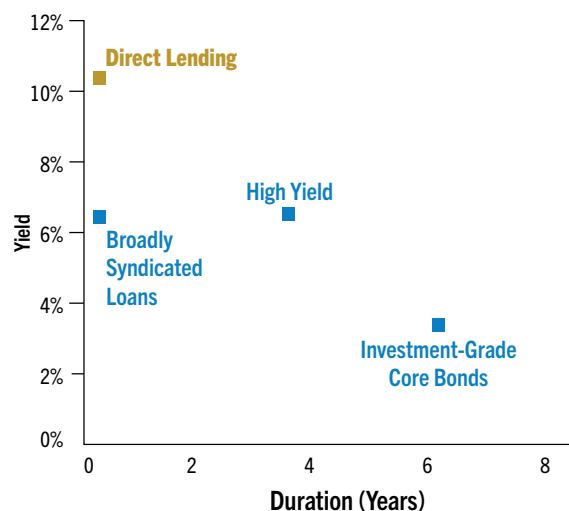


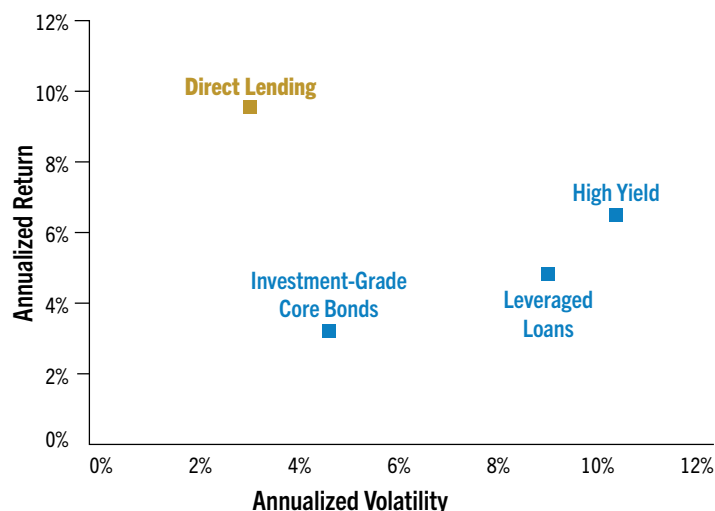
# An Outlier: Measured by Return or Yield, Volatility or Duration

Private direct lending has attractive investment characteristics relative to public credit options.

**Yield vs. Duration:  
Direct Lending vs. Traditional Fixed Income<sup>1</sup>**



**Return vs. Volatility:  
Direct Lending vs. Traditional Fixed Income<sup>2</sup>**



1. Source: Morningstar. Cliffwater Direct Lending Index ("CDLI") Q2 2015 – Q1 2025. Data as of April 30, 2025. Direct Lending and Broadly Syndicated Loans are floating rate; therefore, depictions of duration for these are for illustrative purposes only.

2. Returns are measured by annualized returns, which are calculated based on quarterly returns. Annualized volatility is measured by standard deviation of quarterly returns. Data from September 30, 2004 through December 31, 2024. The indices used in this analysis are: Direct Lending is represented by the CDLI; High Yield is represented by ICE BofA US High Yield Index. The ICE BofA US High Yield Index tracks the performance of dollar-denominated, below-investment grade corporate debt publicly issued in the US domestic market; Leveraged Loans are represented by the Morningstar LSTA US Leveraged Loan Index. The Morningstar LSTA US Leveraged Loan Index is a market value-weighted index designed to measure the performance of the U.S. broadly syndicated leveraged loan market. The Morningstar LSTA US Leveraged Loan Index typically encompasses 90%-95% of the entire broadly syndicated leveraged loan market; Investment Grade Bonds are represented by Bloomberg US Aggregate Bond Index. The Bloomberg US Aggregate Bond Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis.

Note: Past performance does not guarantee future results. You cannot invest directly in an index, which also does not take into account trading commissions and costs. The volatility of indices may be materially different from the performance of Golub Capital Funds. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

## Not Like the Others

- As a floating-rate asset, direct lending has very low duration or interest rate risk, generally making it less vulnerable to rising rates.
- It offers a premium yield (over 10% annually) relative to most fixed income assets, which, over the last decade, yielded about half that.
- It is mostly senior in the capital stack and secured by collateral and is priced quarterly; this typically translates to less volatility and lower drawdown risk.
- With average annual credit impairment of about 1%, total returns over the past 20 years have been just under 10%, again about double that of public credit peers.

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

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