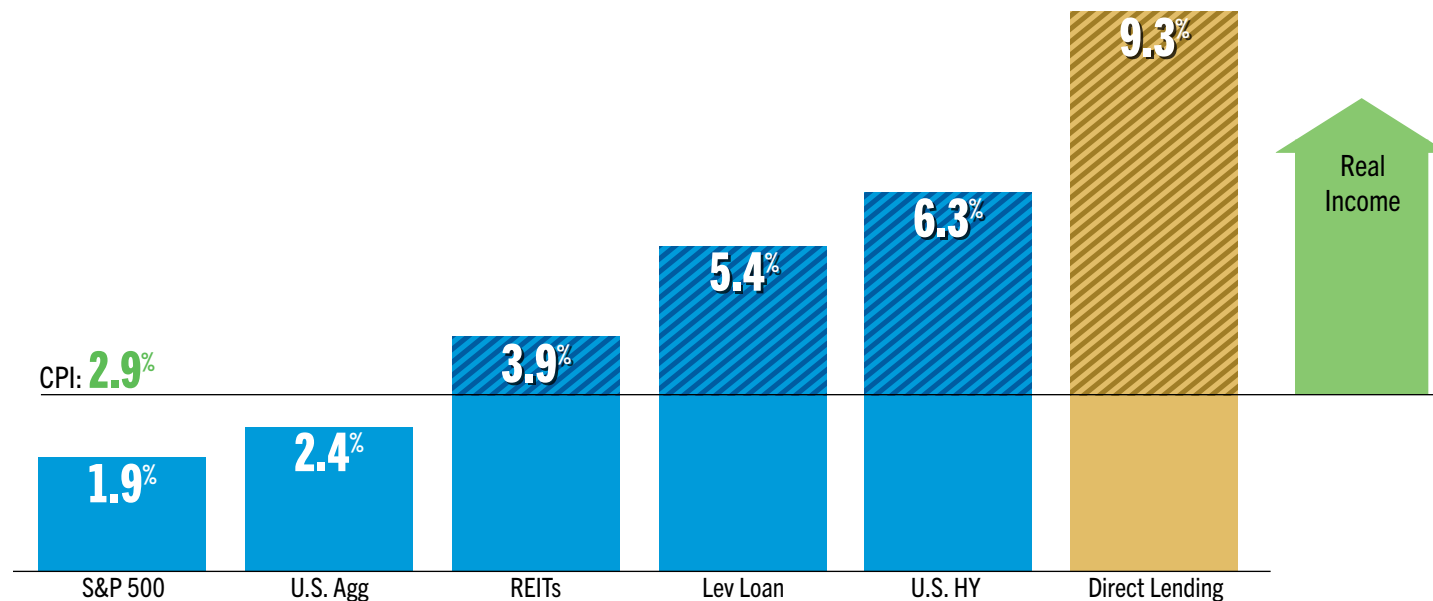


Biggest (Real Income) Bang for Your Buck

Middle market direct lending provides higher real yield than traditional sources of portfolio income.

Income & Inflation (2013–2023)



The indices used in this analysis are as follows: Direct Lending is represented by the CDLI; High Yield is represented by ICE BofA U.S. High Yield Index. The ICE BofA U.S. High Yield Index tracks the performance of dollar-denominated, below-investment-grade corporate debt publicly issued in the U.S. domestic market; Leveraged Loans are represented by the Morningstar LSTA U.S. Leveraged Loan Index. The Morningstar LSTA U.S. 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 U.S. Leveraged Loan Index typically encompasses 90%–95% of the entire broadly syndicated leveraged loan market; Investment Grade Bonds are represented by Bloomberg U.S. Aggregate Bond Index. The Bloomberg U.S. 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. REITs are represented by the NAREIT Index, which tracks the performance of the U.S. REIT industry. U.S. Equities are represented by the S&P 500 index, a market capitalization-weighted index of 500 leading publicly traded companies. 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.

Investors Get Real

- For clients focused on actual outcomes, we believe a portfolio’s *real* income (after inflation) is akin to looking at after-tax returns.
- We believe no other asset class delivers as much income “bang for your buck” as private direct lending.
- With a 9.3% annualized yield over the last 10 years, direct lending provides almost four times the yield of the U.S. Agg and almost twice that of public bank loans.
- With a “higher for longer” outlook for inflation currently, we expect that attending to a portfolio’s real yield may be impactful.

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