
DYNAMICS OF SENIOR DIRECT LENDING

CFA SOCIETY DETROIT – JUNE 2023

GOLUB CAPITAL

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Overview

- 1. Explanation of private credit**
- 2. Where senior loans fit into the private credit landscape**
- 3. Discussion of the middle market companies typically served by private lenders**
- 4. Private equity and private credit in middle market companies**
- 5. Risk and return characteristics of direct lending as compared to other asset classes**

Private Credit

Private credit is fast growing segment of the alternatives investing landscape. Private loans are increasingly used to support private equity transactions, and this is particularly true in middle market-sized transactions.

- **Each private lender chooses how much risk it wants to take, which depends on**
 - Size and quality of the borrower
 - Recent financial performance of the borrower
 - The loan's position in the capital structure
 - Intended use of the loan proceeds

- **Investors in private credit range widely**
 - Individual investors
 - Institutional investors, such as pension funds and endowments
 - Sovereign wealth funds

- **Investors access private credit through a range of investment vehicles**
 - Mutual funds
 - Business development companies (BDCs)—publicly traded or private
 - Private funds—investments often structured as limited partnership stakes
 - Structured products such as collateralized loan obligations (debt or equity)

Private Credit Landscape

Strategies

Senior Lending

Junior/Mezzanine Lending

Special Situations Debt

Distressed Debt

Description¹

- First lien, first-out senior secured debt
- Better protection than junior debt – priority in the capital structure
- Substantially all floating rate
- Commonly issued as either a broadly syndicated loan (BSL) or a private, direct loan

-
- Hybrid of debt and equity financing
 - Typically junior in credit standing – senior to only equity in the capital structure
 - Higher risk than senior debt
 - May be floating or fixed

-
- Strategies that are focused on companies whose value may be impacted by a certain event, including company spin-offs, mergers & acquisitions, or tender offers

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- Focused on debt instruments from issuers that are in or near bankruptcy
 - Debt may be bought at a significant discount, with the goal being that the value of the company improves after the debt investment
 - Investor objectives vary – value of debt increases if company performance improves; lender may take control of business if company performance deteriorates

1. Source: Preqin, Golub Capital opinion.

Direct Lending

- Direct lenders structure loans directly with companies as opposed to buying a portion of a BSL loan from a bank or underwriter
- Direct lenders typically work with companies with up to \$100 million of EBITDA – commonly called ‘middle market’ loans—though many larger companies also tap the direct lending market

Benefits for Investors in Senior Direct Lending

- Yield premium to traditional senior (BSL) loans and high yield bonds¹
- Generally stronger covenants than traditional senior loans and high yield bonds
- Provides access to markets that are otherwise inaccessible to investors
- Can provide diversification benefits to an existing portfolio²

Benefits For Borrowers in Senior Direct Lending

- Greater ease of execution
- One class of debt; no intercreditor complexities
- Lower cost of debt over time
- No flex; no syndication risk
- Generally no public ratings needed
- Typically one relationship lender, not many desk buyers

1. PitchBook LCD, “High-End Middle Market Lending Review 4Q 2022.”

2. See slide titled “Direct Lending has Historically Provided Strong Long-Term Risk-Adjusted Returns.”

U.S. Middle Market Loans: Comparison

U.S. Middle Market loans have attractive features relative to BSL and high yield bonds

	Middle Market Loans	Broadly Syndicated Loans	High Yield Bonds
Borrower Size	EBITDA less than \$100MM	EBITDA \$100MM+	EBITDA \$100MM+
Borrower Debt Capital Structure	Simple/ More Conservative	Complex/ Less Conservative	Complex/ Less Conservative
Security Interest	Senior Secured	Senior Secured	Generally Unsecured
Covenants	Maintenance Covenants	Typically Cov-Lite	Cov-Lite
Interest Rate Sensitivity	Low/Floating Rate	Low/Floating Rate	High/Fixed Rate
Lender Influence on Debt Structure	High	Low	Low
Credit Monitoring Capability	High	Potentially Limited	Limited
Workout Process	More Control	Less Control	Less Control

Note: The analysis above is based on the characteristics of typical middle market loans, broadly syndicated loans and high yield bonds as of the date shown. The characteristics of individual assets may vary significantly from the generalizations.

Sources: PitchBook LCD, "High-End Middle Market Lending Review 4Q 2022" and "Interactive High-Yield Report and LCD News"; Golub Capital. As of March 31, 2023.

U.S. Middle Market Lending: Broad Opportunity Set

We believe private equity-backed U.S. middle market companies represent a large, attractive lending opportunity

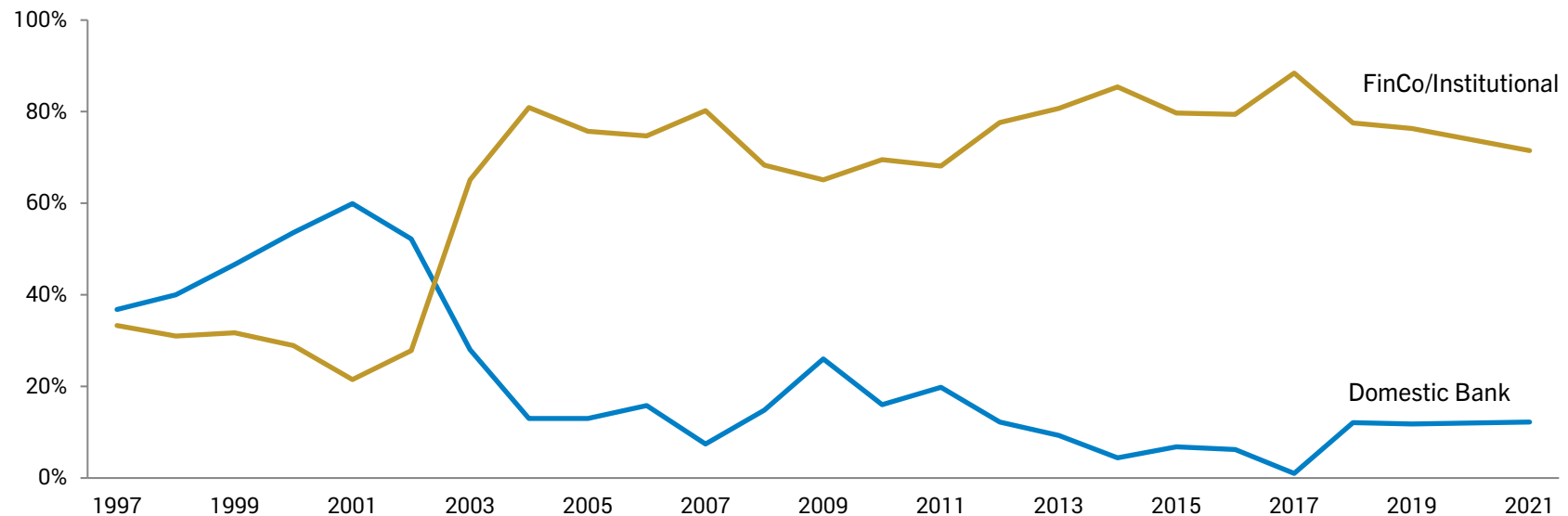
Key middle market stats*

200,000 U.S. businesses

48mm total jobs

33% of private sector GDP

Primary market share¹
(%)



* The National Center for the Middle Market defines the U.S. middle market as companies with annual revenues between \$10 million to \$1 billion, "Year-End 2022 Middle Market Indicator." Data is as of December 31, 2022.

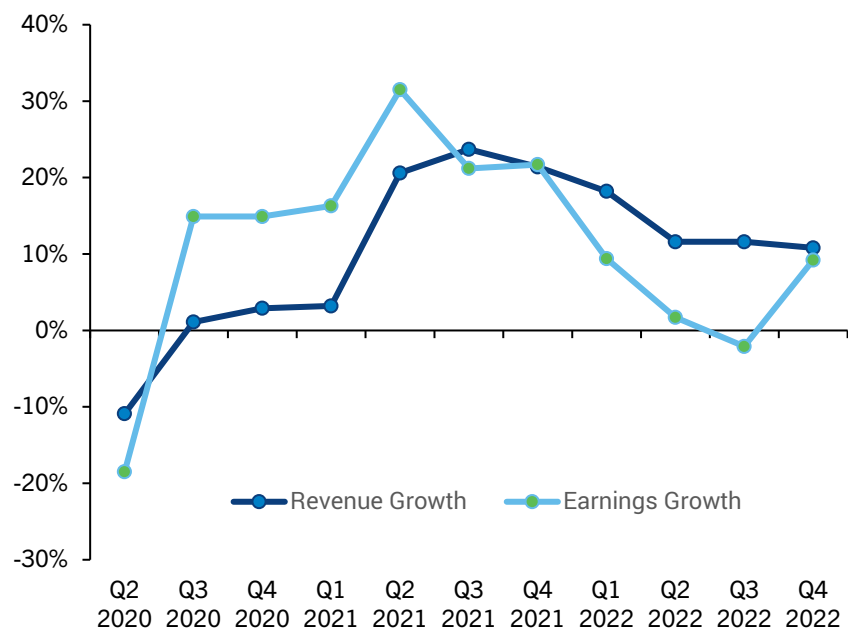
1. Pitchbook, LCD, "High-End Middle Market Lending Review 4Q 2022." Excludes data for 2020 and 2022 because PitchBook LCD did not have enough observations. Data series begins in 1997.

Middle Market Companies Exhibit Positive Growth Trends

Fundamentals for middle market private companies continue to show growth despite macro headwinds

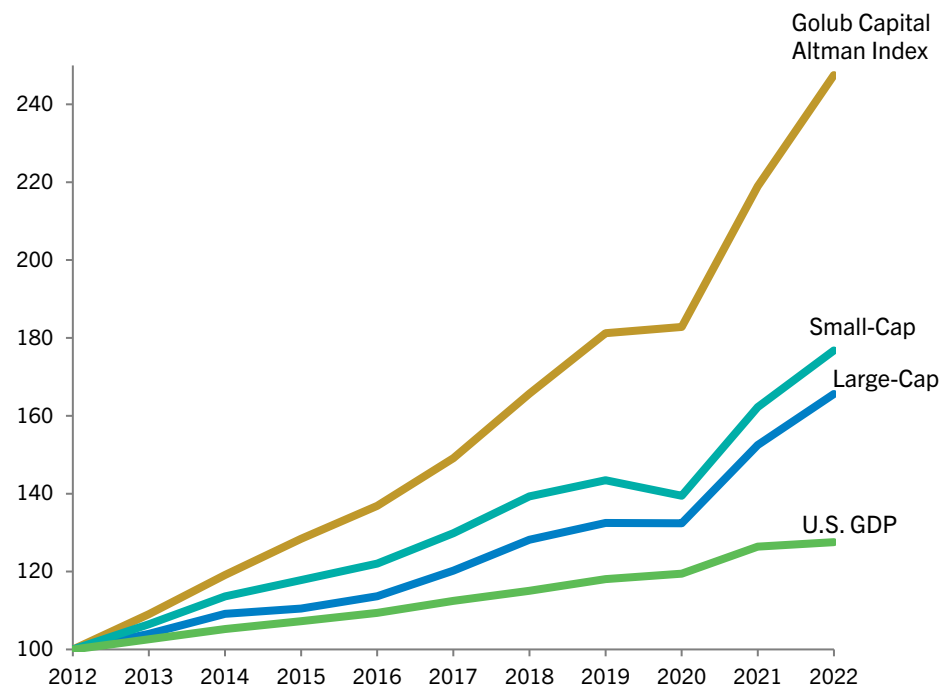
Golub Capital Altman Index Highlights¹

Year-Over-Year (YoY) Revenue and Earnings Growth



Cumulative revenue growth²

(Index, 2012 = 100)



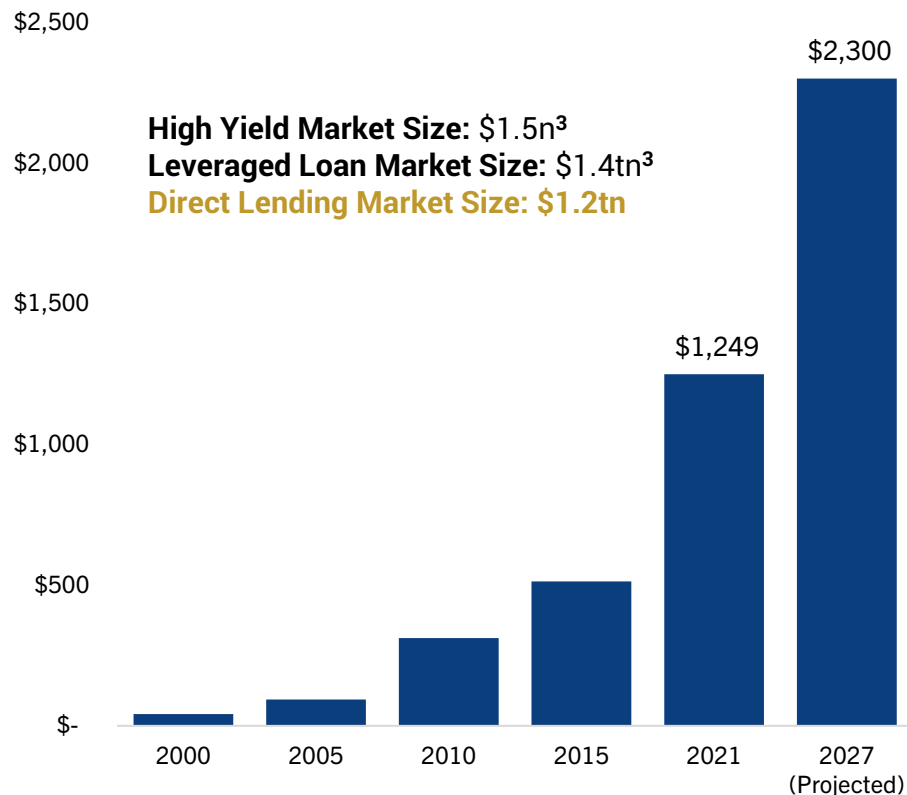
1. Source: Golub Capital internal data.

2. Cumulative revenue growth for Golub Capital Altman Index ("GCAI"), S&P 500 ("Large-cap") and S&P 600 ("Small-cap") indexes are based on the average median year-over-year revenue growth rates. U.S. GDP growth is presented in real terms (SAAR). All indices designed, calculated and published by third parties and presented herein are the property of their respective owners. Golub Capital makes no representations about the accuracy or appropriateness of the data reported by such third party data sources and such companies have not endorsed the contents of this presentation. Source: Bloomberg; Golub Capital, "Middle Market Report Q4 2022." The Golub Capital Altman Index ("GCAI") measures the median revenue and earnings growth of approximately 110–150 privately owned companies in the Golub Capital loan portfolio for the first two months of each calendar quarter. The GCAI is produced by Golub Capital in collaboration with credit expert Dr. Edward I. Altman. For more information, including a description of the methodology used to create the GCAI, please visit golubcapital.com/middle-market-report. Small-Cap, Large-Cap and U.S. GDP data sourced from Bloomberg.

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.

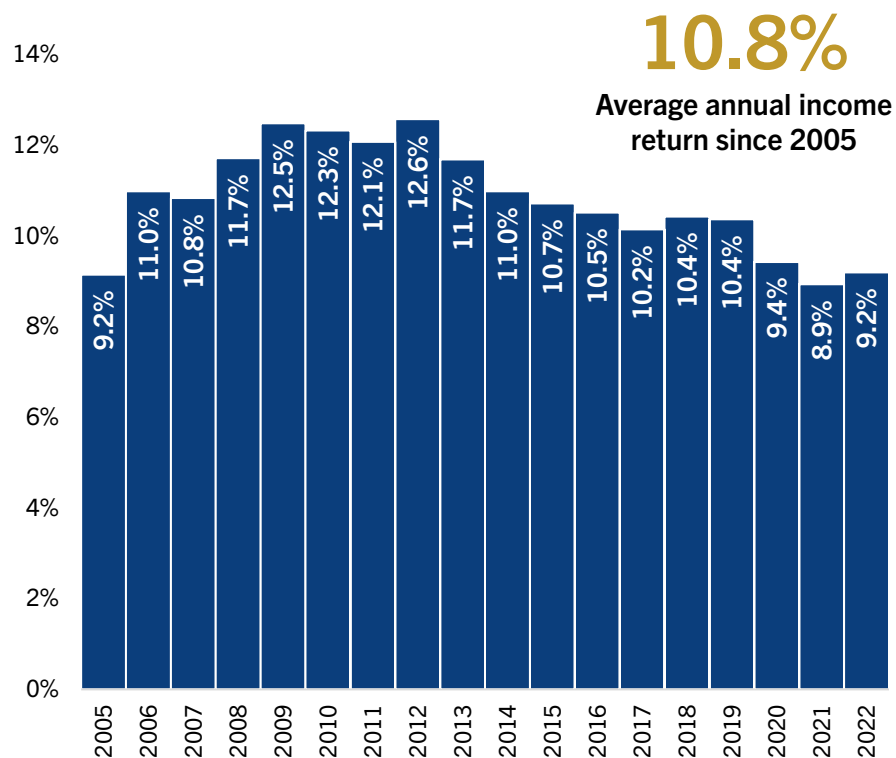
The Opportunity in U.S. Middle Market Lending

Direct Lending Market Size (\$bn)^{1,2}



Private Credit Annual Income Returns⁴

Source: Cliffwater Direct Lending Index (“CDLI”)



1. Source: Preqin. AUM data as of December 31, 2021.

2. 2027 Projection source: Preqin, 2023 Global Private Debt Report.

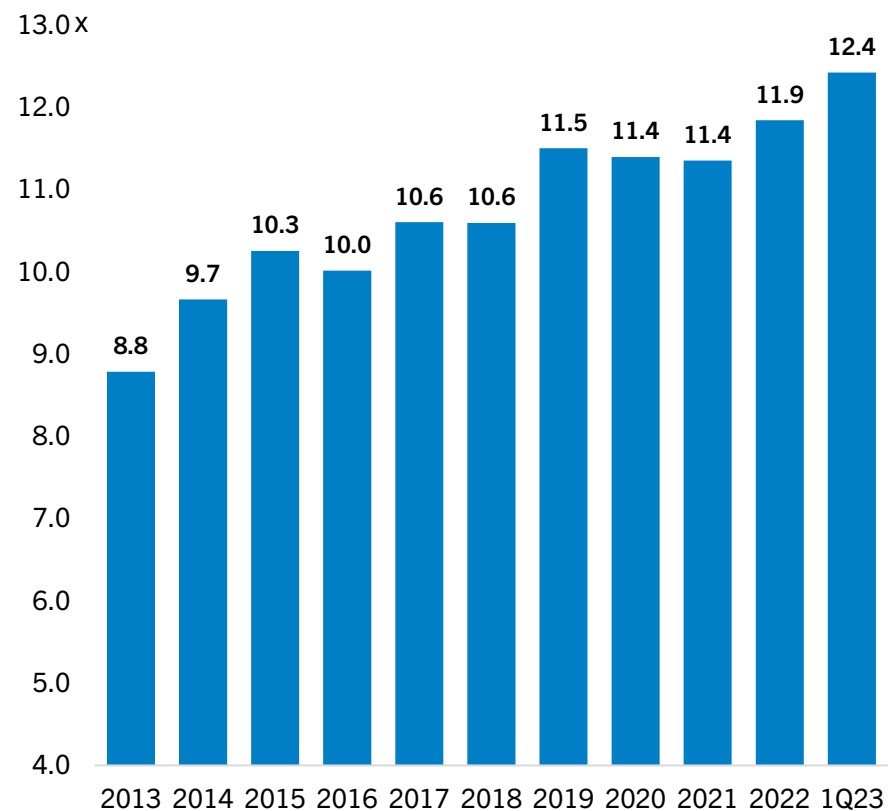
3. Source: J.P. Morgan 2021 Leveraged Loan Annual Review and J.P. Morgan 2021 High Yield Annual Review. Figures represent total U.S. market size for High Yield and Leveraged Loans as of December 31, 2021.

4. Represented by the annual income return of the Cliffwater Direct Lending Index (the “CDLI”). As of December 31, 2022. The CDLI seeks to measure the unlevered, gross of fees performance of U.S. middle market corporate loans, as represented by the underlying assets of Business Development Companies (“BDCs”), including both exchange-traded and unlisted BDCs, subject to certain eligibility requirements. You cannot invest directly in an index, which also does not take into account trading commissions and costs. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

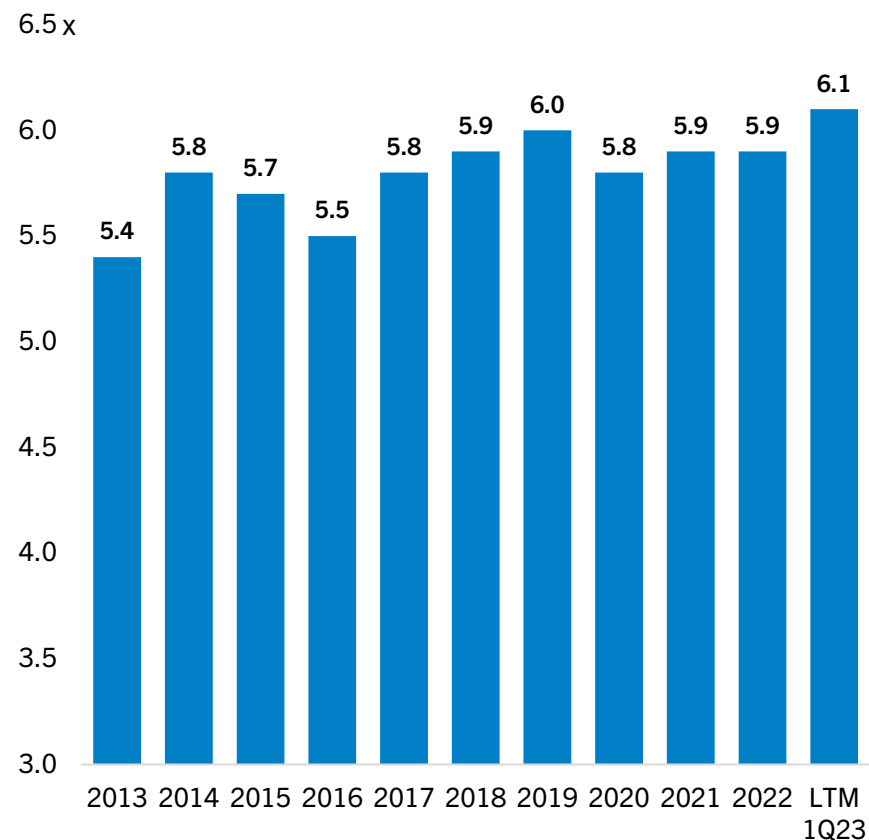
Stable Leverage Multiples

Equity valuations have risen in recent years while leverage multiples have remained relatively stable

LBO Purchase Price Multiples



LBO Leverage Multiples



Source: Pitchbook LCD's "LBO Report" and PitchBook LCD's "High-End Middle Market Lending Review" as of March 31, 2023.

What Do We Believe Private Equity Firms Want From Lenders?

1. Strong long-term relationships rooted in reliability and trust

2. Ability to finance many different kinds of deals

3. Distinctive solutions

4. Scalable facilities with dry powder

5. Deep industry expertise

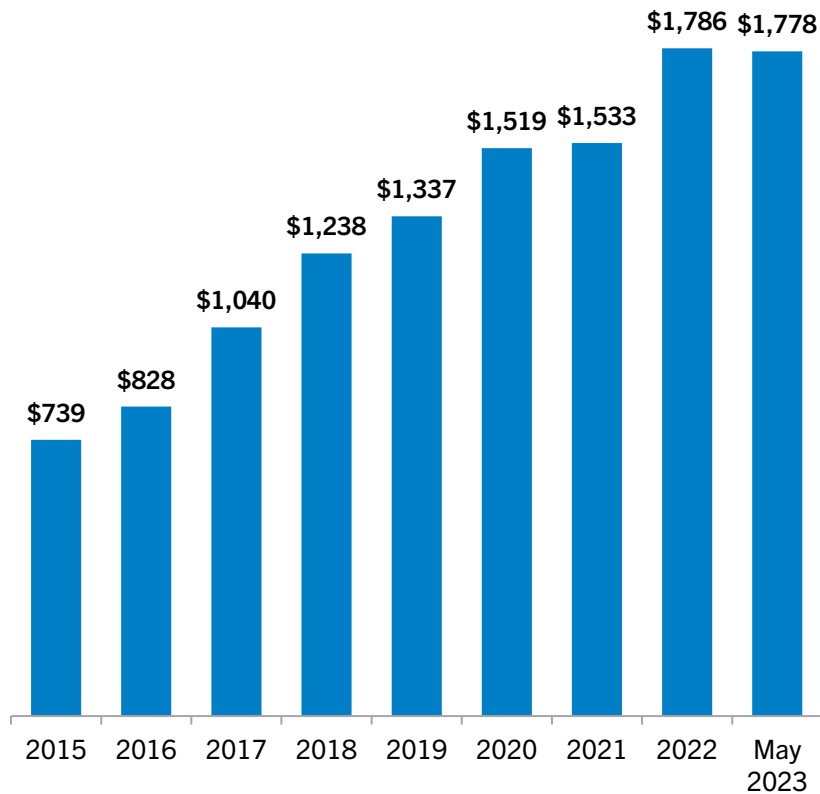
6. Speed and confidentiality

7. Proven capacity to navigate unexpected challenges

The Direct Lending Market Benefits From Healthy Supply and Shifting Market Share Trends

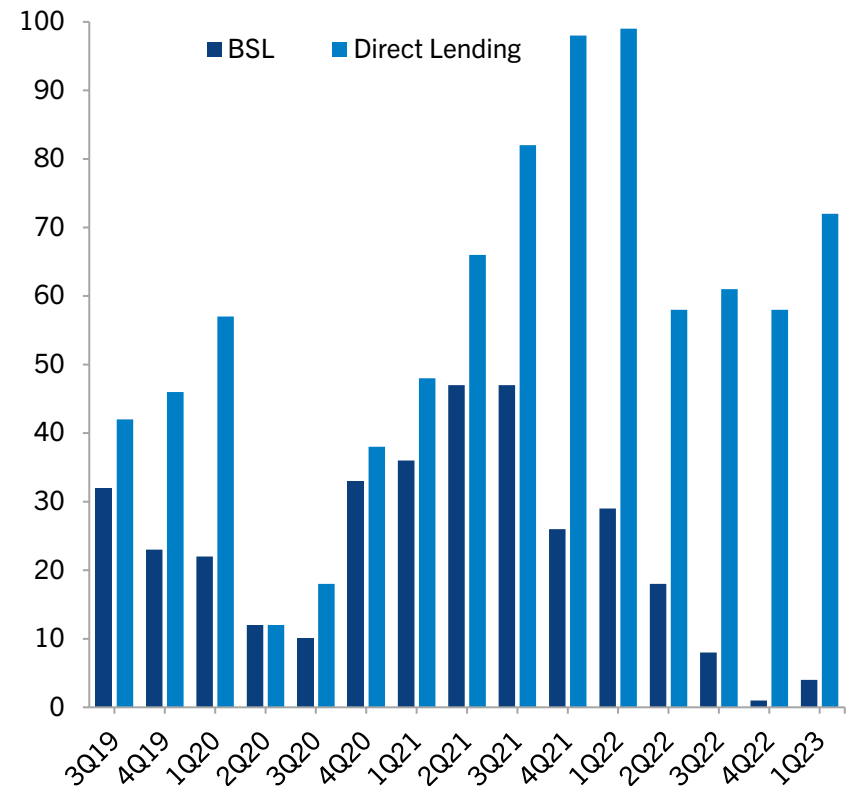
Private equity firms have ample dry powder to invest...

Private Equity Dry Powder (\$bn)¹



...and they are increasingly choosing the direct lending market to finance deals

Number of LBOs Financed in BSL vs. Direct Lending Markets²



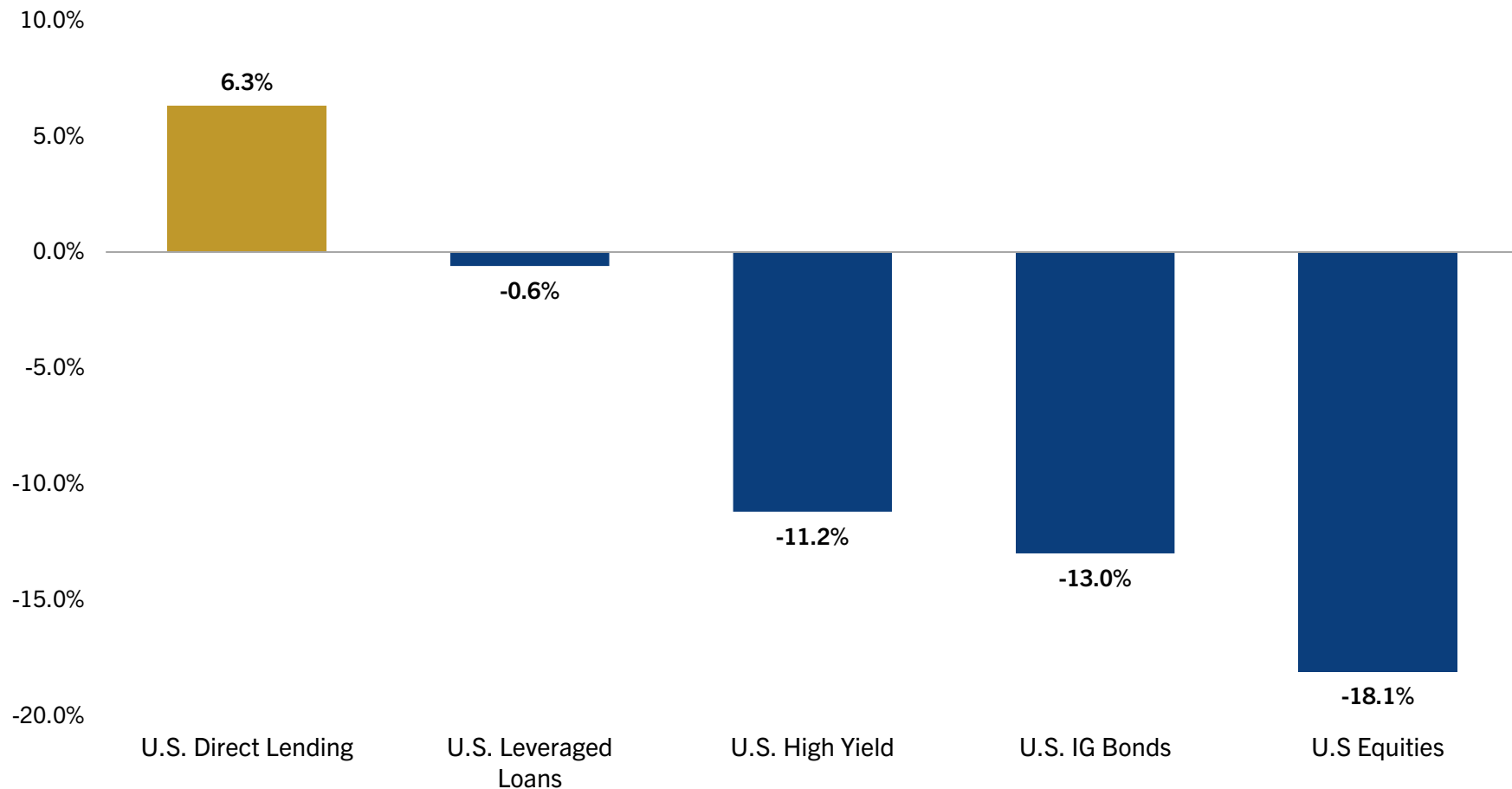
1. Preqin, as of May 12, 2023. Dry powder is defined as the sum of uncalled capital commitments available for investment across the private equity funds tracked in Preqin's database.

2. Pitchbook LCD, as of March 31, 2023.

Note: Certain statements herein constitute forward-looking statements, which relate to future events, future performance or financial condition. Actual results could differ materially from those implied or expressed in forward-looking statements for any reason, and future results could differ materially from historical performance.

Direct Lending Tends to be Insulated From Volatility in the Broader Liquid Credit and Equity Markets

2022 Asset Class Returns¹

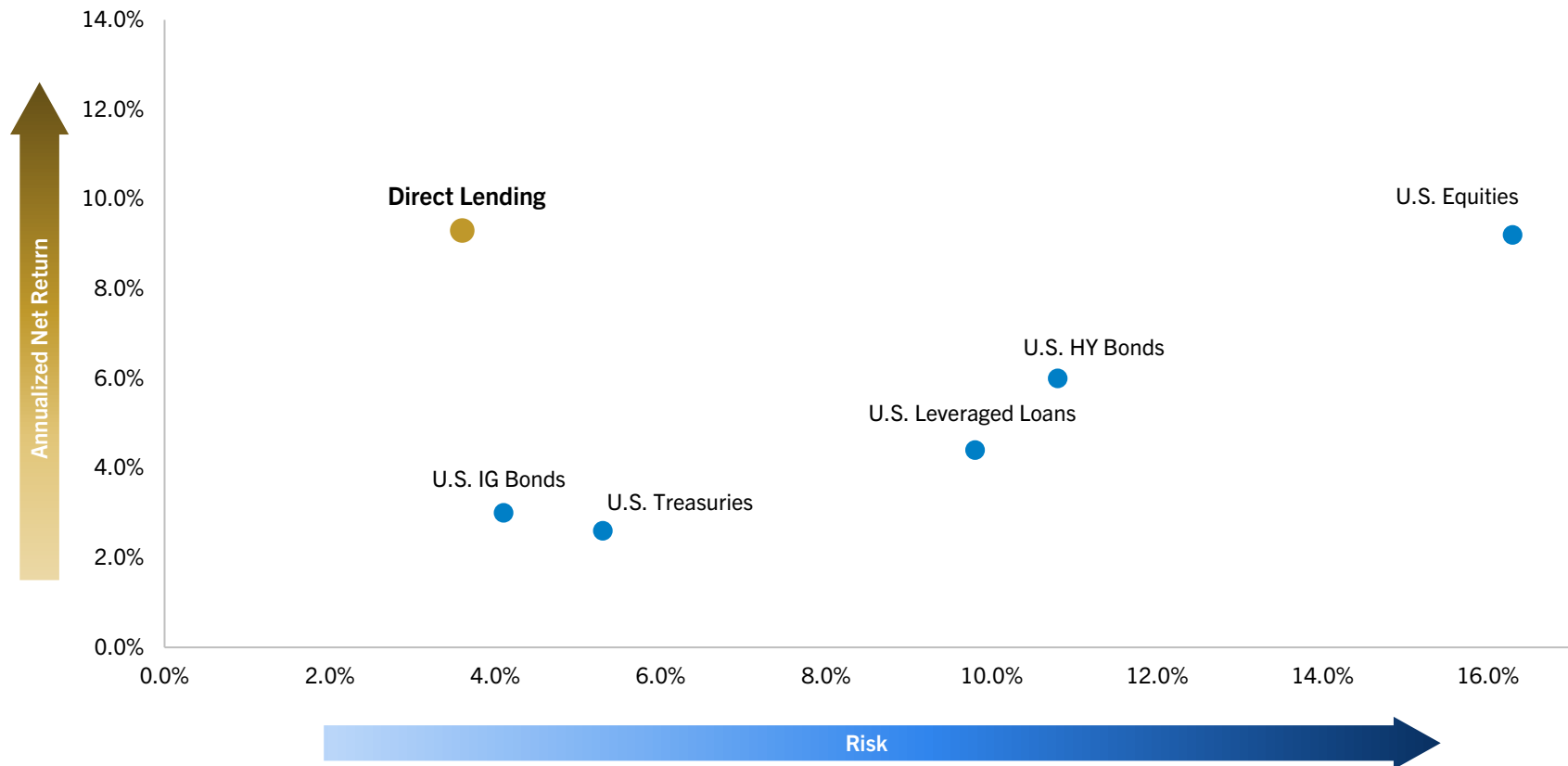


Note: Past performance does not guarantee future results. You cannot invest directly in an index, which also does not take into account trading commissions and costs. The volatility of indices may be materially different from the performance of Golub Capital Funds. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income. This page is accompanied by the *Additional Footnotes* at the end of this document, which are an integral part of this presentation.

Direct Lending has Historically Provided Strong Long-Term Risk-Adjusted Returns

Risk/Return Profile¹

(Q4 2004—Q4 2022)



Source: Bloomberg, as of December 31, 2022

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. Note: This page is accompanied by the *Additional Footnotes* at the end of this document, which are an integral part of this presentation.

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Comparison of Direct Lending to Other Asset Classes

Correlation¹ of Direct Lending to Other Asset Classes²

From December 31, 2004 to December 31, 2022— Unaudited

	Cash	U.S. Equities	Global Equities	U.S. Bonds	Leveraged Loans	HY Bonds	Hedge Funds	Real Estate	Commodities
Direct Lending ²	-0.10	0.69	0.70	-0.17	0.78	0.75	0.75	0.56	0.64

Direct Lending Annual Returns vs. Other Asset Classes²

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Commodities 23.0%	Real Estate 36.0%	Commodities 22.2%	U.S. Bonds 5.2%	HY Bonds 54.2%	Real Estate 28.6%	Direct Lending 9.8%	Real Estate 17.6%	U.S. Equities 32.4%	Real Estate 31.8%	Direct Lending 5.5%	HY Bonds 18.4%	Global Equities 22.4%	Direct Lending 8.1%	U.S. Equities 31.5%	U.S. Equities 18.4%	Real Estate 46.2%	Commodities 22.0%
Real Estate 13.8%	Global Equities 20.1%	Direct Lending 10.2%	Cash 2.1%	Leveraged Loans 51.6%	Commodities 17.6%	Real Estate 9.2%	U.S. Equities 16.0%	Global Equities 26.7%	U.S. Equities 13.7%	Real Estate 4.2%	U.S. Equities 12.0%	U.S. Equities 21.8%	Cash 1.9%	Global Equities 27.7%	Global Equities 15.9%	Commodities 38.5%	Direct Lending 6.3%
Direct Lending 10.1%	U.S. Equities 15.8%	Hedge Funds 10.0%	Direct Lending -6.5%	Global Equities 30.0%	Direct Lending 15.8%	U.S. Bonds 7.8%	Global Equities 15.8%	Direct Lending 12.7%	Direct Lending 9.6%	U.S. Equities 1.4%	Direct Lending 11.2%	Direct Lending 8.6%	Leveraged Loans 0.5%	Real Estate 25.8%	Hedge Funds 11.8%	U.S. Equities 28.7%	Cash 1.4%
Global Equities 9.5%	Direct Lending 13.7%	Global Equities 9.0%	Hedge Funds -19.0%	Real Estate 28.6%	U.S. Equities 15.1%	HY Bonds 5.5%	HY Bonds 14.7%	Hedge Funds 9.1%	U.S. Bonds 6.0%	U.S. Bonds 0.5%	Leveraged Loans 10.2%	Hedge Funds 8.6%	U.S. Bonds 0.0%	HY Bonds 14.0%	U.S. Bonds 7.5%	Global Equities 21.8%	Leveraged Loans -0.6%
Hedge Funds 9.3%	Hedge Funds 12.9%	U.S. Bonds 7.0%	HY Bonds -26.2%	U.S. Equities 26.4%	HY Bonds 14.4%	U.S. Equities 2.1%	Direct Lending 14.0%	HY Bonds 7.5%	Global Equities 4.9%	Cash 0.1%	Commodities 9.7%	HY Bonds 7.0%	HY Bonds -2.4%	Commodities 11.8%	HY Bonds 5.5%	Direct Lending 12.8%	Hedge Funds -4.2%
Leveraged Loans 5.1%	HY Bonds 11.9%	U.S. Equities 5.5%	Leveraged Loans -29.1%	Commodities 23.6%	Global Equities 11.8%	Leveraged Loans 1.5%	Leveraged Loans 9.7%	Leveraged Loans 5.3%	Hedge Funds 3.0%	Leveraged Loans -0.7%	Global Equities 7.5%	Real Estate 4.2%	U.S. Equities -4.4%	Hedge Funds 10.4%	Direct Lending 5.5%	Hedge Funds 10.2%	HY Bonds -10.6%
U.S. Equities 4.9%	Leveraged Loans 6.8%	Cash 5.0%	Commodities -35.0%	Hedge Funds 20.0%	Hedge Funds 10.2%	Cash 0.1%	Hedge Funds 6.4%	Real Estate 1.9%	HY Bonds 1.9%	Global Equities -0.9%	Real Estate 7.2%	Leveraged Loans 4.1%	Hedge Funds -4.7%	Direct Lending 9.0%	Leveraged Loans 3.1%	HY Bonds 5.5%	U.S. Bonds -13.0%
Cash 3.1%	Cash 4.9%	HY Bonds 2.6%	U.S. Equities -37.0%	Direct Lending 13.2%	Leveraged Loans 10.1%	Hedge Funds -5.2%	U.S. Bonds 4.2%	Cash 0.1%	Leveraged Loans 1.6%	Hedge Funds -1.1%	Hedge Funds 5.4%	U.S. Bonds 3.6%	Real Estate -4.8%	U.S. Bonds 8.7%	Cash 0.7%	Leveraged Loans 5.2%	U.S. Equities -18.1%
U.S. Bonds 2.4%	U.S. Bonds 4.3%	Leveraged Loans 2.0%	Real Estate -39.2%	U.S. Bonds 5.9%	U.S. Bonds 6.5%	Global Equities -5.5%	Cash 0.1%	U.S. Bonds -2.0%	Cash 0.0%	HY Bonds -4.9%	U.S. Bonds 2.6%	Commodities 1.7%	Global Equities -8.7%	Leveraged Loans 8.6%	Real Estate -7.9%	Cash 0.1%	Global Equities -18.1%
HY Bonds 2.3%	Commodities -2.9%	Real Estate -17.6%	Global Equities -40.7%	Cash 0.2%	Cash 0.1%	Commodities -8.2%	Commodities -3.3%	Commodities -5.0%	Commodities -17.9%	Commodities -23.4%	Cash 0.3%	Cash 0.9%	Commodities -10.7%	Cash 2.3%	Commodities -9.3%	U.S. Bonds -1.5%	Real Estate -26.8%

Note: This slide is accompanied by the *Footnotes* and *Important Investor Information* at the end of this presentation. The analyses shown in this document are not intended to predict or depict the performance of any investment. All investments entail the risk of loss. Past performance does not guarantee future results.

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U.S. Middle Market Lenders Who Originate on a Buy-and-Hold Basis Have Particular Advantages

	Buy-and-Hold	Syndicator	Desk Buyer
Deal Source	Direct Origination (Buy-and-Hold)	Direct Origination (Syndicate/Distribute)	Other lenders
Full Underwrite	Yes	Yes	No
Role	Lead Arranger	Lead Arranger	Participant
Hold Size	Nearly 100%	A portion or none	Dependent up on allocation received from lead arranger
Diligence	Extensive (weeks/months)	Extensive (weeks/months)	Limited (typically 2 weeks)
Commitment/Arrangement Fees	Yes	Yes	No
Control of Terms	Yes; negotiates final terms directly with sponsor/borrower	Mixed; negotiates initial terms directly with sponsor/borrower. Final terms vary dependent on market conditions	No; terms dictated by arranger and dependent on market conditions, hold size and demand
Relationship with Sponsor/Borrower	Direct; receives financials from borrower and has consistent dialogue with sponsor/borrower	Direct; receives financials from borrower and distributes to bank group	Limited; receives information distributed by the lead arranger through a dataroom
Control in Workouts	Yes; directly engages with sponsor/borrower	Mixed; directly engages with sponsor/borrower. Actions require approval from bank group	No; voting rights to the terms negotiated by the lead arranger

Note: Golub Capital proprietary analysis based on the characteristics of typical buy-and-hold lenders, syndicators and desk buyers as of December 31, 2022. Characteristics of direct lending strategies could vary significantly from the indicative terms presented above.

Additional Footnotes

Direct Lending Tends to be Insulated From Volatility in the Broader Liquid Credit and Equity Markets

1. You cannot invest directly in an index, which also does not take into account trading commissions and costs. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income. Returns are measured by annualized net returns, which are calculated based on quarterly net returns and reflects the deduction of all fund expenses, including performance and advisory fees. Risk is measured by standard deviation of quarterly net returns. The indices used in this analysis are:

- U.S. Direct Lending is represented by the Cliffwater Direct Lending Index (“CDLI”). The CDLI seeks to measure the unlevered, gross of fees performance of U.S. middle market corporate loans, as represented by the underlying assets of Business Development Companies (“BDCs”), including both exchange-traded and unlisted BDCs, subject to certain eligibility requirements.
- U.S. 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.
- U.S. HY Bonds are represented by the 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 issues in the US domestic market
- U.S. IG Bonds are represented by Bloomberg US Aggregate Index. The Bloomberg US Aggregate 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;
- U.S. Equities are represented by the S&P 500® Index. The S&P 500® Index includes 500 leading large-cap U.S. equities and captures approximately 80% of investable market capitalization.

Direct Lending has Historically Provided Strong Long-Term Risk-Adjusted Returns

1. You cannot invest directly in an index, which also does not take into account trading commissions and costs. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income. Returns are measured by annualized net returns, which are calculated based on quarterly net returns and reflects the deduction of all fund expenses, including performance and advisory fees. Risk is measured by standard deviation of quarterly net returns. The indices used in this analysis are:

- Direct Lending is represented by the CDLI.
- U.S. High Yield is represented by the Credit Suisse High Yield Index.
- U.S. Leveraged Loans are represented by the Morningstar LSTA US Leveraged Loan Index.
- U.S. IG Bonds are represented by Bloomberg US Aggregate Bond Index.
- U.S. Treasuries are represented by the ICE BofA U.S. Treasury Index. The ICE BofA U.S. Treasury Index tracks the performance of the U.S. dollar denominated sovereign debt publicly issued by the US government in its domestic market.
- U.S. Equities are represented by the S&P 500.

Additional Footnotes (cont'd)

Comparison of Direct Lending to Other Asset Classes

1. Correlation is a statistical measure of the degree to which the prices of two securities move in relation to each other. A correlation of 1 means the prices always move in the same direction. A correlation of -1 means the prices always move in opposite directions. The correlation calculation is based on quarterly net returns.
2. 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 the GCP Funds. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income. The indices used in this analysis are:
 - Direct Lending is represented by the CDLI.
 - Leveraged Loans are represented by the Morningstar LSTA US Leveraged Loan Index. 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.
 - U.S. Bonds are represented by the Bloomberg U.S. Aggregate Index. The Bloomberg U.S. Aggregate 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.
 - Global Equities are represented by the MSCI World Index. The MSCI World Index includes large and mid-cap companies across 23 developed markets. With 1,542 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.
 - U.S. Equities are represented by the S&P 500® Index. The S&P 500® Index includes 500 leading large-cap U.S. equities and captures approximately 80% of investable market capitalization.
 - Cash is represented by the BofA Merrill Lynch U.S. T-Bill 0-3 Month Index. The BofA Merrill Lynch U.S. T-Bill 0-3 Month Index tracks the performance of the U.S. dollar denominated U.S. Treasury Bills publicly issued in the U.S. domestic market with a remaining term to final maturity of less than three months.
 - HY Bonds are represented by the Credit Suisse High Yield Index. The Credit Suisse High Yield Index is a market-weighted index that includes publicly traded bonds rated below BBB by S&P and Baa by Moody's. An investment cannot be made directly into an index. The index frequency is monthly. The index has not been adjusted for management fees or other expenses. The index includes the reinvestment of dividends, interest, and other earnings.
 - Hedge Funds are represented by the HFRI Fund Weighted Composite Index. The HFRI Fund Weighted Composite Index is a global, equal-weighted index of over 2,000 single-manager funds that report to the HFR Database and have a minimum of \$50 Million under management or a twelve-month track record of active performance. The HFRI Fund Weighted Composite Index does not include Funds of Hedge Funds. Constituent funds report monthly performance in U.S. Dollars net of all fees.
 - Real Estate is represented by the Wilshire U.S. Real Estate Investment Trust Total Return IndexSM ("Wilshire U.S. REIT"). The Wilshire U.S. REIT Total Return Index includes U.S. publicly-traded real estate investment trusts and is a subset of the Wilshire U.S. Real Estate

Securities IndexSM. The index is designed to offer a market-based measure of the performance of real estate held by pension funds.

- Commodities are represented by the Thomson Reuters/CoreCommodity CRB Index. The Thomson Reuters/CoreCommodity CRB Index consists of a basket of 19 commodities, with 39% allocated to energy contracts, 41% to agriculture, 7% to precious metals and 13% to industrial metals. The index is designed to reflect global commodity markets.

Important Investor Information

Golub Capital (including its various affiliates) creates and manages multiple investment funds. Two of its control affiliates, GC Advisors LLC (“GC Advisors”) and GC OPAL Advisors LLC (“GC OPAL Advisors”), and together with GC Advisors, the “Registered Advisors”) are registered investment advisers with the United States Securities and Exchange Commission (the “SEC”). A number of other investment advisers, such as GC Investment Management LLC and OPAL BSL LLC (Management Series) (collectively, the “Relying Advisors”) are registered in reliance upon GC OPAL Advisors’ registration. The Registered Advisors and the Relying Advisors (collectively, the “Advisers”) manage certain of Golub Capital’s affiliated funds and accounts. For a detailed description of the Advisers and each of their investment advisory fees, please see the Registered Advisers’ Form ADV Part 1 and 2A on file with the SEC. Registration is not an endorsement by the SEC, nor does it mean that a government agency approves an advisor or reviews its qualifications. Registration does not imply a certain level of skill or training, nor does it guarantee success or future performance.

Past performance does not guarantee future results. The performance results are presented for Golub Capital’s managed funds or accounts as indicated. The performance presented does not necessarily represent the return of any individual investor. An investor’s return could be significantly lower or higher than the returns shown due to differences in the timing of the investment and other factors. Gross returns shown do not reflect the deduction of management fees and/or incentive fees. Such fees, if charged, will reduce an investor’s return. Net returns reflect the deduction of all fund expenses, including performance and investment advisory fees. Each fund’s investment manager and its affiliates have the discretion to waive all or part of the management fee, incentive allocation, and other fees and expenses that they are entitled to receive, whether directly from such fund or indirectly from payments or distributions that would have otherwise been paid or distributed to the investment manager or its affiliates from holding companies, investment vehicles or other entities managed by them. Further, each fund’s investment manager and its affiliates are permitted to reduce, waive or absorb all or part of the fees or costs otherwise due by such fund or its subsidiaries. Such reductions, waivers and absorptions of fees and costs have occurred in past periods and resulted in higher returns to investors than investors would have received if full fees and costs had been charged. There is no guarantee that such reductions, waivers or absorptions will occur in the future, and such reductions, waivers and absorptions are entirely at the discretion of the investment manager. Additional information on past reductions or waivers of management fees and incentive allocations is available upon request. For more detailed financial information, please refer to the financial statements that are provided as part of the standard reporting package each quarter.

Golub Capital investments are valued at each quarter-end at their fair value consistent with ASC Topic 820 and Golub Capital’s valuation policies and procedures. The Internal Rate of Return (“IRR”) is the annualized effective compound rate of return and is based on starting capital accounts, distributions, capital calls, and ending capital accounts. The IRR performance calculation includes historical cash flows (in the case of investments, this includes the initial investment, interest and principal received, and any additional receipts or payments, and in the case of funds, this includes all capital contributions and distributions) as well as the current fair value of each portfolio loan or other investment still outstanding. The current fair value of outstanding portfolio loans or other investments that are not actively traded is determined in accordance with the valuation policies and procedures as summarized in the Registered Advisers’ Form ADV Part 2A.

The determination of the current fair value of each portfolio loan or other investment is based on several inputs, including, among other factors, scheduled payments and comparable market yields.

Because many of the loans or other investments are not actively traded, this determination of current fair value is a material factor in determining IRR performance. Actual amounts subsequently realized on an investment could differ materially from the current fair value, and accordingly the actual IRR performance could differ materially from that stated herein.

The value of investments and the income derived from investments can go down as well as up. Future returns are not guaranteed, and a loss of principal could occur. An investment in any Golub Capital affiliated fund will be subject to a variety of risks (which are described in that affiliated fund’s confidential offering memorandum), and there can be no assurance that any Golub Capital affiliated fund will meet its investment objective or that any such fund will not incur losses. Certain statements herein constitute forward-looking statements, which relate to future events, future performance or financial condition, and are subject to change for any reason. Actual results could differ materially from those implied or expressed in such forward-looking statements for any reason, and future results could differ materially from historical performance.

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