Brookfield | OAKTREE
WEALTH SOLUTIONS

Trends to Watch in 2025

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Introduction

The backdrop for risk assets was favorable in the fourth quarter of 2024, amid a year when economic growth surpassed expectations and central banks began to cut rates. Global equity and credit markets delivered another year of strong returns as company valuations rose, elevated rates supported high current income, and bond spreads ground tighter throughout the year. The S&P 500 climbed 23% in 2024, while the Nasdaq was up nearly 29%. The Morningstar LSTA LL Index, a key measure of leveraged loans, rose 9% in 2024, another decent year after 2023's record climb of 13%.

It was the second year in a row where the S&P 500 rose more than 20%, the first time that has occurred since the late 1990s. Much of the equity gains once again were in the tech sector, and many market analysts ascribed the rally to investor enthusiasm for technological advances, particularly for firms at the forefront of artificial intelligence (AI). Also playing a role were anticipations of the new U.S. administration's economic and regulatory proposals, as well as interest rate easing by the Federal Reserve starting in Q4 2024. However, as the fourth quarter progressed, concerns grew that the Fed had indeed paused its cycle of rate cuts, which weighed on equity returns. Bond yields continued to remain elevated, suggesting that a period of "high for longer" may well be underway.

As we enter a new year, with the flurry of 2024 elections around the globe now concluded, resulting in defeats for numerous incumbent parties, investors appear to be potentially entering a new political and economic era. This new era includes the countervailing and often contradictory trends of tech innovation, potential deregulation and lower taxes, possible higher tariffs and trade conflicts, as well as the uncertain path for the Fed moving forward. All of these countervailing trends emphasize the uncertainty going forward, and therefore, the importance of diversification, particularly through the use of alternatives, which can help mitigate risk, boost returns and strengthen portfolios, in our view.

Indeed, trends in alternative investments are similarly reflecting the transformations occurring in the global economy. Against that backdrop, in this issue of our Alts Quarterly, we take a look at longer-term trends affecting alternative asset classes and how they are positioned to benefit from them. Specifically:

- **Private equity.** We examine the potential benefits of private equity investing, its growth as an asset class and, the increasing embrace of it by individual investors.
- **Private credit.** We explore asset-backed finance, which we believe is poised for growth, similar to how direct lending was over 10 years ago as banks continue to retrench and step away from many forms of lending.
- **Real estate.** We take a look at indicators of the start of a new real estate cycle and how it differs from such cycles in the past.
- **Infrastructure.** We discuss how the growth of AI, which promises to revolutionize many parts of the economy and society, will require a range of infrastructure investment to power the digital economy.

In addition, our quarterly Alts Market Dashboard shares data, market and investing insights that we find interesting from across the alternatives investing universe. Notable numbers include:

- **50%:** The total value of U.S. private equity exits reached $413.2 billion in 2024, representing a nearly 50% increase from the previous year, marking a thaw in exit activity.[1]
- **12.8x:** Infrastructure investors are 12.8 times more likely to increase their long-term allocations (53.3%) than to reduce them (4.3%).[2]
- **$53.7B:** Quarterly real estate deal activity surged to its highest level since the current rate-hiking cycle began, driven by optimism about easing financial conditions following Fed rate cuts.[3]

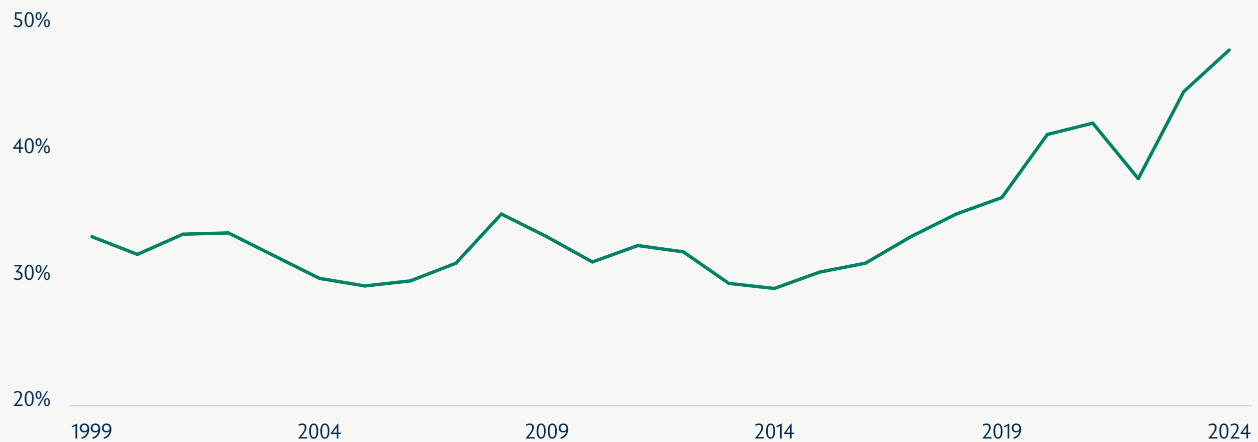
The Private Equity Revolution

Overview

While public equity investors enjoyed strong returns over the last two years, the concentration of those returns nonetheless suggests the need for greater equity diversification going forward (**Figure 1**). That is one reason why investors—including individual investors—are becoming more focused on incorporating private market assets to complement their public equity holdings, one of which includes private equity (PE).

Figure 1: The S&P 500 Has Become Increasingly Concentrated Over the Past Decade

Top 20 Companies' Share of the S&P 500 by Market Cap



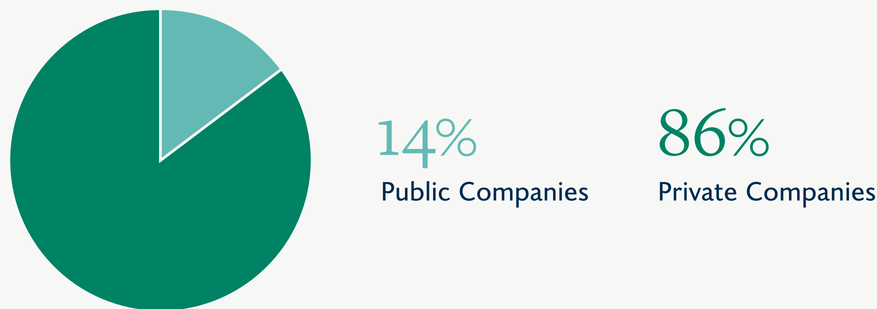
As of December 2024, Source: Bloomberg.

As the name suggests, Private Equity generally involves equity investments in companies that are not publicly traded. It is the leading private market asset class, accounting for over 67% of the $15.1 trillion global private asset market,[4] a testament to its ability to tap into the world's growth engine—private companies. Institutional investors have long relied on private equity as a cornerstone of their portfolios, leveraging its capacity to deliver robust returns and foster long-term growth. However, in recent years PE has become more accessible to individual investors, with new opportunities and vehicles in which to invest. Although average individual investor allocations to PE are still less than 2%, we believe that we are on the brink of a paradigm shift, with individual investors increasingly embracing private equity, thanks to a deeper understanding of the potential benefits and improved access.

A Broader Opportunity Set

PE offers access to a broader investment universe. Globally, more than 85% of companies with revenues exceeding $100 million remain privately owned (**Figure 2**). Therefore, investors deploying capital into both private and public equity markets are utilizing a larger investment universe, resulting in greater diversification and potential for improved investment outcomes.

Figure 2: Over 86% of Firms Globally With Revenues Greater Than $100 Million Are Private

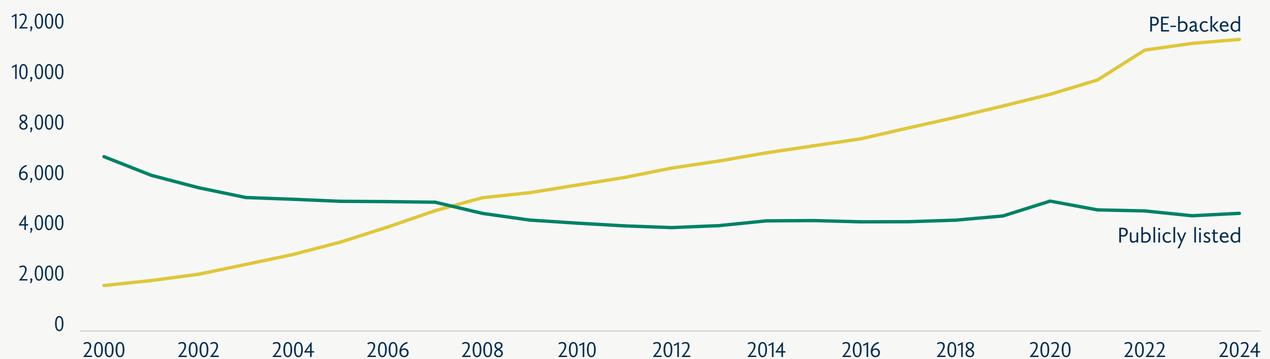


Source: S&P Capital IQ, 2024.

At the same time, fewer companies are now going public because the trade-offs have been tilted toward staying private. Companies planning to go public face regulatory burdens and compliance costs, while firms in the knowledge-based economy may hesitate to reveal proprietary information. Meanwhile, companies now can access deeper capital markets, with the size of private credit doubling and private equity tripling since 2003.

Put simply, more and more companies have decreased dependency on public money. This helps explain why the number of public companies has dropped this century, while PE-backed companies have steadily grown. Consequently, with more capital competing for a dwindling number of stocks in the public markets, there's a growing need to diversify into private equity and explore opportunities beyond the increasingly concentrated public equities.

Figure 3: PE-Backed Companies Have Surged While Public Companies Have Fallen



As of June 30, 2024. PE-backed companies versus domestic firms publicly listed on NYSE and Nasdaq, 2000 – June 2024. Diversification does not guarantee a profit or protect against loss. Source: Pitchbook 2024.

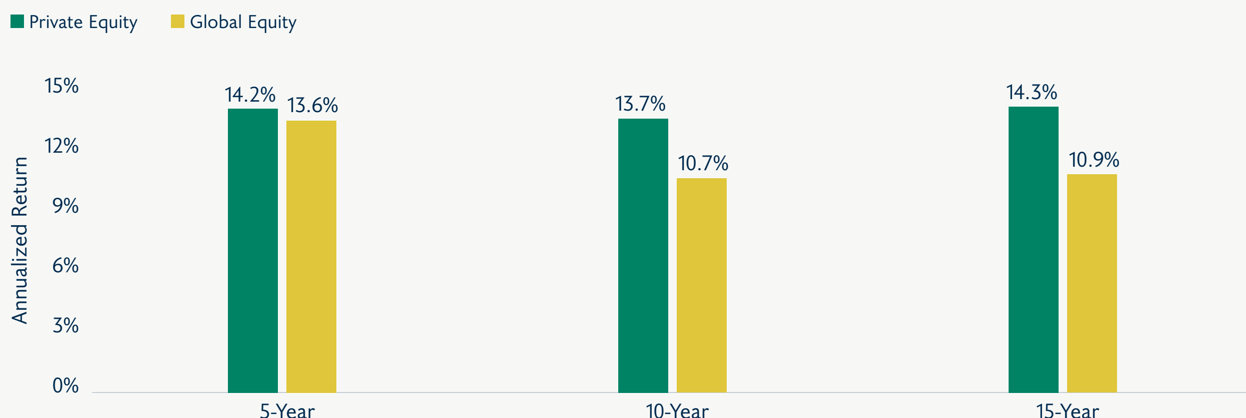
Potential Benefits of Private Equity

PE has the potential to strengthen portfolios with better risk-adjusted returns and higher absolute returns compared to public equities as well as other alternative investments, along with enhanced portfolio diversification. Indeed, PE has historically provided investors with strong performance relative to public equities, whether looking at performance for the past three, five or 10 years (**Figure 4**).

The reasons behind this historical outperformance are many and are not limited to:

- **Active involvement.** Private equity General Partners (GPs) play a hands-on role in driving value creation within portfolio companies through financial and operational improvements. In contrast, public investment fund managers typically adopt a more passive approach, with minimal involvement in the day-to-day operations of the companies in which they invest.
- **Long-term focus.** Private firms prioritize long-term value creation and are better positioned to make future-oriented investment decisions. Conversely, public firms often face pressure to meet short-term earnings expectations, which can lead to suboptimal valuation and decision-making strategies driven by immediate performance concerns.
- **Market inefficiencies.** Relative to public markets, private equity markets are more complex, less transparent, and have fewer investors to arbitrage away market inefficiencies, potentially creating conditions for additional returns.

Figure 4: Private Equity Has Outpaced Public Equity for Over a Decade



Past performance is not indicative of future results. For illustrative purposes only. Information does not represent returns of a fund. An investor cannot invest in an index. Private Equity represented by the Preqin Private Equity Index, Global Equity by the MSCI World Index. Please see disclosures for additional information. Source: Morningstar, Preqin, Brookfield. The indexes are unmanaged and cannot be purchased directly by investors. As of September 30, 2024.

The Bottom Line

To be clear, we believe that investors should consider PE alongside public equity, and not as a replacement for public stocks. While some investors may focus on improving their portfolio's return potential, others prioritize private equity's ability to diversify traditional equity and bond holdings. Either way, investing in PE alongside public stocks aims to offer an effective way to enhance equity returns in a portfolio. And individual investors now increasingly have the ability to access this critical asset class and achieve its benefits.

Asset-Backed Finance: The Next Frontier of Private Credit

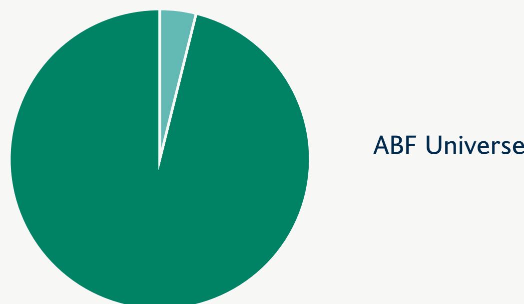
Overview

Asset-backed finance (ABF) is a form of private credit that is backed by self-amortizing pools of contractual assets (for example, loans, leases and mortgages), in contrast to traditional corporate private credit in which repayment relies on the individual company's fundamentals and ability to refinance. Financing the breadth of the global economy–everything from transportation to consumer finance–through these structures has been a cornerstone of bank and insurance business.

We believe ABF will become an increasingly important private asset class in the coming years as banks pare back their activity in the area, giving rise to a significant opportunity for alternative lenders. We think it's the early moments of a new chapter in the evolving private credit story, with private lenders estimated to currently provide less than 5% of asset-backed financing within the $5.5 trillion universe (see **Figure 5**). Much of the private capital growth in the last decade has tilted towards direct lending.[5]

Figure 5: Asset-Backed Finance Is a Large Universe, With Limited Private Credit Penetration

Private lenders currently provide less than 5% of asset-backed financing



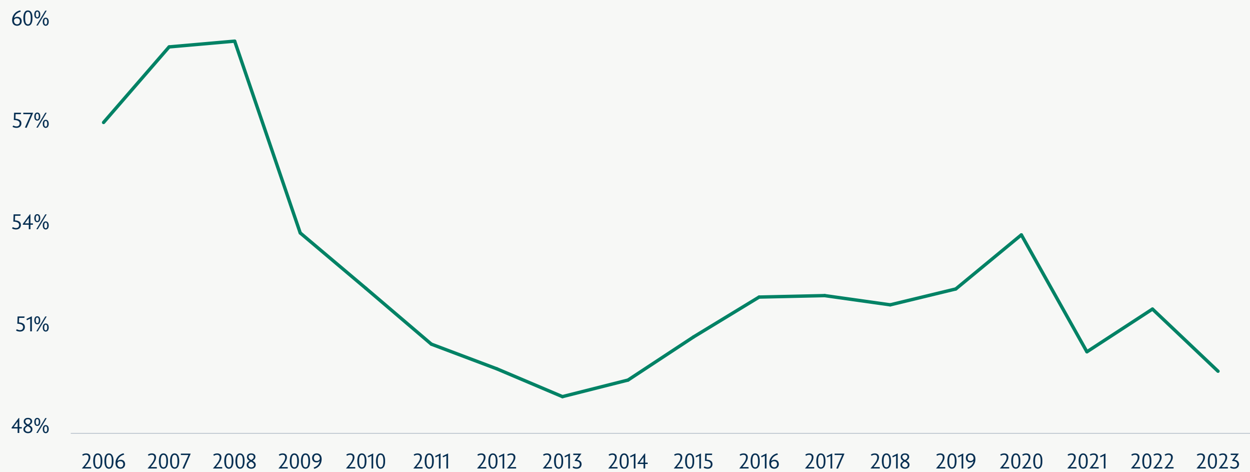
Source: Oliver Wyman, *Private Credit's Next Act*, April 2024. The $5.5 trillion figure represents the U.S. asset-backed finance market, excluding real estate. There is no assurance that such events or projections will occur, and actual outcomes may be significantly different than those shown here.

Poised for Growth

We believe ABF is on the verge of significant growth for alternative lenders as a result of banks continuing to reduce their footprint in response to various headwinds in a wide range of lending activities. Fiscal tightening, questions around the reliability of deposits and the value of assets on their balance sheet and compounding regulatory pressures have resulted in a general conservatism and risk repositioning by banks (see **Figure 6** on the following page). The continued decline of banks willing to participate as the primary providers of asset-backed financing is creating an opening for private ABF lenders to fill the void.

Figure 6: Bank Provision of Credit Has Declined as a % of Gross Domestic Product (GDP)

Bank Provision of Private Sector Financing (% of GDP)



Source: Federal Reserve, World Bank Group, as of December 31, 2023.

At the same time, demand for non-bank lending is increasing and there is a tremendous amount of opportunity, given the ABF funding gap. Mutual funds and hedge funds prefer assets with greater liquidity, insurers favor instruments with term funding and are often limited to investments that may be "rated," and private equity typically pursues investments with higher risk/return profiles. This underscores the significant opportunity ABF presents for private lenders, particularly experienced ones who can navigate the complexity of ABF borrowers' financing needs, to earn a "complexity premium" (over available spreads for traditional corporate lending or comparable asset-backed securities) in this currently underserved area.

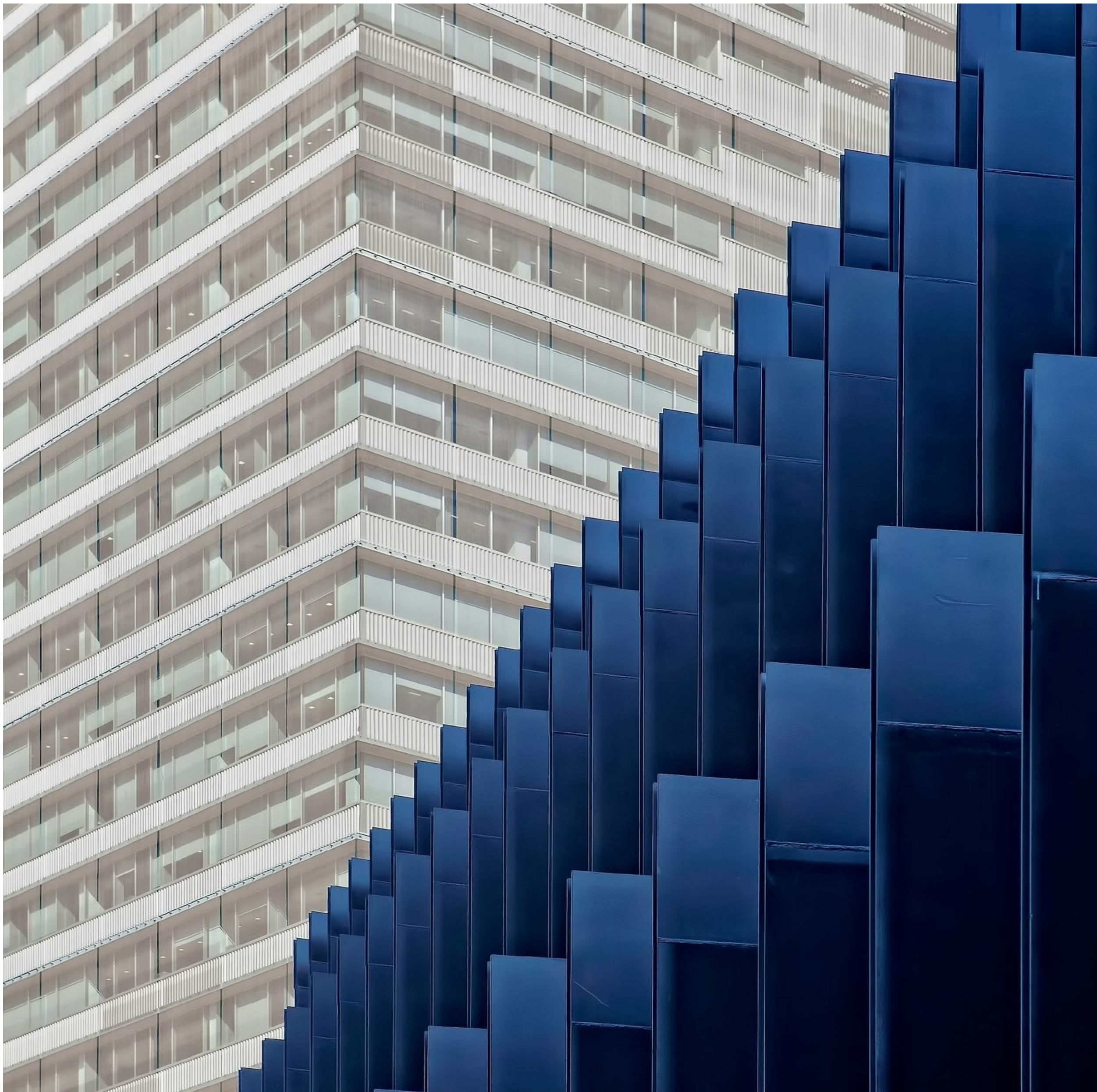
ABF has several features that distinguish it from corporate direct lending and may represent attractive investment features. Direct lending depends on a single company's EBITDA[6] to support repayment, while ABF relies on a pool—of both income and principal from often multiple borrower cash flows, typically on a diversified portfolio of credit receivable "assets." As a result ABF is less reliant on a single borrower's performance and may represent a more broadly diversified portfolio given the breadth of asset sectors served. ABF investments typically also include various structural protections, with assets housed in bankruptcy remote special purpose vehicles. Unlike the sometimes "covenant light" corporate direct lending market, ABF is currently a "covenant heavy" market, with creditor rights helping to further mitigate risk.

These features of ABF support a broad range of potential benefits, including strong income and attractive risk-adjusted returns.

The Bottom Line

We believe that ABF should be viewed as a complement to direct lending in a portfolio's private credit allocation. Diversifying across private credit strategies, by combining both direct lending and ABF strategies, may be crucial for optimal portfolio construction and can help strengthen portfolios by offering compelling income streams, attractive risk-adjusted returns, and important diversification benefits. Still, while ABF is emerging as a significant, long-term opportunity, it is not a homogenous, easily accessible asset class. We believe that working with an experienced manager is essential to navigate the complexity of the asset class.

Those managers who can cast a wide net for attractive opportunities and keep risk control at the forefront without sacrificing on achieving strong returns stand to capitalize on what we believe is the next frontier of private credit.



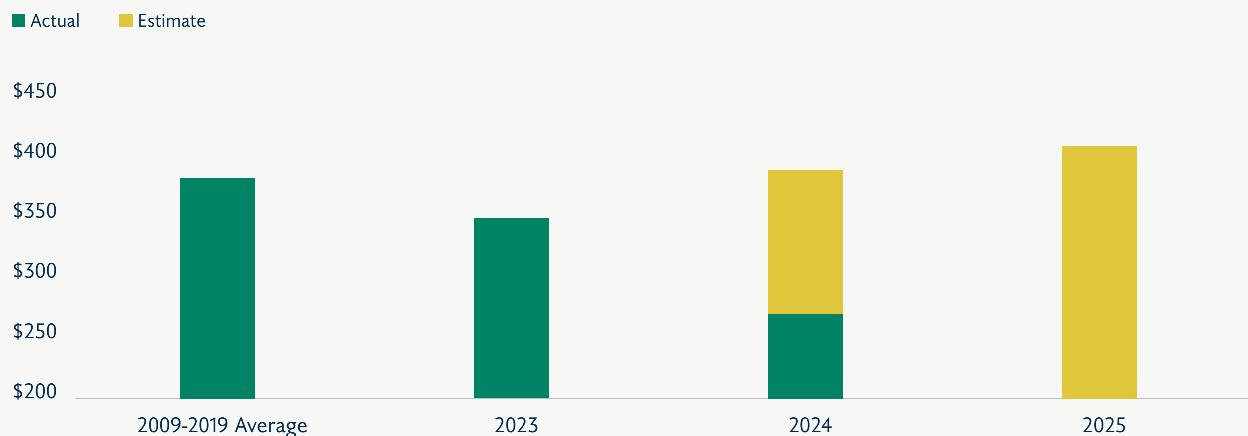
A Start of a New Cycle in Real Estate

Overview

Historically, real estate and economic cycles have been highly correlated. However, unlike prior cycles, the end of the last real estate cycle was not accompanied by an economic recession. A relatively strong economy is continuing to drive improvements in real estate fundamentals, such as consistent tenant demand and rent growth, fueled in part by the recent alleviation provided by lower interest rates.

As a result, we are at the start of a new real estate cycle. We believe solid economic growth will further drive positive fundamentals in real estate in 2025, as lower interest rates should continue to support economic growth. Indeed, transaction volumes have already increased from 2024 and are estimated to move higher in 2025, driven by renewed investor interest as markets stabilize (**Figure 7**). Estimated transaction volumes for 2025 exceed $400 billion, which is well above the pre-Covid annual average from 2009-2019. Meanwhile, the relatively low consumer loan delinquency rate is evidence that enough capital is available to keep markets stable, although the refinancing of commercial real estate remains a work in progress.

Figure 7: U.S. Commercial Real Estate Investment Volume ($ in Billions)



Source: MSCI Real Assets, CBRE Research, Q3 2024.

Opportunities in the Current Cycle

Demand for various property types has changed since the pandemic, due to shifting consumer preferences. As a result, opportunities in this cycle for real estate investors are different than those available prior to 2020. Some assets are less competitive in the marketplace now, including non-prime office space and less-functional industrial properties.

Still, valuations are at or near a bottom on a wide swath of sectors, which could present excellent investment opportunities, in our view. In the multifamily sector, recent reductions in the level of new supply and still elevated mortgage rates could potentially drive healthy demand and better fundamentals.

Meanwhile, shifts in supply chains and a relatively healthy consumer could continue to support the industrial sector. New logistics development under construction has slowed significantly. In addition, the impact of new trade policy may change the flow or price of goods entering and leaving the country. We believe this could create a wide range of investment opportunities, as new supply market centers emerge as the result of onshoring needs.

The Bottom Line

The macro environment for the emerging real estate cycle remains encouraging. Capitalization rates, or "cap rates", which are used as an estimate for the rate of return on a real estate investment, could shift lower over time. They are likely to stabilize at higher levels than in the last cycle, largely due to interest rates remaining higher than the historic lows of the previous cycle.

It is important to emphasize that during a real estate cycle's early phase, market and individual asset selection are critical for investors. The skill of a manager during this nascent part of the cycle can have a major impact on returns. Macro factors influence cap rates directionally, but the strength of the individual asset is critical to the success of the investment. That is why engaging with a strong manager, who is skilled in assessing the relative strength of each market while conducting effective due diligence around each asset, is key to a successful real estate investment strategy.

AI Infrastructure: New Opportunity, but Old Principles Apply

The Opportunity

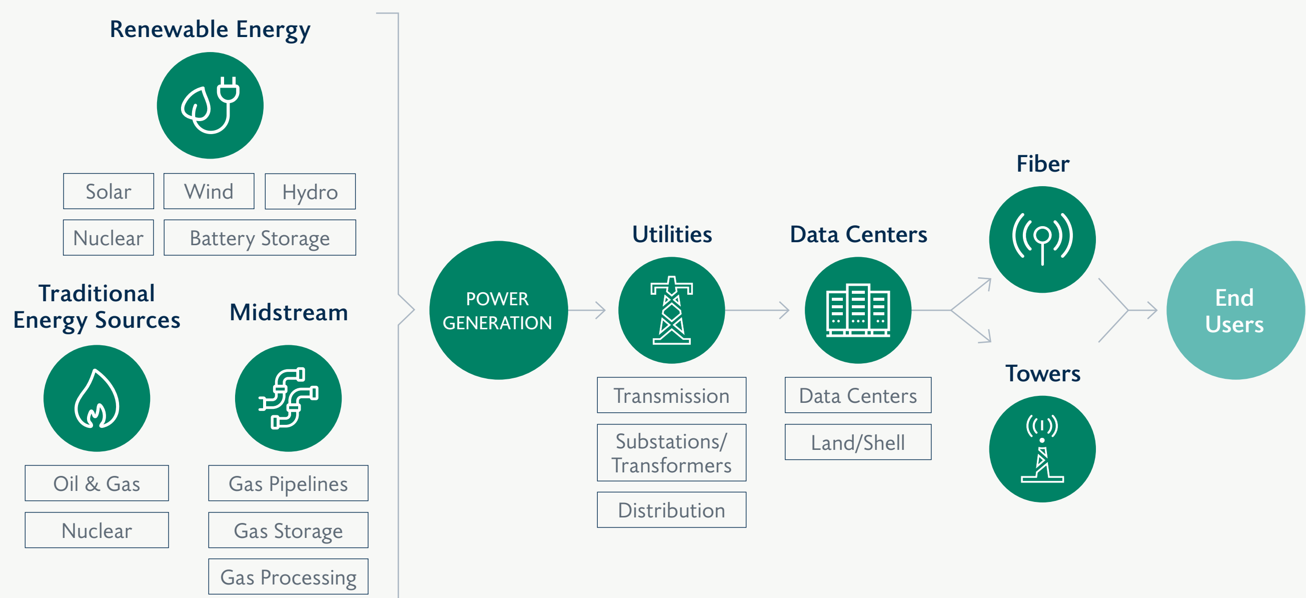
Artificial Intelligence (AI) is primed to be one of the most impactful technological revolutions in modern history, with the potential to transform significant parts of the global economy. As the use of AI and related technologies increases across different industries, the build-out of digital infrastructure such as fiber networks, wireless infrastructure and data centers to process, transmit and store data is becoming increasingly important.

While the demand for digital infrastructure may be fairly obvious, the bottleneck for AI adoption is going to be the access to power. An internet search query using an AI service requires substantially more power than a typical Google search. With 5.3 billion global internet users and the expected widespread adoption of AI, there is going to be a significant increase in power demand. This is in addition to electricity needed for industries, heating for houses, and other uses. Combining all these requirements together, the total global installed capacity for electricity is expected to more than double over the next 20 years, while some of the existing power generation facilities are expected to be retired due to their carbon-intensive nature.[7]

Once power is generated, data centers also need to be connected to the grid to deliver the power through transmission assets. Utilities and owners of power generation assets are positioned to benefit from the increase in electricity demands. We also believe midstream infrastructure will be a prime beneficiary, helping provide data centers with cost-efficient, consistent and reliable natural gas as a power source.

In summary, artificial intelligence has initiated a domino effect on several of the sectors in infrastructure, broadening the opportunity set for the asset class and while helping to create opportunities for investors.

Figure 8: Digitalization Has Broad Implications Across Our Business



For illustrative purposes only.

Sticking to the Ground Rules

It is important to place the AI infrastructure boom in a historical context. Other technologies that are now well-established required additional infrastructure resources when launched, such as mobile phones, fiber optics, and cloud technology. For the most part, AI is and will be no different.

Continuous improvements in technology behind AI servers and software is positive, as they lead to new and more complex AI use cases, such as robotics. Moreover, the prospect of more cost-effective AI applications is likely to increase adoption rates for AI, making the technology more widely accessible. Overall, technological disruption naturally bodes well in the long term for digital infrastructure demand, consequently creating significant growth opportunities to power this demand across sectors, such as renewable power, energy transition, utilities and midstream.

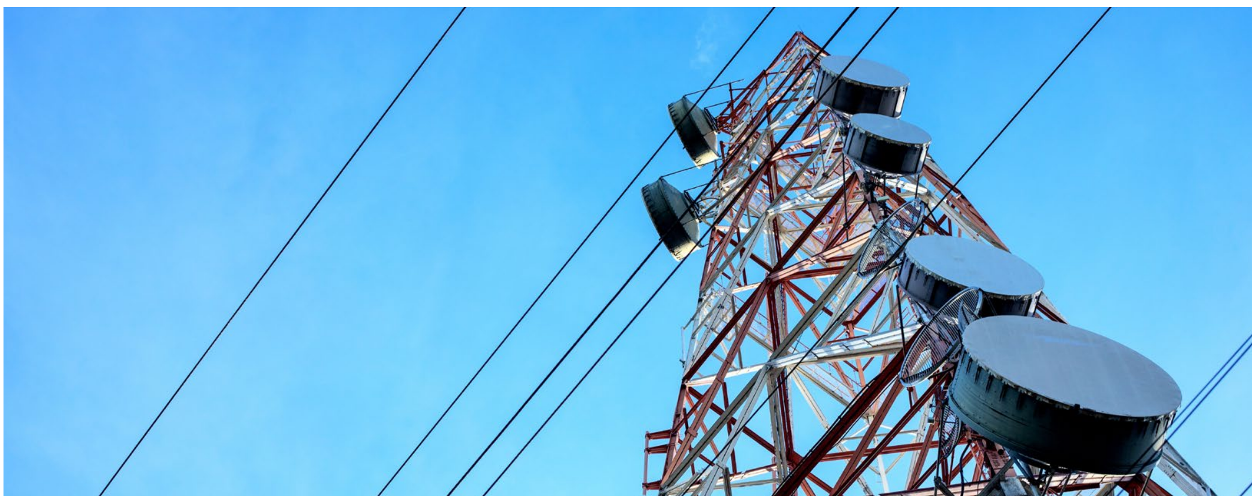
Certainly, investors should be excited about what's ahead. However, it is equally important to note that the traditional ground rules around investing in infrastructure still apply. While AI is still new, it is important to revisit the essential principles when it comes to investing in infrastructure and target investments that:

- Constitute "the backbone of the economy," including the digital backbone—in other words, assets that are essential to society and economic activity;
- Have predictable cash flows with creditworthy counterparties; and
- Have limited to no technological risk.

Particularly, technological risk is a key risk to avoid for infrastructure investors, as technological advancements are not often linear and technology can become obsolete quickly. In contrast, infrastructure assets are long-life assets.

Bottom Line

Infrastructure presents a way to invest in the AI tailwind with less volatility than investors may be subjected to when investing in technology companies. Still, when investing in AI infrastructure, consider looking for well-established investment managers who are benefitting from the AI tailwind as a natural extension of their existing business, and who have the scale and depth in each of the sub-sectors that is relevant for digitalization.



Alts Market Dashboard

Below are some metrics to help investors interpret market conditions within various alternative asset classes. Brookfield and Oaktree believe the addition of both public and private alternatives can play an important role in an investor's portfolio.

Credit

Annualized return (%)

	Private Credit	High Yield
1-Year	11.7%	15.7%
5-Year	9.4%	4.5%
10-Year	8.9%	5.0%

$17.6B	11.41%	6.56%	$432B
Deal volume Q4 2024	Direct lending yield Q3 2024	High-yield yield Q3 2024	Dry powder Q4 2024
-50.6% 1-year change	-56 bps YTD change	-113 bps YTD change	-6.4% YTD change

- Private credit has continued to deliver strong income while losses remain below historical averages
- Risk-on sentiment prevailed in the quarter, which led to a widening gap between private and public yields and a tightening of high-yield bond spreads

Infrastructure

Annualized return (%)

	Private Infra.	Public Infra.
1-Year	8.3%	29.9%
5-Year	9.5%	6.1%
10-Year	9.6%	7.0%

$79B	3.62%	9.87x	$333B
Deal volume Q4 2024	Public infrastructure yield Q4 2024	Public average EV/EBITDA multiple Q4 2024	Dry powder Q4 2024
-24.0% 1-year change	-6 bps YTD change	+0.21x YTD change	+20.2% YTD change

- Despite a recent slowdown in fundraising following several years of historic growth, 53.3% of infrastructure allocators their long-term target allocations
- Currently Public yields and valuations remain steady, despite elevated interest rates

Private Equity

Annualized return (%)

	Private Equity	Public Equity
1-Year	5.3%	33.0%
5-Year	14.2%	13.6%
10-Year	13.7%	10.7%

$366.4B	91.6%	13.6x	$2,552B
Deal volume Q4 2024	Average secondary pricing Q2 2024	Median EV/EBITDA deal multiple Q3 2024	Dry powder Q4 2024
-28.1% 1-year change	+180 bps Quarter over quarter	+2.1x 1-year change	-12.7% YTD change

- The total value of U.S. private equity exits reached $413.2 billion in 2024, representing a nearly 50% increase from the previous year, marking a thaw in exit activity
- Secondary market prices continued to strengthen, driven by a surge in buyers and a limited number of sellers

Real Estate

Annualized return (%)

	Private Real Estate	Public Real Estate
1-Year	-2.1%	30.2%
5-Year	5.7%	2.4%
10-Year	8.2%	5.0%

$53.7B	6.8%	2.7%	$368B
Deal volume Q4 2024	Average cap rates Q4 2024	1-year net operating income growth Q4 2024	Dry powder Q4 2024
+66.3% 1-year change	0 bps Quarter over quarter	10.6% vs. historical average	-8.2% YTD change

- Deal activity surged to its highest level since the current rate-hiking cycle began, driven by optimism about easing financial conditions following Fed rate cuts
- Net operating income (NOI) growth slowed, weighed by the office sector, which was partially mitigated by reaccelerating industrial rents

Past performance does not guarantee future results. The indexes are unmanaged and cannot be purchased directly by investors. Index performance is shown for illustrative purposes only and does not predict or depict the performance of any investment. Private Credit reflects Cliffwater Direct Lending Index; High Yield reflects ICE BofA U.S. High Yield Index; Private Infrastructure reflects Preqin Infrastructure Index; Public Infrastructure reflects FTSE Global Core Infrastructure 50/50 Index; Private Equity reflects Preqin Private Equity Index; Public Equity reflects MSCI World Index; Private Real Estate reflects Preqin Real Estate Index; Public Real Estate reflects FTSE EPRA Nareit Developed Index.

Performance except for Private Credit, Deal Volume and Dry Powder data from Preqin are preliminary as of September 30, 2024 and are subject to revision, reflecting the Preqin Private Credit, Infrastructure, Private Equity, and Real Estate indices, respectively.

Source: Bloomberg, Cliffwater, PEFOX Research, Preqin data (unless otherwise noted) as of December 31, 2024, the latest available for private market indices shown.

Deal Volume refers to the cumulative value of deals that transacted during a specified time period. Net Operating Income (NOI) is a calculation used to analyze the profitability of income-generating real estate investments. NOI equals all revenue from the property, minus all reasonably necessary operating expenses.

ENDNOTE

[1] Pitchbook, as of January 2025.

[2] Preqin, as of December 2023.

[3] Preqin, as of December 2024.

[4] Preqin as of Q3 2024.

[5] Source: Preqin Special Report: *The Future of Alternatives in 2027* (published October 2022); Preqin Global Report, *Private Debt 2024* (published December 2023). There is no assurance that such events or projections will occur, and actual outcomes may be significantly different than those shown.

[6] EBITDA: Earnings Before Interest, Tax, Depreciation and Amortization.

[7] Source: Internal Brookfield Research.There is no assurance that such events or projections will occur, and actual outcomes may be significantly different than those shown here.

A WORD ABOUT RISK

As an asset class, private credit is comprised of a large variety of different debt instruments. While each has its own risk and return profile, private credit assets generally have increased risk of default, due to their typical opportunistic focus on companies with limited funding options, in comparison to their public equivalents.

Because private credit usually involves lending to below investment grade or non-rated issuers, yield on private credit assets is increased in return for taking on increased risk.

Investments in real estate-related instruments may be affected by economic, legal or environmental factors that affect property values, rents or occupancies of real estate. Infrastructure companies may be subject to a variety of factors that may adversely affect their business, including high interest costs, high leverage, regulation costs, economic slowdown, surplus capacity, increased competition, lack of fuel availability and energy conservation policies.

Alternative investments often are speculative and include a high degree of risk. Investors could lose all or a substantial amount of their investment. High-yield bonds are subject to interest rate risk. When interest rates rise, bond prices fall; generally, the longer a bond's maturity, the more sensitive it is to this risk. Yields are subject to change with economic conditions. Yield is only one factor that should be considered when making an investment decision.

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INDEX DEFINITIONS

The Preqin Infrastructure Index captures in an index the return earned by investors on average in their private infrastructure portfolios, based on the actual amount of money invested in private capital partnerships. Each data point is individually calculated from the pool of closed-end funds for which comprehensive performance data is held, as of both the start and end of the quarter.

The Preqin Real Estate Index captures in an index the return earned by investors on average in their private real estate portfolios, based on the actual amount of money invested in private capital partnerships. Each data point is individually calculated from the pool of closed-end funds for which comprehensive performance data is held, as of both the start and end of the quarter.

The Preqin Private Equity Index captures in an index the return earned by investors on average in their private equity portfolios, based on the actual amount of money invested in private capital partnerships. Each data point is individually calculated from the pool of closed-end funds for which comprehensive performance data is held, as of both the start and end of the quarter.

The Cliffwater Direct Lending Index (CDLI) seeks to measure the unlevered, gross of fee performance of U.S. middle market corporate loans, as represented by the asset-weighted performance of the underlying assets of Business Development Companies (BDCs), including both exchange-traded and unlisted BDCs, subject to certain eligibility requirements.

The FTSE EPRA Nareit Developed Real Estate Index is an unmanaged market-capitalization-weighted total-return index that consists of publicly traded equity REITs and listed property companies from developed markets.

The FTSE Global Core Infrastructure 50/50 Index gives participants an industry-defined interpretation of infrastructure and adjusts the exposure to certain infrastructure subsectors. The constituent weights are adjusted as part of the semi-annual review according to three broad industry sectors: 50% Utilities; 30% Transportation, including capping of 7.5% for railroads/railways; and a 20% mix of other sectors including pipelines, satellites and telecommunication towers. Company weights within each group are adjusted in proportion to their investable market capitalization.

The ICE BofA U.S. High Yield Index tracks the performance of U.S.-dollar-denominated below-investment-grade corporate debt publicly issued in the U.S. domestic market.

The ICE BofA Merrill Lynch Global High Yield European Issuers Non-Financial 3% Constrained Ex Russia Index is a sub-index that contains all securities in the broader index except those from financial issuers or with Russia as their country of risk but caps issuer exposure at 3%. The index is rebalanced monthly. The index is USD hedged.

The MSCI World Index is a free-float-adjusted market-capitalization-weighted index that is designed to measure the equity market performance of developed markets.

The S&P 500 Index is a market-cap weighted equity index of 500 widely held, large-capitalization U.S. companies.

The Morningstar LSTA US Leveraged Loan Index is a market-value weighted index designed to measure the performance of the US leveraged loan market.

The Nasdaq Index is a market-cap weighted index tracking companies traded on the Nasdaq stock market.

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