjusted market values. Strategy performance contribution is defined as the proportion of return that is attributable to each strategy over the period. Cash allocation may include securities Oaktree deems to be cash substitutes.
- ⁶ The Strategy Performance Contribution presented herein for Oaktree Lux III - Global Credit Fund (the "Fund") reflects the performance contribution to gross return from each of the investment strategies of the fund. It is calculated for each measured period using the gross return of the fund's USD-denominated institutional share-class, ISIN LU1617687584 ("USD Share-Class I"), using the market-value based weights and returns of the portfolio's holdings in the calculation. The gross returns and strategy performance contribution for USD Share-Class I are presented for illustrative purposes only. Gross returns for other share-classes of the fund may differ materially from the illustrative results presented here for a variety of reasons including the impact of currency hedging on share-classes denominated in non-USD currencies, swing-pricing procedures which may be implemented by the fund-administrator, varying expense ratios across share-classes, and the timing of share-class level subscriptions and redemptions, among other factors.
- ⁷ Industry exposure is calculated as a given industry's market value weight as a percentage of the entire fund. The industries represent GICS level 3 for all securities other than structured products, which are categorized separately for CLOs, CMBS and RMBS.
- ⁸ Securitized category consists of CLOs, CMBS and RMBS.
- ⁹ Ratings reflect the lowest of S&P, Moody's, Fitch and Oaktree internal ratings methodologies.

PERFORMANCE DISCLOSURES

The performance information contained herein is provided for informational purposes only. Oaktree makes no representation, and it should not be assumed, that past performance is an indication of future results. There can be no assurance that the Oaktree Lux III - Global Credit Fund will be able to earn the rates of return indicated herein. Indeed, wherever there is the potential for profit, there is also the possibility of loss.

Valuations are calculated in accordance with Lux GAAP. In addition, the performance information contains valuations of investments that have not been fully realized as of February 28, 2022. There can be no assurance that any of these valuations will be attained as actual realized returns will depend upon, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions upon which the valuations contained herein are based. Consequently, the actual realized returns may differ materially from the current returns indicated in this document. Oaktree makes no representation, and it should not be assumed, that past performance is an indication of future results. There can be no assurance that the Fund will be able to earn the rates of return indicated herein.

Time-Weighted Rates of Return

The time-weighted rates of returns set forth herein reflect both realized and unrealized gains and losses and the reinvestment of interest and other earnings unless otherwise stated. Gross time-weighted rates of return are calculated before management fees, any expenses, and any incentive fees or "carried interest" paid, accrued or allocated to the general partner or investment manager of the funds and accounts. Net time-weighted rates of return are after management fees, all expenses of the funds or accounts, and any incentive fees or "carried interest" paid, accrued or allocated to the general partner or investment manager of the funds and accounts.

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Any offer may only be made pursuant to the prospectus relating to *Oaktree Global Credit Fund* (the “**Sub-fund**”), a sub-fund of *Oaktree (Lux.) III* (the “**Fund**”) (each a “**Prospectus**”), the articles of incorporation of the Fund (the “**Articles**”) and the application/dealing form in their final form. It is the responsibility of any recipient of this communication wishing to apply for shares in the Fund to inform itself of and to observe all applicable laws and regulations of any relevant jurisdiction.

This communication does not constitute and should not be construed as investment, legal or tax advice, or a recommendation or opinion regarding the merits of investing in the Fund or the Sub-fund. Any investment should only be made after consultation with independent qualified sources of investment and tax advice.

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In addition, there can be no assurance that the Fund or the Sub-fund, as applicable, will achieve any stated investment objective. An investment in the Fund is speculative and involves a high degree of risk. There can be no assurance that the securities and obligations purchased by the Fund or the Sub-fund will in fact increase in value, or that the Fund or the Sub-fund will not incur significant losses.

A potential investor considering an investment in the Fund should read the relevant Prospectus which contains a more complete description of the Fund’s and the Sub-fund’s investment practices, restrictions, terms and conditions, risks and other factors relevant to a decision to invest. All information contained herein is subject to and qualified in its entirety by the relevant Prospectus. No person has been authorized to make any statement concerning the Fund or the Sub-fund other than as set forth in the relevant Prospectus, and any such statements, if made, may not be relied upon.

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The Prospectuses, the Articles and/or the annual and additional reports relating to the Fund and/or the Sub-fund, as applicable, may be obtained free of charge from *Oaktree Capital Management (Lux.) S.à r.l., 26A Boulevard Royal, L-2449 Luxembourg*. Oaktree Capital Management (Lux.) S.à r.l. is a trade name of LFE European Asset Management S.à r.l., a company registered with the Luxembourg Registre de Commerce et des Sociétés under number B198087

The Sub-fund is actively managed. While the Sub-fund has a reference benchmark, it is actively managed by implementing Oaktree’s investment philosophy and process. Oaktree is aware of the benchmark’s composition and characteristics but has an ample degree of freedom to deviate from it.

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