

HIGH CONVICTION CREDIT STRATEGIES IN LIQUID MARKETS

APRIL 2024

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Notes and Disclosures

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WE BELIEVE WE ARE IN THE BEST CREDIT INVESTING ENVIRONMENT IN A DECADE



Higher base rates have increased total return potential



Avoid index exposure – credit selection and active management matters again



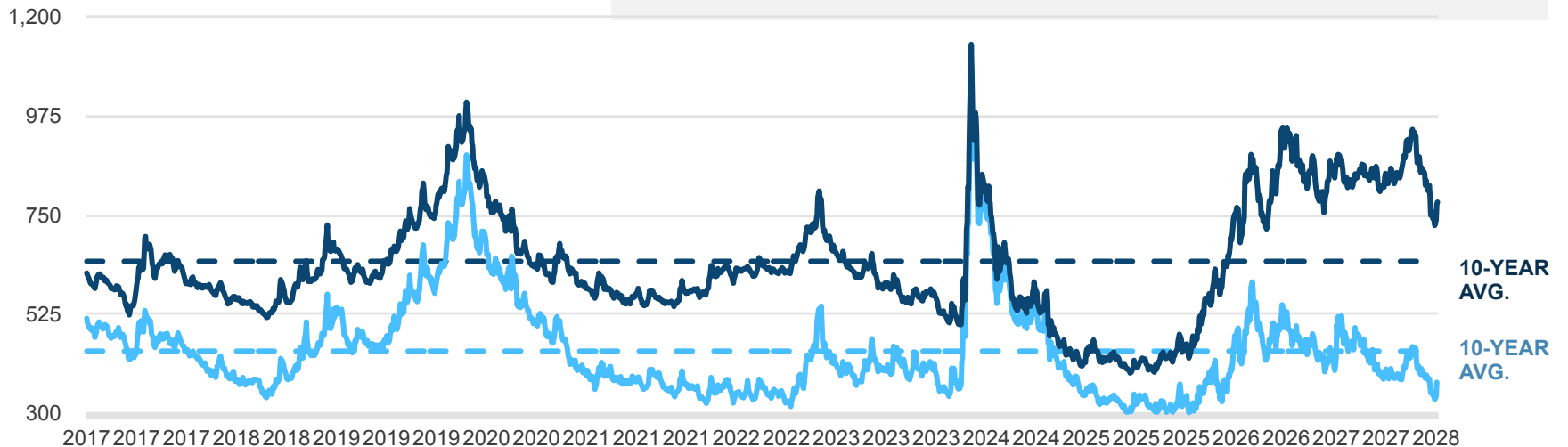
Changing market structure creates market inefficiencies

WHILE SPREADS REMAIN BELOW 10-YEAR AVERAGES, YIELDS ARE WELL ABOVE

Current U.S. High Yield Percentile Rank

INDEX YIELD
INDEX SPREAD

78%



Data as of March 31, 2024. Data source: St. Louis Fed FRED Economic Data. ICE BoA U.S. High Yield Index

No assurance can be given that any investment will achieve its objectives or avoid losses. Past performance is not necessarily indicative of future results. Unless apparent from context, all statements herein represent GCM Grosvenor's opinion.

LIQUID CREDIT OPPORTUNITIES

HIGH CONVICTION STRATEGIES

LONG/SHORT CREDIT

- Ability to perform in volatile markets
- Alpha on long and short side
- Diversification
- Flexible beta profiles

STRUCTURED CREDIT

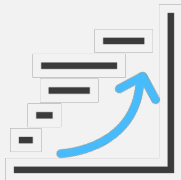
- Asset-backed
- Low correlation
- High cash yield
- Amortizing structures

CORPORATE CREDIT

- Flexible capital solutions
- Focus on senior secured risk
- Complexity premia
- Increased opportunity in stressed/distressed as spreads widen

GCM APPROACH

IDENTIFY BEST RELATIVE VALUE



FLEXIBLE TRADE IMPLEMENTATION



ENHANCED PORTFOLIO DIVERSIFICATION



LONG/SHORT CREDIT

MARKET DYNAMICS

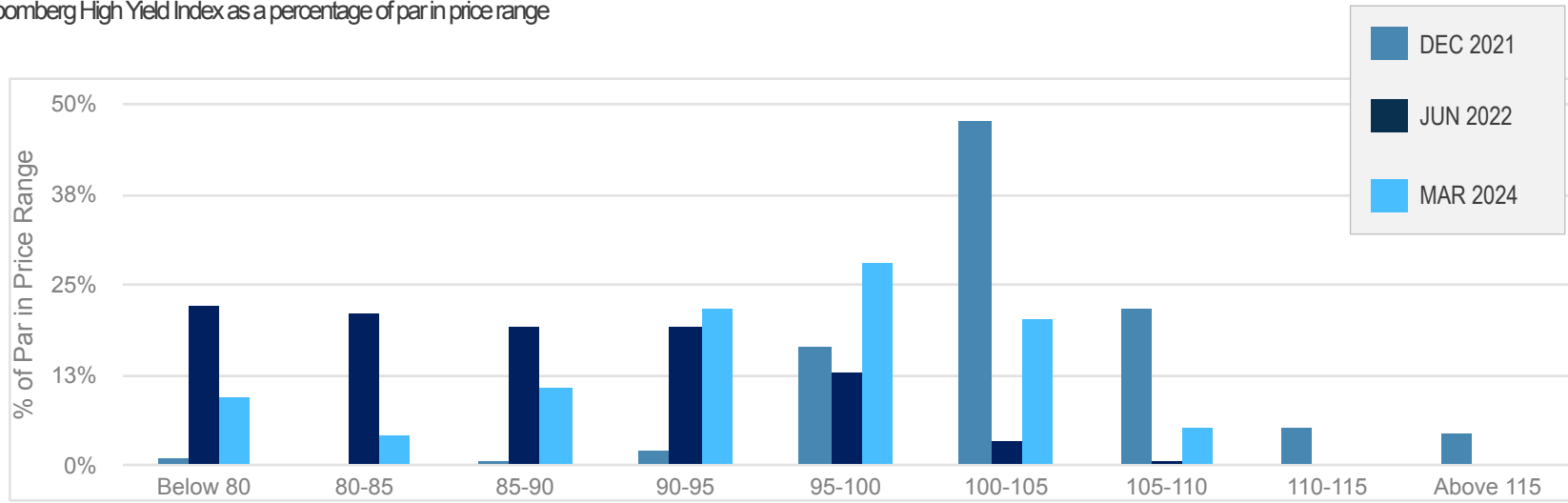
- Increasing price dispersion
- Rising defaults
- Volatility

ALPHA OPPORTUNITY

- Active credit selection
- Flexible exposure profile
- Opportunities both long and short

DISPERSION IN HIGH YIELD HAS INCREASED WITH RATES

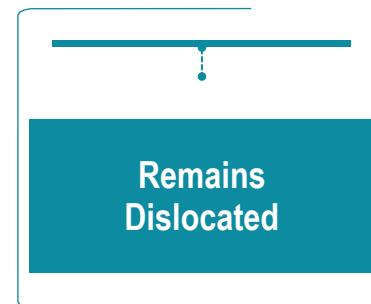
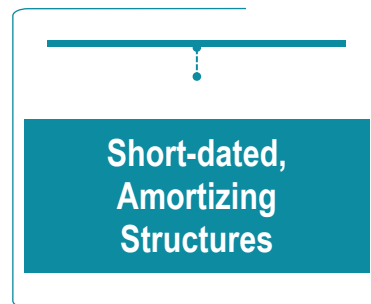
Bloomberg High Yield Index as a percentage of par in price range



Data as of March 31, 2024. Data source: Bloomberg Finance L.P.

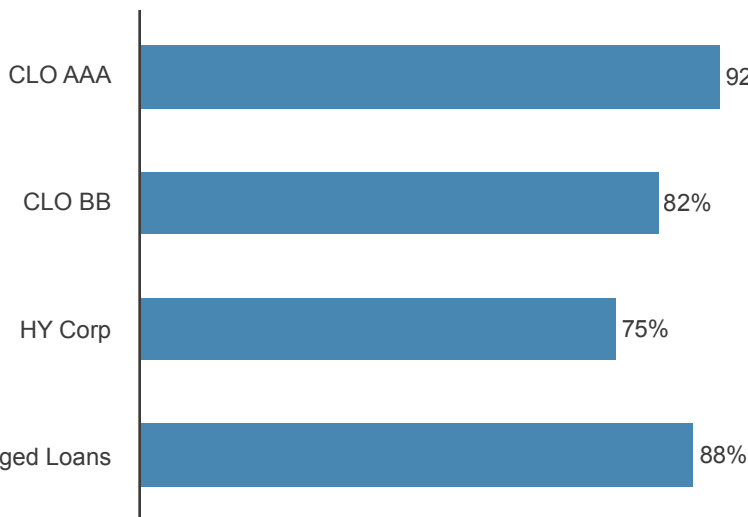
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STRUCTURED CREDIT



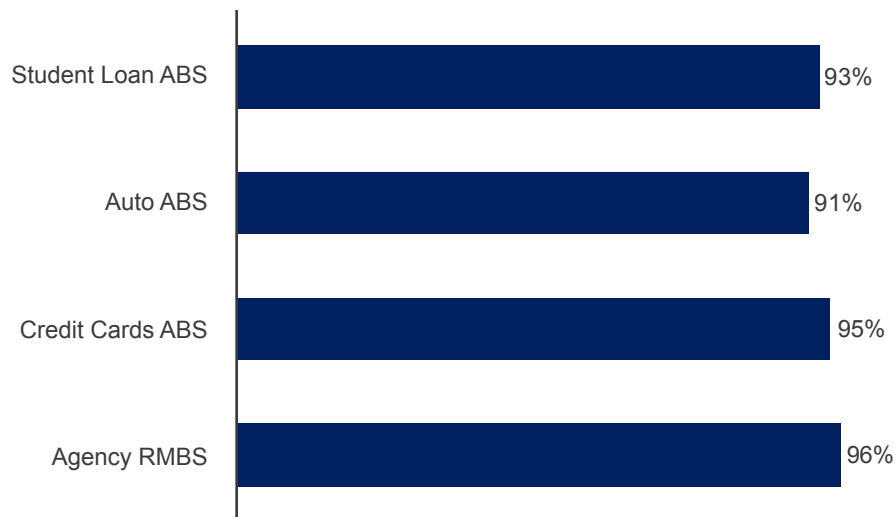
CORPORATE YIELD PERCENTILE RANKS

Post Global Financial Crisis – March 2024



NON-CORPORATE YIELD PERCENTILE RANKS

Post Global Financial Crisis – March 2024



Data as of March 31, 2024. Data source: JP Morgan Dataquery. **No assurance can be given that any investment will achieve its objectives or avoid losses. Past performance is not necessarily indicative of future results.** Unless apparent from context, all statements herein represent GCM Grosvenor's opinion.

CORPORATE CREDIT

PRIMARY MARKET

- Large funding gap
- Companies seek speed of execution, tailored transactions, and certainty of closing
- Structural shift away from the banks

SECONDARY MARKET

- Maturity walls looming
- Non-economic sellers
- Opportunities in both stressed and distressed as spreads widen

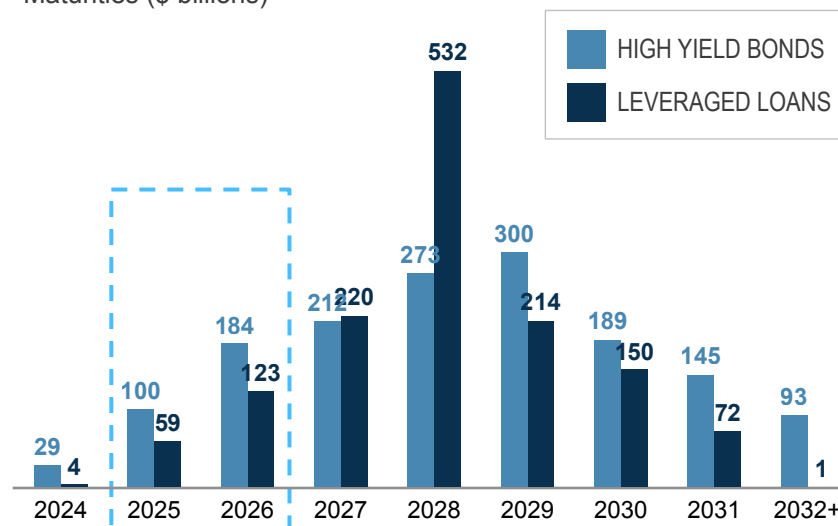
ILLUSTRATIVE DEAL ECONOMICS

Pricing has improved and stronger covenants, reversing the trench of 'cov-lite' deals in previous years

	2021	Current
Spread	S + 550	S + 550-650
Unlevered Yield	6-8%	10 -12%
OID	1-2 points	2-3 points
Covenants	Low	High
Call Protections	Low	High
Leverage	Higher	Lower

MATURITY WALLS RISE SIGNIFICANTLY IN 2025/2026¹

Maturities (\$ billions)



¹ Data source: Leveraged Commentary and Data Research | Pitchbook. Morningstar LSTA US Leveraged Loan Index, S&P US HY Corp Bond Index. Data as of March 31, 2024. **No assurance can be given that any investment will achieve its objectives or avoid losses. Past performance is not necessarily indicative of future results.** Unless apparent from context, all statements herein represent GCM Grosvenor's opinion.