

CLO Equity: How It Works – and Why It’s Compelling Now

CLO equity may provide significant benefits to investors, including the potential for attractive returns, high current income, and persistent cash flows.



AUTHOR:



Dan Sherry, CFA
Portfolio Manager
US CLO Management

- Collateralized loan obligation (CLO) equity has emerged as a source of **potentially robust, and front-loaded, returns for sophisticated investors.**
- While the high interest rate environment has dampened some enthusiasm for the asset class, even seasoned investors may underestimate the optionality inherent to CLOs – which enables managers to **respond to changing market and economic conditions to potentially generate persistent equity distributions.**
- Because equity investors sit below all debt tranches in terms of seniority, they are the first to absorb losses if any of the underlying loans default – a key risk. **However, because they have a claim on profits, equity holders are positioned to capture the upside when a transaction outperforms.**
- Identifying CLO management styles that are consistent over time **allows for the development of a portfolio of CLO equity exposures diversified across vintages.** This can help deliver attractive risk-adjusted returns and further manage risk.

Over the past 30 years, collateralized loan obligations (CLOs) have grown from a niche asset class into a \$1.2 trillion pillar of the corporate financing markets, representing about 70% of demand for US corporate loans today.¹ The **variable-rate CLO debt securities** issued on the backs of these loans have become a mainstay of institutional portfolios, given their dependable, and frequently attractive, yields.

Yet CLOs offer another attractive option for investors: their equity tranches, which capture the difference between what a CLO earns in loan interest and what it owes the CLO debtholders. For a certain group of discerning investors, this is the most interesting part of a CLO – **a hybrid investment combining the prospective double-digit returns of private equity with a quarterly distributed front-loaded cash flow more akin to bonds.**

Today's historically high CLO debt costs, which can squeeze the net spread available to CLO equity investors, have dampened some enthusiasm for the asset class. However, as a tenured CLO manager we have learned that CLO equity returns often unfold in ways that may defy investors' expectations.

Part of this phenomenon is simply a function of the lifespan of the average CLO investment. A typical newly issued CLO lasts a minimum of five years and often extends a year or two more for the CLO to amortize and redeem. And a lot can change in five to seven years.

Moreover, CLO managers have a robust toolkit for gearing their returns to broad changes in the market and economic environment. CLOs provide considerable optionality through both their inherent structural features and the potential for trading decisions within the portfolio.

Recent vintages provide a good example of how CLO equity returns may exceed expectations. Among CLO managers and investors, the second half of 2022 was widely regarded as an unattractive time to issue a CLO. As the Federal Reserve accelerated its rate hikes, loan prices plummeted, CLO debt costs soared, and CLO issuance volumes fell significantly. As it turned out, however, many CLO managers who issued CLOs during that time were able to purchase loan portfolios at attractive prices – even though CLO debt costs remained high relative to historical levels. This has allowed them to generate very attractive returns for their equity investors to date.² The same pattern was present for much of 2023. So, contrary to what many may have heard, we believe the long-term benefits of CLO equity are still firmly in place.

Looking ahead to the vintages of the next few years, we think CLO equity could become even more appealing. But to more fully understand why, a brief refresher may be helpful.

How CLO equity works

An easy way to think of the CLO vehicle is as a kind of company in itself: a company in the business of purchasing leveraged loans. A CLO raises funds that it uses to purchase a pool of roughly 150 to 300 leveraged loans, which serve as the company's "assets" or "collateral." The loans are floating rate and pay interest monthly or quarterly based on a spread above an index (typically SOFR). On the other side of its balance sheet, the CLO has both debt and equity investors. CLO debt, which has multiple tranches with varying levels of seniority, also pays a floating rate based on an index (SOFR in the US and Euribor in Europe) plus a spread; the CLO equity has a claim on profits. In a typical CLO funding stack, the debt/equity split is approximately 90%/10%.

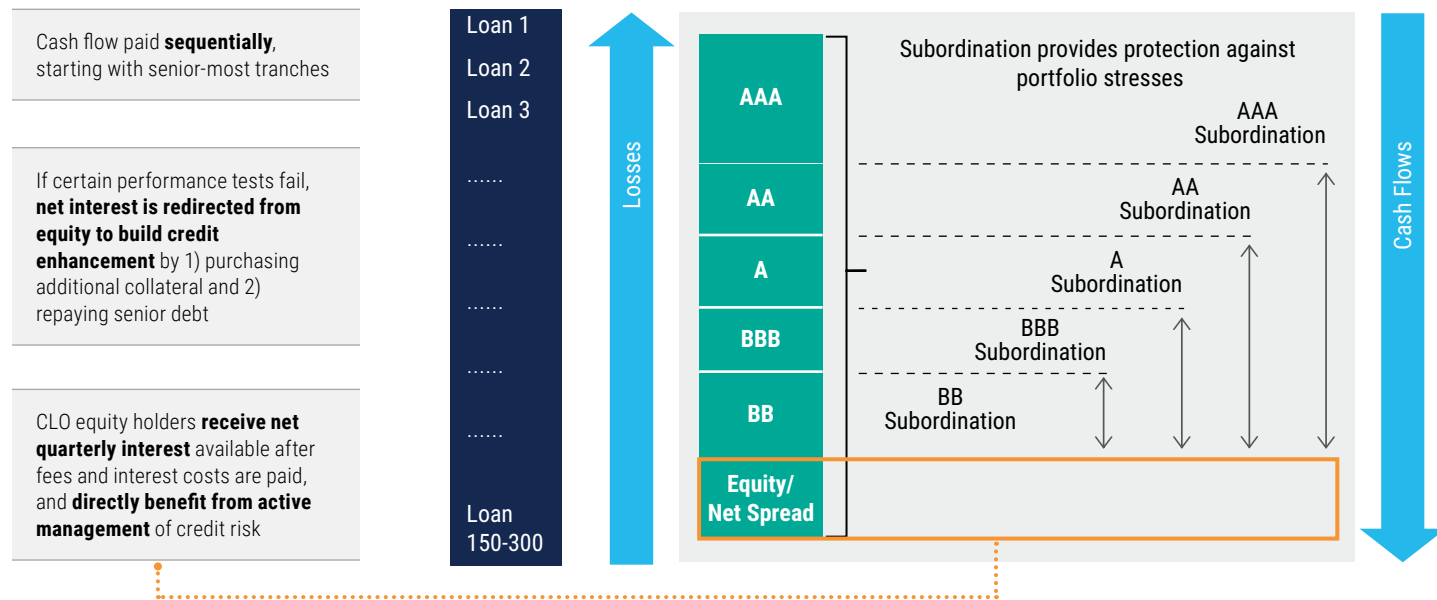
The cash flow from a CLO runs through a quarterly payment waterfall. After the CLO pays expenses and the interest owed on the CLO debt, the remaining net spread is paid as a distribution to the equity investors. Because the equity investors sit below all debt tranches in terms of seniority, they are the first to absorb losses if any of the underlying loans default. However, CLO equity is also the best positioned tranche within a CLO structure to capture upside value under favorable conditions, as we explain further below.

¹ BofA CLO Factbook as of 7 February 2024.

² Source: BofA Global Research, "CLO Equity Data" as of 18 January 2024.

Figure 1: How CLOs Are Structured

CLOs include several tranches of interest-paying bonds, along with an equity tranche, which captures the net spread and residual principal value generated by active management.

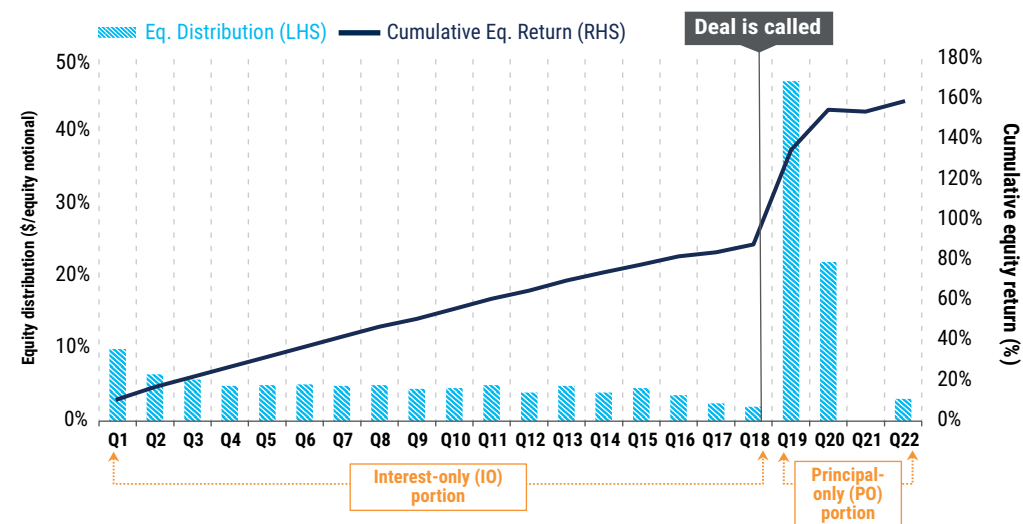


Source: Citibank. For illustrative purposes only. We are not soliciting or recommending any action based on this material.

Figure 2: What Drives CLO Equity Returns

Equity returns can be thought of as two cash flows: the interest-only (IO) stream, and the longer-term principal-only (PO) stream, where equity NAV can be used as a proxy

CLO equity distributions (IO) are driven by the gap between a portfolio's asset spread and the CLO's debt cost



Source: Barclays Research. For illustrative purposes only. We are not soliciting or recommending any action based on this material. Any views represent the opinion of the investment manager and are subject to change.

CLO structure: misconceptions and sources of risk mitigation

One of the misconceptions about CLOs is that because their underlying collateral is below-investment-grade, they carry a high level of default risk. In fact, these are diverse pools of senior secured loans from large companies with robust reporting and long track records of on-time payment. As the table below shows, since 1996, no AAA tranche has ever defaulted, and defaults have been minimal for most other tranches as well.

In addition to the diversity and strong credit performance of their underlying loans, a regulatory framework unique to CLOs provides further protections. CLO managers must regularly test the soundness of their funds to ensure that the income generated will adequately cover the amount owed on the liabilities and that there is enough "overcollateralization" to absorb even a stressed scenario of defaults. CLOs held up well during the financial crisis. Even so, broad-based financial reforms introduced since have raised the standards even higher.

Although it does not happen often, equity investors can be directly impacted by these various safeguards. If a test "fails," capital is immediately diverted to bring the interest coverage and subordination levels back into compliance – starting at the bottom of the waterfall with the proceeds that would otherwise go to the equity investors – by reinvesting in additional loan collateral or retiring some of the CLO debt.

Figure 3: CLO Defaults Have Been Few and Far Between
S&P US CLO tranche default history (as of 31 December 2022)

Ratings	Total tranches	Defaulted tranches	Default rate	Avg. US corp. 5-year cumulative default rate (1981-2022)*
AAA	5,085	0	0.00%	0.42%
AA	3,480	1	0.03%	0.41%
A	3,162	5	0.16%	0.64%
BBB	2,939	9	0.31%	1.79%
BB	2,323	25	1.08%	7.26%
B	412	11	2.67%	17.48%

Source: S&P Global Ratings and Research, "Default, Transition, and Recovery: 2022 Annual Global Leveraged Loan CLO Default And Rating Transition Study," as of 26 May 2023.
*Source: S&P Global Ratings and Research, "Default, Transitions, and Recovery: 2022 Annual Global Corporate Default and Rating Transition Study," as of 30 April 2023.

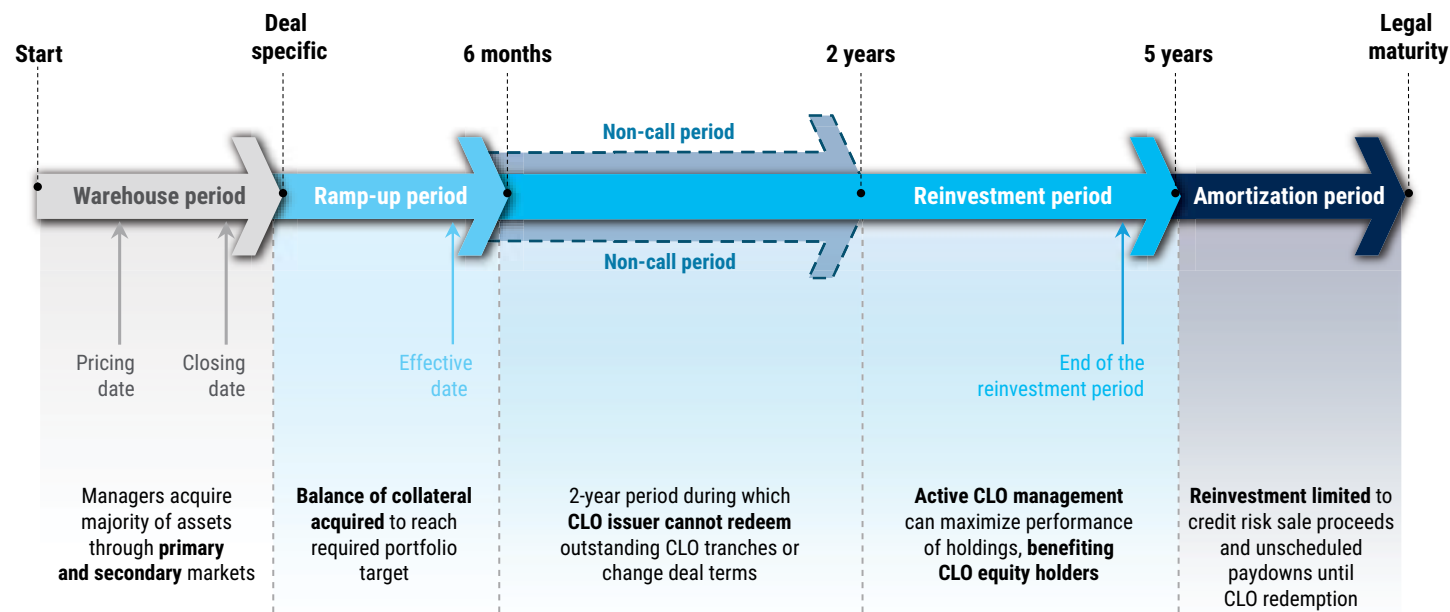
How active management can create value

While CLOs have terms that protect the overall structure in stress scenarios, they also have gears to capture value when opportunities arise.

After a CLO has ramped up, it enters a four- to five-year period during which the manager is free to sell existing holdings and buy new loans. During this “reinvestment” period, the most effective active CLO managers continually scour their holdings and the markets for opportunities to upgrade. For the equity holders, these opportunities to “par build,” as the process is known, can be especially remunerative.

Let’s say a manager, based on its own credit research, comes across a loan facility at least as high-quality, if not higher, than many of its existing par-value holdings, but selling at a market price of 98 – a 2% discount to par. Two percent may not sound like a lot. However, the equity position’s capital is levered 10 to 1. So, if a loan purchased at 98 is eventually sold or repaid at par, that benefits the CLO equity’s principal value by 20%. The challenge for CLO managers is to find these types of opportunities while simultaneously managing credit risk on a consistent basis throughout a credit cycle.

Figure 4: The CLO Lifecycle – Active Management During the Reinvestment Period Can Maximize Performance Potential



For illustrative purposes only. We are not soliciting or recommending any action based on this material.

Optionality is driven by potential CLO structural changes

Beyond active management, potential structural changes also offer opportunities to capture value. For instance, during the reinvestment period, if a majority of the CLO equity holders (whether the largest investor or a caucus) chooses, it can direct, or accede to, the manager’s decision to “call” the liabilities and refinance the CLO’s debt. This is analogous to a homeowner refinancing a fixed-rate mortgage when interest rates decline. While the index rate owed the debt investors floats (as does the index rate earned by the assets), the credit spread on top of it doesn’t. So, if the spread owed the debt investors narrows, a refinancing can lock in lower liability costs, and thus higher profits, for the remaining life of the fund.

In addition to a straight refinancing, if market conditions permit, the CLO equity majority has another option: a “reset,” through which all of the CLO debt is refinanced and the CLO is given a new reinvestment period and legal maturity, among other changes. A reset can enhance and extend the CLO equity return profile, all without sourcing a new pool of starting loans.

Is now a good time for CLO equity?

Another misconception about CLO equity is that its best days have passed, spanning the decade of low rates and ending with the sharp post-pandemic hikes. There were indeed many years during that period when, using the various mechanisms at their disposal, CLO managers produced attractive yields and internal rates of return (IRR) for their debt and equity investors alike. What can be overlooked, though, is that CLO equity can perform well in different environments and that the best periods for CLO equity to date have tended to be vintages launched on the eve of periods of increased risk, such as 2007, and perhaps not at times one would expect to produce strong returns.

The reason is simple: Many of the CLOs created in 2007 were early in their reinvestment periods in the first half of 2008, when Bear Stearns collapsed and corporate credit spreads blew out. CLO managers suddenly had their pick of leveraged loans trading substantially below par.³ The discounts at which they were able to acquire the loans added significantly to par build, and when managers’ own analysis of the intrinsic soundness of the loans proved correct, the associated increase in profit margins stuck for the life of the funds.

A similar pattern was seen with the early-2020 vintage, as spreads widened with the severe market dislocations early in the pandemic. Conversely, performance for the 2021 vintage, a popular year for new issuances, has proved to be middling when considered against the equity distributions and changes in underlying net asset value (NAV) of other recent vintages. And 2022, which had a more uncertain return profile at the time of issuance, has to date performed quite a bit better than 2021. In each case, weaker (or stronger) starting market sentiment lowered (or raised) the bar for subsequent NAV gains.⁴

What about the period ahead? We believe it could be another good time for the asset class, driven by the variability in the current economic environment and the optionality embedded in CLO equity. Interest rates are likely at their cyclical peak after two years of hikes, and with inflation moderating, the Fed may finally be ready to start cutting.

All else equal, falling rates would tend to be worse for CLO equity than rising rates. Falling rates lower the floating base rate generated by a CLO’s assets. They also lower the base rate expenses owed on the CLO debt. However, because a typical CLO effectively has 10% more assets than liabilities (with 10% of the capital as equity), lower rates reduce inflows from interest earned on the underlying loan assets more than they do the outflows owed to CLO debt investors, reducing the cash available for equity distributions.

³ Source: BofA Global Research, “CLO Equity Data” as of 18 January 2024.

⁴ Source: BofA Global Research, “CLO Equity Data” as of 18 January 2024.

That said, when it comes to CLO equity, all else is almost never equal. After all, if rates are coming down, this could mean the economy has started to slow and the Fed has stepped in to lower financing costs for consumers and businesses. More companies may be struggling to pay their debts, and more struggling companies means wider spreads – and therefore more opportunities for par build. On the other hand, rates could be dropping because inflation is moderating and the economy is strong, resulting in tighter loan spreads. However, a period of tighter loan spreads would likely coincide with lower CLO debt costs and tee up the potential for a CLO refinancing or reset.

Moreover, although many are betting that the economy is headed for a slowdown, the long-wished-for “soft landing” is now a distinct possibility. That could be the best scenario of all for CLO equity, as it would mean the Fed is cutting rates, but not by much. With rates stabilizing at a low enough level to provide loan issuers more breathing room but still high enough to support healthy CLO yields, more loan issuers and debt investors could be drawn back into the market, providing managers with a better selection of loans to choose from and potentially compressing liability spreads.

Under those conditions, CLO debt tranche yields would be expected to settle back into their normal range of mid-single-digits, depending on tranche seniority. CLO equity could fall back a few ticks, too. Or, depending on the strength of the par build from earlier in the cycle, CLO equity might just continue its recent run, with top-quartile annual distributions in the high teens, or even beyond.

Key benefits of CLO equity investments

While it’s hard to know ahead of time which CLO vintages will outperform or underperform, a number of scenarios in the coming years should give CLO managers ample opportunities to create significant value for their equity investors. The case for CLO equity remains intact, and we think that case boils down to three arguments:

1. An attractive (and attractively time-weighted) return profile

CLO equity historically has typically provided double-digit annual distributions⁵ paid quarterly, resulting in a short expected weighted average life (WAL) relative to other asset classes with similar return profiles (such as private equity).⁶ While the source of CLO equity return can shift, and frequently does – at times driven by current distributions, at others by principal upside from purchasing loans below par – we believe CLO equity investments exhibit return characteristics that can benefit the portfolios of almost any sophisticated investor.

2. Low correlation and term financing

In addition to a time-weighted profile that complements other asset classes, CLO equity cash flows themselves exhibit low correlation with other risk assets. As the table below shows, even the correlation with high yield bonds, which could be viewed as an adjacent asset class, has been near 50% since November 2012.

During periods of market disruption, such as the onset of Covid, negative changes in the NAV of underlying CLO loan collateral can become amplified. However, as long as a CLO meets the performance criteria in its indenture, the equity cash flows are unaffected. Interest generation from underlying CLO loan portfolios is not directly affected by price volatility in financial markets. CLOs do not become forced sellers of stressed assets during market downturns because CLO debt investors have little ability to call the debt tranches (absent the triggering of certain extreme “event of default” clauses under CLO indentures).

⁵ Source: BofA Global Research, “CLO Equity Data” as of 18 January 2024.

⁶ Past performance is not indicative of future results.

Figure 5: CLO Equity Exhibits Low Correlation Relative to Other Risk Assets
Cross-asset-class correlations, November 2012–November 2023

	CLO AAA	CLO AA	CLO A	CLO BBB	CLO BB	CLO Equity	Lev Loan Index	IG	S&P	Russell 2000	CDX HY	HY Cash	US Treasury
CLO AAA	100%	94%	93%	85%	77%	45%	89%	51%	47%	48%	61%	66%	-11%
CLO AA	94%	100%	95%	83%	74%	49%	89%	48%	51%	52%	60%	67%	-12%
CLO A	93%	95%	100%	91%	83%	56%	92%	49%	56%	58%	64%	70%	-14%
CLO BBB	85%	83%	91%	100%	95%	59%	89%	46%	49%	54%	63%	68%	-14%
CLO BB	77%	74%	83%	95%	100%	57%	84%	41%	43%	49%	58%	65%	-16%
CLO Equity	45%	49%	56%	59%	57%	100%	67%	21%	39%	49%	45%	52%	-23%
Lev Loan Index	89%	89%	92%	89%	84%	67%	100%	49%	60%	64%	73%	81%	-19%
IG	51%	48%	49%	46%	41%	21%	49%	100%	53%	42%	56%	72%	69%
S&P	47%	51%	56%	49%	43%	39%	60%	53%	100%	87%	82%	79%	3%
Russell 2000	48%	52%	58%	54%	49%	49%	64%	42%	87%	100%	79%	75%	-12%
CDX HY	61%	60%	64%	63%	58%	45%	73%	56%	82%	79%	100%	87%	-3%
HY Cash	66%	67%	70%	68%	65%	52%	81%	72%	79%	75%	87%	100%	13%
US Treasury	-11%	-12%	-14%	-14%	-16%	-23%	-19%	69%	3%	-12%	-3%	13%	100%

Source: Citigroup Global Markets Inc., “Correlation of Cross Asset Returns as of 10/30/2023.”

3. Direct benefits from active management of credit risk

A key driver of CLO equity performance is the manager’s ability to actively manage credit risk and navigate the portfolio through different market conditions. A skilled manager can react to and leverage a number of factors to drive CLO equity returns, including movement in loan and CLO debt credit spreads, credit losses, net trading activities, and changes in interest rates, among others. Unlike with many asset classes, the more market conditions fluctuate, the more opportunities arise for experienced managers to optimize returns.

PineBridge has a long history in CLOs

PineBridge Investments has extensive experience in CLOs and possesses a unique vantage point both as a CLO originator and investor in third-party CLOs. Since 1999, we've issued 39 CLOs in the US and Europe, with a par value of approximately \$16 billion. In addition, we've reissued, reset, or refinanced 22 transactions worth \$10.2 billion.*

Our globally integrated team of investment professionals includes senior leadership averaging 27 years of industry experience, as well as a deep bench of credit analysts averaging 19 years of industry experience.

In fixed income, our experience extends across the spectrum of developed and emerging markets, investment grade debt, leveraged finance, private credit, and multi-sector strategies.

Our investment process is informed by rigorous, proprietary credit analysis across sectors and regions. With coverage spanning high yield bonds, leveraged loans, and CLOs, our research team provides broad and deep coverage across the capital structure, industries, and geographies.

Our leveraged finance portfolios total \$26.2 billion, including \$5.9 billion in US CLOs, \$2.0 billion in European CLOs, and \$2.2 billion in CLO tranches.**

As of 31 December 2023.

* As of 31 December 2023. Includes all CLOs managed by PineBridge Investments.

** As of 31 December 2023. Includes all leveraged finance portfolios managed by PineBridge Investments.

Investing successfully in CLO equity

To maximize the benefits from investing in CLO equity, investors must consider a number of factors. And given the high degree of variability in this asset class, we believe manager selection is paramount. Key criteria to consider include a manager's level of experience, its debt versus equity performance, and its communication and collaboration with investors. **But perhaps most important is a clearly articulated approach and consistent performance demonstrated through business cycles.**

A broad range of manager styles may appeal to CLO equity investors, from more aggressive strategies that seek to maximize current interest and par build, to those that place greater emphasis on balancing such aims with limiting credit losses, tail risk, and maintaining strong principal values over time. So, selecting wisely can also help fine-tune outcomes to an investor's desired risk-return profile.

With constancy as their guide, investors can then think about putting together a portfolio of CLO equity exposures, whether from one manager or a select handful of managers with exposure across different vintages. A strong suit of CLO equity is its adaptability to different economic and rate environments. That said, a portfolio approach implemented over time may allow an investor to access more of the banner years while limiting exposure to the risk of prolonged market turmoil and higher-than-expected defaults, or of stubbornly compressed spreads that squeeze cash available for equity distributions. Other investors may choose to invest in a pre-selected CLO equity fund (whether from the same or a small group of highly rated managers) for many of the same reasons.

All told, we believe CLO equity can provide significant benefits to various institutional and sophisticated private banking investors, driven by a double-digit historical return profile along with high current income, generally persistent cash flows (even during periods of financial market volatility), and active management to limit downside risk and capture upside opportunities.⁷

Identifying CLO management styles that have been consistent over time allows for development of a portfolio approach that seeks to manage risk while delivering attractive risk-adjusted returns.

⁷ No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment.

Investing involves risk, including possible loss of principal. The information presented herein is for illustrative purposes only and should not be considered reflective of any particular security, strategy, or investment product. It represents a general assessment of the markets at a specific time and is not a guarantee of future performance results or market movement. This material does not constitute investment, financial, legal, tax, or other advice; investment research or a product of any research department; an offer to sell, or the solicitation of an offer to purchase any security or interest in a fund; or a recommendation for any investment product or strategy. PineBridge Investments is not soliciting or recommending any action based on information in this document. Any opinions, projections, or forward-looking statements expressed herein are solely those of the author, may differ from the views or opinions expressed by other areas of PineBridge Investments, and are only for general informational purposes as of the date indicated. Views may be based on third-party data that has not been independently verified. PineBridge Investments does not approve of or endorse any republication of this material. You are solely responsible for deciding whether any investment product or strategy is appropriate for you based upon your investment goals, financial situation and tolerance for risk.

Disclosure Statement

PineBridge Investments is a group of international companies that provides investment advice and markets asset management products and services to clients around the world. PineBridge Investments is a registered trademark proprietary to PineBridge Investments IP Holding Company Limited.

Readership: This document is intended solely for the addressee(s) and may not be redistributed without the prior permission of PineBridge Investments. Its content may be confidential, proprietary, and/or trade secret information. PineBridge Investments and its subsidiaries are not responsible for any unlawful distribution of this document to any third parties, in whole or in part.

Opinions: Any opinions expressed in this document represent the views of the manager, are valid only as of the date indicated, and are subject to change without notice. There can be no guarantee that any of the opinions expressed in this document or any underlying position will be maintained at the time of this presentation or thereafter. We are not soliciting or recommending any action based on this material.

Risk Warning: All investments involve risk, including possible loss of principal. If applicable, the offering document should be read for further details including the risk factors. Our investment management services relate to a variety of investments, each of which can fluctuate in value. The investment risks vary between different types of instruments. In making an investment decision, prospective investors must rely on their own examination of the merits and risks involved.

Performance Notes: Past performance is not indicative of future results. There can be no assurance that any investment objective will be met. No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment. PineBridge Investments often uses benchmarks for the purpose of comparison of results. Benchmarks are used for illustrative purposes only, and any such references should not be understood to mean there would necessarily be a correlation between investment returns of any investment and any benchmark. Any referenced benchmark does not reflect fees and expenses associated with the active management of an investment. PineBridge Investments may, from time to time, show the efficacy of its strategies or communicate general industry views via modeling. Such methods are intended to show only an expected range of possible investment outcomes, and should not be viewed as a guide to future performance. There is no assurance that any returns can be achieved, that the strategy will be successful or profitable for any investor, or that any industry views will come to pass. Actual investors may experience different results.

Information is unaudited unless otherwise indicated, and any information from third-party sources is believed to be reliable, but PineBridge Investments cannot guarantee its accuracy or completeness. All information is sourced from PineBridge Investments unless otherwise noted.

This document and the information contained herein does not constitute and is not intended to constitute an offer of securities or provision of financial advice and accordingly should not be construed as such.

The securities and any other products or services referenced in this document may not be licensed in all jurisdictions, and unless otherwise indicated, no regulator or government authority has reviewed this document or the merits of the products and services referenced herein. This document and the information contained herein has been made available in accordance with the restrictions and/or limitations implemented by any applicable laws and regulations. This document is directed at and intended for institutional and qualified investors (as such term is defined in each jurisdiction in which the security is marketed). Before acting on any information in this document, prospective investors should inform themselves of and observe all applicable laws, rules and regulations of any relevant jurisdictions and obtain independent advice if required.

Where applicable, the Manager may determine to terminate any arrangements made for marketing the Shares in one or more jurisdictions in accordance with the AIFM Directive and UCITS Directive respectively, as may be amended from time to time. Investors and potential investors can obtain a summary of investor rights and information on access to collective redress mechanisms at www.pinebridge.com/investorrights.

Certain Geographic Disclosures:

Australia: PineBridge Investments LLC is exempt from the requirement to hold an Australian financial services license under the Corporations Act 2001 (Cth) in respect of the financial services it provides to wholesale clients, and is not licensed to provide financial services to individual investors or retail clients. Nothing herein constitutes an offer or solicitation to anyone in or outside Australia where such offer or solicitation is not authorised or to whom it is unlawful. This information is not directed to any person to whom its publication or availability is restricted.

Bermuda: PineBridge Investments Asia Limited is registered as a Class A Registered Person with the Bermuda Monetary Authority pursuant to the Investment Business Act 2003 (as amended).

Hong Kong: The issuer of this document is PineBridge Investments Asia Limited, a company incorporated in Bermuda with limited liability, licensed and regulated by the Securities and Futures Commission (SFC). This document has not been reviewed by the SFC.

Malaysia: PineBridge Investments Malaysia Sdn Bhd is licensed and regulated by Securities Commission of Malaysia (SC). This material is not reviewed or endorsed by the SC.

Singapore: PineBridge Investments Singapore Limited is licensed and regulated by the Monetary Authority of Singapore (MAS). In Singapore, this material may not be suitable to a retail investor. This advertisement or publication has not been reviewed by the MAS.

Taiwan: PineBridge Investments Management Taiwan Ltd. Is licensed and regulated by Securities and Futures Bureau of Taiwan (SFB). In Taiwan, this material may not be suitable to investors and is not reviewed or endorsed by the SFB.

Last updated 7 February 2024. For additional legal and regulatory disclosures including other cross border information, please refer to <https://www.pinebridge.com/en/regulatory-disclosure>.

About PineBridge Investments

pinebridge.com



PineBridge Investments is a private, global asset manager focused on active, high-conviction investing. We draw on the collective power of our experts in each discipline, market, and region of the world through an open culture of collaboration designed to identify the best ideas. Our mission is to exceed clients' expectations on every level, every day. As of 31 December 2023, the firm managed US\$157.1 billion across global asset classes for sophisticated investors around the world.

MULTI-ASSET | FIXED INCOME | EQUITIES | ALTERNATIVES