

**OAKTREE DIVERSIFIED INCOME FUND INC.**

**Statement of Additional Information**

**December 23, 2024**

Oaktree Diversified Income Fund Inc. (the “Fund”) is a diversified, closed-end management investment company that continuously offers its shares of common stock (the “Shares”), and is operated as an “interval fund.” The Fund offers four classes of Shares: Class A Shares, Class D Shares, Class T Shares, and Class U Shares. This Statement of Additional Information only relates to the Fund’s offering of Class A Shares and Class U Shares. The Fund was granted exemptive relief (the “Exemptive Relief”) from the Securities and Exchange Commission (the “SEC”) that permits the Fund to issue multiple classes of shares and to impose asset based distribution fees and early-withdrawal fees.

This Statement of Additional Information relating to the Shares of the Fund is not a Prospectus, and should be read in conjunction with the Fund’s Prospectus for the Class A Shares and Class U Shares relating thereto dated December 23, 2024, as supplemented from time to time (the “Prospectus”). In addition, the Fund’s financial statements for the fiscal year ended December 31, 2023, are incorporated herein by reference to the [annual report for the fiscal year ended December 31, 2023](#), and the Fund’s financial statements for the period ended June 30, 2024, are incorporated herein by reference to the [semi-annual report for the period ended June 30, 2024](#). This Statement of Additional Information does not include all information that a prospective investor should consider before purchasing Shares, and investors should obtain and read the Prospectus prior to purchasing such shares.

Oaktree Fund Advisors, LLC (the “Adviser”) is the investment adviser to the Fund.

A copy of the Prospectus and annual or semi-annual reports for the Fund may be obtained free of charge at the telephone number and address listed below or by visiting <https://www.brookfieldoaktree.com/>.

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Capitalized terms used but not defined in this Statement of Additional Information have the meanings ascribed to them in the Prospectus.

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## THE FUND

The Fund is a newly organized, diversified, closed-end management investment company registered under the Investment Company Act of 1940, as amended (the “1940 Act” or the “Investment Company Act”). The Fund continuously offers its Shares and is operated as an “interval fund.” The Fund offers four classes of Shares: Class A Shares, Class D Shares, Class T Shares, and Class U Shares. This Statement of Additional Information only relates to the Fund’s offering of Class A Shares and Class U Shares. In the future, the Fund may offer additional classes of shares. An investment in the Fund may not be appropriate for all investors. The Fund was organized as a Maryland corporation on June 29, 2021, pursuant to articles of incorporation. The Fund’s fiscal year ends on December 31. The Fund’s principal office is located at 225 Liberty Street, 35<sup>th</sup> Floor, New York, New York 10281-1023.

### INVESTMENT OBJECTIVE AND POLICIES

The Fund’s investment objective is to seek current income and attractive total return. The Fund seeks to achieve its investment objective by investing globally, including in emerging market countries, in high-conviction opportunities across Oaktree Fund Advisors, LLC’s (the “Adviser”) performing credit platform of high-yield bonds, senior loans, including covenant-lite loans, structured credit, emerging markets debt and convertibles, inclusive of public sector companies that trade on the public markets and private companies that do not have securities trading on the public markets. High-conviction opportunities are investment opportunities that fall within the Fund’s investment strategy, which are identified by the Adviser based on its holistic, bottom-up proprietary research and credit analysis, including analysis of fundamental, valuation, technical and other market factors. The Adviser’s performing credit platform encompasses a broad array of credit strategy groups that invest in public and private corporate credit instruments across the liquidity spectrum. High-yield bonds are also referred to as “below-investment grade rated securities” or “junk bonds,” as described in the Prospectus. Structured credit may include collateralized loan obligations (CLOs), commercial mortgage-backed securities (CMBS), residential mortgage-backed securities (RMBS) and other asset-backed securities. The Fund seeks to add value through three sources: (1) providing exposure to asset classes that require specialized expertise; (2) performing well in each asset class through proprietary, bottom-up, credit research; and (3) allocating capital opportunistically among asset classes based on Oaktree’s assessment of relative value. There can be no assurance that the Fund will achieve its investment objective. Additional information concerning the characteristics of certain of the Fund’s investments, strategies and risks is set forth below.

#### Leverage and Borrowing

The Fund intends to add leverage to its portfolio by utilizing borrowings, such as through bank loans and/or other credit facilities, including through one or more subsidiaries. The Fund may also enter into other transactions that may give rise to a form of leverage including, among others, loans of portfolio securities. Although it has no current intention to do so, the Fund may also determine to issue preferred shares or other types of senior securities to add leverage to its portfolio. The Fund’s Board of Directors may authorize the issuance of preferred shares without the approval of Shareholders; however, the Fund is not permitted under the 1940 Act to issue preferred shares as of the date of this Statement of Additional Information. If the Fund issues preferred shares in the future, all costs and expenses relating to the issuance and ongoing maintenance of the preferred shares will be borne by the Shareholders, and these costs and expenses may be significant. The Fund may choose to increase or decrease, or eliminate entirely, its use of leverage over time and from time to time based on the Adviser’s assessment of the yield curve environment, interest rate trends, market conditions and other factors.

The net proceeds the Fund obtains from leverage utilized will be invested in accordance with the Fund’s investment objective and policies as described in the Prospectus. So long as the rate of return, net of applicable Fund expenses, on the debt obligations and other investments purchased by the Fund exceeds the costs to the Fund of the leverage it utilizes, the investment of the Fund’s assets attributable to leverage will generate more income than will be needed to pay the costs of the leverage. If so, and all other things being equal, the excess may be used to pay higher dividends to Shareholders than if the Fund were not so leveraged.

The 1940 Act generally prohibits the Fund from engaging in most forms of leverage representing indebtedness (including the use of bank loans, loans of portfolio securities, short sales and when-issued, delayed delivery and forward commitment transactions, to the extent that these instruments are not covered as described below) unless immediately after the issuance of the leverage the Fund has satisfied the asset coverage test with respect to senior securities representing indebtedness prescribed by the 1940 Act; that is, the value of the Fund’s total assets less all liabilities and indebtedness not represented by senior securities (for these purposes, “total net assets”) is at least 300% of the senior securities representing indebtedness (effectively limiting the use of leverage through senior securities representing indebtedness to  $33\frac{1}{3}\%$  of the Fund’s total net assets, including assets attributable to such leverage). In addition, the Fund is not permitted to declare any cash dividend

or other distribution on Shares unless, at the time of such declaration, this asset coverage test is satisfied. To the extent that the Fund engages in borrowings, it may prepay a portion of the principal amount of the borrowing to the extent necessary in order to maintain the required asset coverage. Failure to maintain certain asset coverage requirements could result in an event of default.

Under the 1940 Act, the Fund is not permitted to issue preferred shares unless immediately after such issuance the Fund's asset coverage is at least 200% of the liquidation value of the outstanding preferred shares (*i.e.*, such liquidation value may not exceed 50% of the Fund's assets less all liabilities other than borrowings and outstanding preferred shares). In addition, the Fund is not permitted to declare any cash dividend or other distribution on its Shares unless, at the time of such declaration, the value of the Fund's assets less liabilities other than borrowings and outstanding preferred shares satisfies the above-referenced 200% coverage requirement. If the Fund uses a combination of borrowing (including notes and other securities representing indebtedness) and issuing preferred shares, the minimum asset coverage required would be between 300% and 200% depending on the relative amounts of borrowings and preferred shares.

Leveraging is a speculative technique and there are special risks and costs involved. There is no assurance that the Fund will utilize borrowings, issue preferred shares or utilize any other forms of leverage. If used, there can be no assurance that the Fund's leveraging strategies will be successful or result in a higher yield on your Shares. When leverage is used, the NAV of the Shares and the yield to Shareholders will be more volatile. In addition, interest and other expenses borne by the Fund with respect to its use of borrowings or any other forms of leverage are borne by the Shareholders and result in a reduction of the NAV of the Shares. In addition, because the fees received by the Adviser are based on the average daily value of the Fund's Managed Assets (including any assets attributable to borrowings for investment purposes), the Adviser has a financial incentive for the Fund to use certain forms of leverage (*e.g.*, borrowings and preferred shares), which may create a conflict of interest between the Adviser, on the one hand, and the Shareholders, on the other hand.

The Fund also may borrow money in order to repurchase its shares or as a temporary measure for extraordinary or emergency purposes, including for the payment of dividends or the settlement of securities transactions which otherwise might require untimely dispositions of portfolio securities held by the Fund.

#### **Illiquid Investments**

The Fund intends to invest in illiquid investments. An illiquid investment is a security or other investment that the Fund reasonably expects cannot be sold or disposed of in current market conditions in seven calendar days or less without the sale or disposition significantly changing the market value of the investment at approximately the value ascribed to it by the Fund. Illiquid investments often can be resold only in privately negotiated transactions with a limited number of purchasers or in a public offering registered under the Securities Act of 1933, as amended (the "1933 Act"). Considerable delay could be encountered in either event and, unless otherwise contractually provided, the Fund's proceeds upon sale may be reduced by the costs of registration or underwriting discounts. The difficulties and delays associated with such transactions could result in the Fund's inability to realize a favorable price upon disposition of illiquid investments, and at times might make disposition of such securities impossible. In addition, the Fund may be unable to sell other illiquid investments when it desires to do so, resulting in the Fund obtaining a lower price or being required to retain the investment. Illiquid investments generally must be valued at fair value, which is inherently less precise than utilizing market value for liquid investments, and may lead to differences between the price at which a security is valued for determining the Fund's NAV and the price the Fund actually receives upon sale. For the period between the repurchase offer notice and the end of the repurchase period, the Fund must maintain 100% of the repurchase offer amount in liquid assets.

#### **Derivatives and Hedging**

While the Adviser may, but is not required to, enter into transactions to seek to reduce currency exchange rate and interest rate risks, unanticipated changes in currency exchange rates or interest rates may result in poorer overall investment performance than if the Adviser had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio positions being hedged may vary. Moreover, for a variety of reasons, the Adviser may not seek or be able to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Any such imperfect correlation may prevent the Adviser from achieving the intended hedge and expose the Fund to risk of loss. In addition, it may not be possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies because the value of those securities is likely to fluctuate as a result of factors not related to currency fluctuations.

#### **Tax Consequences**

The Fund's investments in certain securities and transactions described above will potentially be limited by its intention to qualify and be eligible for treatment as a regulated investment company. In addition, the Fund's utilization of certain

investment instruments may alter the amount, timing and character of the Fund's income, and, in turn, of the Fund's distributions to its Shareholders, relative to other means of achieving similar investment exposure. In certain circumstances, the Fund may be required to sell assets in order to meet regulated investment company distribution requirements even when investment considerations make such sales otherwise undesirable. For more information concerning these requirements and the taxation of the Fund's investments, see "Taxation" below.

### **Illiquid Securities and Rule 144A Securities**

The Fund may invest its net assets in securities as to which a liquid trading market does not exist, provided such investments are consistent with the Fund's investment objective. Such securities may include securities that are not readily marketable, such as certain securities that are subject to legal or contractual restrictions on resale, repurchase agreements providing for settlement in more than seven days after notice, and certain privately negotiated, non-exchange traded options and securities used to cover such options. As to these securities, the Fund is subject to a risk that should the Fund desire to sell them when a ready buyer is not available at a price the Fund deems representative of their value, the value of the Fund's net assets could be adversely affected. Illiquid securities do not include securities eligible for resale pursuant to Rule 144A of the 1933 Act, or other restricted securities, which have been determined to be liquid in accordance with procedures established by the Board.

Securities that have not been registered under the Securities Act are referred to as private placements or restricted securities and are purchased directly from the issuer or in the secondary market. Restricted or illiquid securities have the potential for delays on resale and uncertainty in valuation. Limitations on resale may have an adverse effect on the marketability of portfolio securities and the Fund might be unable to dispose of restricted or illiquid securities promptly or at reasonable prices and might thereby experience difficulty satisfying redemptions within seven days. The Fund might also have to register such restricted securities in order to dispose of them resulting in additional expense and delay. Adverse market conditions could impede such a public offering of securities.

A large institutional market has developed for certain securities that are not registered under the Securities Act, including repurchase agreements, commercial paper, foreign securities, municipal securities, and corporate bonds and notes. Institutional investors depend on an efficient institutional market in which the unregistered security can be readily resold or on an issuer's ability to honor a demand for repayment. As a result, the fact that there are contractual or legal restrictions on resale to the general public or to certain institutions may not be indicative of the liquidity of such investments.

Rule 144A under the Securities Act allows a broader institutional trading market for securities otherwise subject to restriction on resale to the general public. Rule 144A establishes a "safe harbor" from the registration requirements of the Securities Act applicable to resales of certain securities to qualified institutional buyers. It is the intent of the Fund to invest, pursuant to procedures established by the Board and subject to applicable investment restrictions, in securities eligible for resale under Rule 144A which are determined to be liquid based upon the trading markets for the securities.

The Adviser will monitor the liquidity of restricted securities eligible for resale under Rule 144A in the Fund's portfolio under the supervision of the Directors. In reaching liquidity decisions, the Adviser will consider, inter alia, the following factors: (1) the frequency of trades and quotes for the security over the course of six months or as determined in the discretion of the Adviser; (2) the number of dealers wishing to purchase or sell the security and the number of other potential purchasers over the course of six months or as determined in the discretion of the Adviser; (3) dealer undertakings to make a market in the security; (4) the nature of the security and the nature of how the marketplace trades (*e.g.*, the time needed to dispose of the security, the method of soliciting offers, and the mechanics of the transfer); and (5) other factors, if any, which the Adviser deems relevant.

### **Contingent Convertible Securities**

Contingent convertible securities ("CoCos") are a form of hybrid debt security issued primarily by non-U.S. issuers, which have loss absorption mechanisms built into their terms. CoCos have no stated maturity, have fully discretionary coupons and are typically issued in the form of subordinated debt instruments. CoCos generally either convert into common stock of the issuer or have their principal written down upon the occurrence of certain triggering events ("triggers") linked to regulatory capital thresholds or regulatory actions calling into question the issuing banking institution's continued viability as a going-concern. In certain scenarios, investors in CoCos may suffer a loss of capital ahead of equity holders or when equity holders do not. There is no guarantee that the Fund will receive a return of principal on CoCos. Any indication that an automatic write-down or conversion event may occur can be expected to have an adverse effect on the market price of CoCos. CoCos are often rated below investment grade and are subject to the risks of high yield securities. Because CoCos are issued primarily by financial institutions, CoCos may present substantially increased risks at times of financial turmoil, which could affect financial institutions more than companies in other sectors and industries. Further, the value of an

investment in CoCos is unpredictable and will be influenced by many factors and risks, including interest rate risk, credit risk, market risk and liquidity risk. An investment by the Fund in CoCos may result in losses to the Fund.

### **Special Risks Related to Cyber Security**

As the use of technology has become more prevalent in the course of business, the Fund has become potentially more susceptible to operational and informational security risks resulting from breaches in cyber security. A breach in cyber security refers to both intentional and unintentional cyber events that may, among other things, cause the Fund to lose proprietary information, suffer data corruption and/or destruction, lose operational capacity, result in the unauthorized release or other misuse of confidential information, or otherwise disrupt normal business operations. Cyber security breaches may involve unauthorized access to the Fund's digital information systems (*e.g.*, through "hacking" or malicious software coding), but may also result from outside attacks such as denial-of-service attacks (*i.e.*, efforts to make network services unavailable to intended users). In addition, cyber security breaches involving the Fund's third-party service providers (including but not limited to advisers, administrators, transfer agents, custodians, distributors and other third parties), trading counterparties or issuers in which the Fund invests can also subject the Fund to many of the same risks associated with direct cyber security breaches. Moreover, cyber security breaches involving trading counterparties or issuers in which the Fund invests could adversely impact such counterparties or issuers and cause the Fund's investment to lose value. Cyber security failures or breaches may result in financial losses to the Fund and its Shareholders. These failures or breaches may also result in disruptions to business operations, potentially resulting in financial losses; interference with the Fund's ability to calculate its NAV, process shareholder transactions or otherwise transact business with Shareholders; impediments to trading; violations of applicable privacy and other laws; regulatory fines; penalties; reputational damage; reimbursement or other compensation costs; additional compliance costs and cyber security risk management costs; and other adverse consequences. In addition, substantial costs may be incurred in an attempt to prevent any cyber incidents in the future.

Like with operational risk in general, the Fund has established risk management systems and business continuity plans designed to reduce the risks associated with cyber security. However, there are inherent limitations in these plans and systems, including that certain risks may not have been identified, in large part because different or unknown threats may emerge in the future. As such, there is no guarantee that such efforts will succeed, especially because the Fund does not directly control the cyber security systems of issuers in which the Fund may invest, trading counterparties or third-party service providers to the Fund. There is also a risk that cyber security breaches may not be detected. The Fund and its Shareholders could be negatively impacted as a result.

### **Government Intervention in Financial Markets**

Global economies and financial markets are increasingly interconnected, which increases the possibility that conditions in one country or region may adversely affect companies in a different country or region. In the past, instability in the financial markets has led governments and regulators around the world to take a number of unprecedented actions designed to support certain financial institutions and segments of the financial markets that have experienced extreme volatility, and in some cases a lack of liquidity. Governments, their regulatory agencies, or self-regulatory organizations may take actions that affect the regulation of the instruments in which the Fund invests, or the issuers of such instruments, in ways that are unforeseeable. Legislation or regulation may also change the way in which the Fund itself is regulated. Such legislation or regulation could limit or preclude the Fund's ability to achieve its investment objective.

Governments or their agencies may also acquire distressed assets from financial institutions and acquire ownership interests in those institutions. The implications of government ownership and disposition of these assets are unclear, and such a program may have positive or negative effects on the liquidity, valuation and performance of the Fund's portfolio holdings. Furthermore, volatile financial markets can expose the Fund to greater market and liquidity risk and potential difficulty in valuing portfolio instruments held by the Fund.

The SEC and its staff have been engaged in various initiatives and reviews that seek to improve and modernize the regulatory structure governing investment companies. These efforts have been focused on risk identification and controls in various areas, including imbedded leverage through the use of derivatives and other trading practices, cybersecurity, liquidity, enhanced regulatory and public reporting requirements and the evaluation of systemic risks. Any new rules, guidance or regulatory initiatives resulting from these efforts could increase the Fund's expenses and impact its returns to shareholders or, in the extreme case, impact or limit its use of various portfolio management strategies or techniques and adversely impact the Fund.

Changes in federal policy, including tax policies, and at regulatory agencies occur over time through policy and personnel changes following elections, which lead to changes involving the level of oversight and focus on the financial services industry or the tax rates paid by corporate entities. The nature, timing and economic and political effects of potential changes to

the current legal and regulatory framework affecting markets remain highly uncertain. Uncertainty surrounding future changes may adversely affect the Fund's operating environment and therefore its investment performance.

In addition, the U.S. tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Act") made substantial changes to the Code. Among those changes are a significant permanent reduction in the generally applicable corporate tax rate, changes in the taxation of individuals and other non-corporate taxpayers that generally but not universally reduce their taxes on a temporary basis subject to "sunset" provisions, the elimination or modification of various previously allowed deductions (including substantial limitations on the deductibility of interest and, in the case of individuals, the deduction for personal state and local taxes), certain additional limitations on the deduction of net operating losses, certain preferential rates of taxation on certain dividends and certain business income derived by non-corporate taxpayers in comparison to other ordinary income recognized by such taxpayers, and significant changes to the international tax rules. The effect of these, and the many other changes made in the Act is highly uncertain, both in terms of their direct effect on the taxation of an investment in our common or preferred shares and their indirect effect on the value of our assets, our common or preferred shares or market conditions generally. Furthermore, many of the provisions of the Act will require guidance through the issuance of Treasury regulations in order to assess their effect. There may be a substantial delay before such Treasury regulations are promulgated, increasing the uncertainty as to the ultimate effect of the statutory amendments on us. It is also likely that there will be technical corrections legislation proposed with respect to the Act, the effect of which cannot be predicted and may be adverse to us or our shareholders.

Certain of the Fund's investments may provide exposure to coupon rates that are based on the London Interbank Offered Rate ("LIBOR"), the Secured Overnight Financing Rate ("SOFR"), Euro Interbank Offered Rate and other similar types of reference rates (each, a "Reference Rate"). These Reference Rates are generally intended to represent the rate at which contributing banks may obtain short-term borrowings within certain financial markets. Most maturities and currencies of LIBOR were phased out at the end of 2021, with the remaining ones phased out on June 30, 2023. These events and any additional regulatory or market changes may have an adverse impact on the Fund or its investments, including increased volatility or illiquidity in markets for instruments that rely on LIBOR. There remains uncertainty regarding the impact of the transition from LIBOR on the Fund and the financial markets generally. SOFR has been selected by a committee established by the Board of Governors of the Federal Reserve System and the Federal Reserve Bank of New York to replace LIBOR as a Reference Rate in the United States and U.S. law requires that contracts without a practicable LIBOR alternative default to SOFR plus a set spread beginning in mid-2023. SOFR is a secured, nearly risk-free rate, while LIBOR is an unsecured rate that includes an element of bank credit risk. In addition, SOFR is strictly an overnight rate, while LIBOR historically has been published for various maturities, ranging from overnight to one year. Thus, LIBOR may be expected to be higher than SOFR, and the spread between the two is likely to widen in times of market stress. Certain existing contracts provide for a spread adjustment when transitioning to SOFR from LIBOR, but there is no assurance that it will provide adequate compensation.

Other countries have undertaken similar initiatives to identify replacement Reference Rates for LIBOR in their respective markets. However, there are obstacles to converting certain existing investments and transactions to a new Reference Rate, as well as risks associated with using a new Reference Rate with respect to new investments and transactions. There remains uncertainty regarding the impact of the transition from LIBOR on the Fund and the financial markets generally, and the termination of certain Reference Rates presents risk to the Fund. The transition process, or the failure of an industry to transition, could lead to increased volatility and illiquidity in markets for instruments that currently rely on LIBOR to determine interest rates and a reduction in the values of some LIBOR-based investments. Further, U.S. issuers are currently not obligated to include any particular fallback language in transaction documents for new issuances of LIBOR-linked securities. In addition, the alternative reference or benchmark rate may be an ineffective substitute, potentially resulting in prolonged adverse market conditions for the Fund. The elimination of a Reference Rate or any other changes or reforms to the determination or supervision of Reference Rates could have an adverse impact on the market for or value of any securities or payments linked to those Reference Rates and other financial obligations held by the Fund or on its overall financial conditions or results of operations. Any substitute Reference Rate and any pricing adjustments imposed by a regulator or by counterparties or otherwise may adversely affect the Fund's performance and/or NAV. At this time, it is not possible to completely identify or predict the effect of any such changes, any establishment of alternative Reference Rates or any other reforms to Reference Rates that may be enacted in the UK or elsewhere.

### **Inflation/Deflation Risk**

Inflation risk is the risk that the value of assets or income from investments will be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of the Fund's shares and distributions thereon can decline. Inflation risk is linked to increases in the prices of goods and services and a decrease in the purchasing power of money. Inflation may reduce the intrinsic value of an investment in the Fund. Inflation can operate to effectively reduce investors' real

investment returns. This is particularly true of fixed-income assets, as the fixed return yields of such assets become increasingly less valuable to the investor as inflation rises. In addition, during any periods of rising inflation, dividend rates of any variable rate preferred stock or debt securities issued by the Fund would likely increase, which would tend to further reduce returns to shareholders. Deflation risk is the risk that prices throughout the economy decline over time (the opposite of inflation). Deflation may have an adverse effect on the creditworthiness of issuers and may make issuer defaults more likely, which will result in a decline in the value of the Fund's portfolio.

### **Temporary Defensive Strategies Risk**

From time to time, the Fund may temporarily depart from its principal investment strategies as a defensive measure when the Adviser anticipates unusual market or other conditions. When a temporary defensive posture is believed by the Adviser to be warranted ("temporary defensive periods"), the Fund may, without limitation, hold cash or invest its Managed Assets in money market instruments and repurchase agreements in respect of those instruments. The money market instruments in which the Fund may invest are obligations of the U.S. government, its agencies or instrumentalities; commercial paper rated A-1 or higher by S&P or Prime-1 by Moody's; and certificates of deposit and bankers' acceptances issued by domestic branches of U.S. banks that are members of the Federal Deposit Insurance Corporation. During temporary defensive periods, the Fund may also invest to the extent permitted by applicable law in shares of money market mutual funds. Money market mutual funds are investment companies and the investments in those companies by the Fund are in some cases subject to applicable law. See "Investment Restrictions" in the SAL. To the extent that the Fund invests defensively, it may not achieve its investment objective.

### **Investments in Different Parts of the Capital Structure**

The Fund may make investments in an issuer where other funds advised by Oaktree (each an "Other Fund" and collectively, the "Other Funds") hold an investment in a different class of debt or equity. In such circumstances, Oaktree may have conflicting interests between its duties to the Fund and to such Other Fund. Generally, the Fund will make investments that potentially conflict with the interests of Other Funds only when, at the time of investment by the Fund, Oaktree determines that (a) such investment is in the best interests of the Fund and (b)(i) the possibility of actual conflict between the Fund and the Other Fund is remote, (ii) either the potential investment by the Fund or the investment of such Other Fund is not large enough to control any actions taken by the collective holders of securities of such issuer or (iii) in light of the particular circumstances, Oaktree determines that such investment is appropriate for the Fund, notwithstanding the potential for conflict. In those circumstances where the Fund and an Other Fund hold investments in different parts of the capital structure, to the fullest extent permitted by applicable law, steps may be taken to reduce the potential for conflict between the Fund and the Other Fund, including causing the Fund to take certain actions that, in the absence of such conflict, it would not take, such as: (A) remaining passive in a restructuring, foreclosure, refinancing or similar situations (including electing not to vote or voting *pro rata* with other security holders), (B) investing in the same or similar classes of securities as the Other Fund in order to align their interests, (C) divesting investments, or (D) otherwise taking an action designed to reduce adversity. Any such step could have the effect of benefiting an Other Fund (or Oaktree or one of its affiliates) and therefore may not have been in the best interests of, and may have been adverse to, the Fund. A similar standard generally will apply if any Other Fund makes an investment in an issuer in which the Fund holds an investment in a different part of the same issuer's capital structure. The negative effects described above may be more pronounced in connection with transactions in, or the Fund's use of, small capitalization, emerging market, distressed or less liquid strategies.

### **Investments Where Other Funds Hold Related Investments**

From time to time, Other Funds or accounts managed by Oaktree may hold existing real estate related investments and may in the future make additional investments in the same real estate related assets. Subject to applicable rules, regulation and SEC guidance, the Fund may make investments either in those same assets or in related assets. In addition, the Adviser anticipates that the Fund may make investments in entities or assets in which an Other Fund holds an investment in a different part of the capital structure of the same issuer (see "Investments in Different Parts of the Capital Structure" risk factor). For example, Other Funds have made investments in, and are expected to continue to invest in, various tranches of CMBS securitizations. The Fund may invest in different tranches of those same CMBS securitizations, purchase loans that are part of the pool of loans relating to a CMBS securitization in which an Other Fund holds an investment, or engage in transactions relating to the real estate assets that secure the pooled loans or with the entities that are the borrowers under those loans.

In the foregoing circumstances, Oaktree could have conflicting loyalties between its duties to the Fund and such Other Fund. For example, Oaktree could have an incentive to cause the Fund to pay a higher purchase price (whether in an auction, the exercise of a fair value purchase option or otherwise) for a loan or related property that is collateral for a CMBS



security held by an Other Fund. If the Fund controls or acts as the operating adviser to a special servicer with respect to a loan in a CMBS securitization in which an Other Fund holds CMBS in a different tranche of the securitization, Oaktree similarly could have conflicting loyalties in directing the actions of the special servicer with respect to the loan if the interests of the Fund and the Other Fund diverge. Likewise, if an Other Fund controls or acts as the operating adviser to a special servicer with respect to a loan in a CMBS securitization in which the Fund holds CMBS in a different tranche of the securitization, the Other Fund may direct the special servicer to take certain actions with respect to the loan that may not be in the best interests of the Fund.

### **Affiliated Transactions Restrictions**

The 1940 Act contains prohibitions and restrictions relating to transactions between investment companies and their affiliates (including the Adviser), principal underwriters and affiliates of those affiliates or underwriters. Under these restrictions, the Fund and any portfolio company that the Fund controls are generally prohibited from knowingly participating in a joint transaction, including co-investments in a portfolio company, with an affiliated person, including any directors or officers of the Fund, the Adviser or any entity controlled or advised by any of them. These restrictions also generally prohibit the Fund's affiliates, principal underwriters and affiliates of those affiliates or underwriters from knowingly purchasing from or selling to the Fund or any portfolio company controlled by the Fund certain securities or other property and from lending to and borrowing from the Fund or any portfolio company controlled by the Fund monies or other properties. The Fund and its affiliates may be precluded from co-investing in private placements of securities, including in any portfolio companies controlled by the Fund. The Fund, its affiliates and portfolio companies controlled by the Fund may from time to time engage in certain joint transactions, purchases, sales and loans in reliance upon and in compliance with the conditions of certain positions promulgated by the SEC and its staff. There can be no assurance that the Fund would be able to satisfy these conditions with respect to any particular transaction. As a result of these prohibitions, restrictions may be imposed on the size of positions or the type of investments that the Fund could make. Furthermore, Oaktree has received exemptive relief from the SEC to allow certain managed funds and accounts, each of whose investment adviser is Oaktree or an investment adviser controlling, controlled by or under common control with Oaktree, to participate in negotiated co-investment transactions where doing so is consistent with the applicable registered fund's investment objective and strategies as well as regulatory requirements and other pertinent factors, and pursuant to the conditions thereof (the "Exemptive Relief"). In addition, on December 15, 2020, Oaktree and certain other affiliates received a modified exemptive order that allows Oaktree proprietary accounts to participate in co-investment transactions subject to certain conditions. Although the Adviser will endeavor to allocate investment opportunities in a fair and equitable manner, the Fund and the Shareholders could be adversely affected to the extent investment opportunities are allocated to other investment vehicles managed or sponsored by, or affiliated with, the Fund's executive officers, directors and members of the Adviser. The Fund might not participate in each individual opportunity but will, on an overall basis, be entitled to participate equitably with other entities managed by the Adviser and its affiliates. The Adviser seeks to treat all clients fairly and equitably over time such that none receives preferential treatment vis-à-vis the others over time, in a manner consistent with its fiduciary duty to each of them; however, in some instances, especially in instances of limited liquidity, the factors may not result in *pro rata* allocations or may result in situations where certain funds or accounts receive allocations where others do not.

### **Private Investment Risk**

The Fund may invest in unregistered or restricted securities, including private investment in public equities ("PIPE"). Unregistered or restricted securities may not be readily marketable and are often more difficult to value. Further, the Adviser may not have timely or accurate information about the business, financial condition and results of operations which may adversely affect the Adviser's ability to value those investments. PIPE investors may purchase securities directly from a publicly traded company in a private placement transaction, typically at a discount to the market price of the company's common stock. In a PIPE transaction, the Fund may bear the price risk from the time of pricing until the time of closing. In addition, the Fund may have to commit to purchase a specified number of shares at a fixed price, with the closing conditioned upon, among other things, the SEC's preparedness to declare effective a resale registration statement covering the resale, from time to time, of the shares sold in the private financing. Because the sale of the securities is not registered under the Securities Act, the securities are "restricted" and cannot be immediately resold by the investors into the public markets. Accordingly, PIPE securities may be deemed illiquid.

### **Private Company Management Risk**

Private companies are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on the company. The Fund generally does not intend to hold controlling positions in the private companies in which it invests. As a result, the Fund is subject to the risk that a company may make business decisions with which the Fund disagrees,

and that the management and/or shareholders of a portfolio company may take risks or otherwise act in ways that are adverse to the Fund's interests. Due to the lack of liquidity of such private investments, the Fund may not be able to dispose of its investments in the event it disagrees with the actions of a portfolio company and may therefore suffer a decrease in the value of the investment.

#### **Private Company Liquidity Risk**

Securities issued by private companies are typically illiquid. If there is no readily available trading market for privately issued securities, the Fund may not be able to readily dispose of such investments at prices that approximate those at which the Fund could sell them if they were more widely traded.

#### **Private Company Valuation Risk**

There is typically not a readily available market value for the Fund's private investments. The Fund values private company investments in accordance with valuation guidelines adopted by the Board of Directors, that the Board of Directors believes are designed to accurately reflect the fair value of securities valued in accordance with such guidelines. In conducting the valuation of determinations of certain of the Fund's securities in accordance with these guidelines, the Fund may in certain circumstances utilize the services of one or more independent valuation firms to aid in determining the fair value of these investments. Valuation of private company investments may involve application of one or more of the following factors: (i) analysis of valuations of publicly traded companies in a similar line of business, (ii) analysis of valuations for comparable merger or acquisition transactions, (iii) yield analysis, and (iv) discounted cash flow analysis. Due to the inherent uncertainty and subjectivity of determining the fair value of investments that do not have a readily available market value, the fair value of the Fund's private investments may differ significantly from the values that would have been used had a readily available market value existed for such investments and may differ materially from the amounts the Fund may realize on any dispositions of such investments. In addition, the impact of changes in the market environment and other events on the fair values of the Fund's investments that have no readily available market values may differ from the impact of such changes on the readily available market values for the Fund's other investments. The Fund's net asset value could be adversely affected if the Fund's determinations regarding the fair value of the Fund's investments were materially higher than the values that the Fund ultimately realizes upon the disposal of such investments.

#### **Risks Associated with Long-Term Objective — Not a Complete Investment Program**

The Fund is intended for investors seeking a high level of total return, with an emphasis on income. The Fund is not meant to provide a vehicle for those who wish to exploit short-term swings in the stock market and is intended for long-term investors. An investment in shares of the Fund should not be considered a complete investment program. Each Shareholder should take into account the Fund's investment objective as well as the Shareholder's other investments when considering an investment in that Fund.

#### **Systemic Risk**

Credit risk may arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, securities firms and exchanges, with which the Fund interacts on a daily basis.

#### **Event Risk**

Event risk is the risk that corporate issuers may undergo restructurings, such as mergers, leveraged buyouts, takeovers or similar events financed by increased debt. As a result of the added debt, the credit quality and market value of a company's bonds and/or other debt securities may decline significantly.

#### **Asset Allocation Risk**

The Fund is subject to the risk that the Adviser's selection and weighting of asset classes may cause the Fund to fail to meet its investment objective, cause the Fund to underperform other funds with a similar investment objective or cause an investor to lose money.

#### **Investments in Sovereign Debt**

The Fund may make investments in the debt instruments and securities of sovereign and quasi-sovereign issuers, including debt issued by national, regional or local governments and other agencies. In addition to the general risks of non-U.S. investments described above, the specific risks of investing in sovereign debt include (a) the availability of sufficient foreign

exchange on the date a payment is due (where such debt is denominated in a currency other than the government debtor's own currency), (b) the relative size of the issuer's debt service burden to its economy as a whole and (c) the government debtor's policy toward the International Monetary Fund (or similar bodies) and the political constraints to which a government debtor may be subject. The governmental authority that controls the repayment of sovereign debt may be unwilling or unable to repay the principal and/or interest when due in accordance with the terms of such securities due to the extent of its foreign reserves. If an issuer of sovereign debt defaults on payments of principal and/or interest, the Fund may have limited legal recourse against the issuer and/or guarantor. In certain cases, remedies must be pursued in the courts of the defaulting party itself, limiting the Fund's ability to obtain recourse. Even where a judgment is obtained in a U.S. court against a sovereign issuer, enforcement of such judgment to obtain payment may be difficult or impracticable.

### **Equity Securities**

The Fund's investments may include equity securities. Such equity investments will be subordinated to the senior obligations of an issuer and such subordinated investments may be characterized by greater credit risks than those associated with the senior obligations of the same issuer.

### **When-Issued; When, As, and If Issued; and Delayed Delivery Securities and Forward Commitments**

Securities purchased or sold by the Fund on a when-issued, "when, as, and if issued," delayed delivery or forward commitment basis are subject to market fluctuation, and no interest or dividends accrue to the purchaser prior to the settlement date. At the time of delivery of the securities, the value may be more or less than the purchase or sale price. In the case of "when, as, and if issued" securities, the Fund could lose an investment opportunity if the securities are not issued. An increase in the percentage of the Fund's assets committed to the purchase of securities on a when-issued, "when, as, and if issued," delayed delivery or forward commitment basis may increase the volatility of the Fund's assets.

### **Derivatives**

While not anticipated to be a meaningful aspect of the Fund's investment strategy, the Fund may enter into derivative instruments from time to time. Generally, a derivative is a financial contract the value of which depends upon, or is derived from, the value of an underlying asset, reference rate, or index, and may relate to individual debt or equity instruments, interest rates, currencies or currency exchange rates, commodities, related indices and other assets. The Fund may enter into such derivative contracts including, but not limited to, options contracts, forward contracts, futures contracts, interest rate swaps, total return swaps and credit default swaps. The Fund may also enter into swap transactions for any purpose consistent with its investment objective and strategies, including, among others, for the purpose of attempting to obtain or preserve a particular return or exposure at a lower cost than obtaining that return or exposure through purchases and/or sales of instruments in other markets, to reduce currency exposures, as a duration management technique, to reduce risk arising from the ownership of a particular instrument or to gain exposure to certain sectors or markets in the most economical way possible. Although the Fund may (or has the option to) use derivative instruments to further its investment objective and strategies, no assurance can be given that the Fund will be successful. The Fund may enter into OTC contracts on a bilateral basis with banks or other dealers. The Fund may also enter into certain derivatives that are traded on swap execution facilities ("SEFs"), security-based swap execution facilities ("SB SEFs") or other similar multi-lateral trading platforms. Certain of such derivatives may be cleared through central counterparties ("CCPs"). Investing in derivative instruments, particularly OTC derivatives, presents various risks, including market, counterparty, operational and liquidity risks. The prices of derivative instruments, including swaps, forwards and options, may be highly volatile. The value of derivatives also depends upon the price of the underlying security or other asset or rate, and there may be imperfect correlation between the value and/or duration of the derivative instrument and the underlying security, asset or rate. Typically, investing in a derivative instrument requires the deposit or payment of an initial amount much smaller than the notional or nominal exposure amount from such derivative instrument, potentially magnifying the loss if the relevant cash market moves against the Fund. In addition, significant disparities may exist between "bid" and "ask" prices for derivative instruments that are traded over the counter and not on an exchange. While such OTC derivatives are and will be subject to increased regulation under the Dodd-Frank Act, the investor protections and other regulations applicable to such OTC derivatives differ from those applicable to exchange-traded instruments. In addition, compared with such exchange-traded instruments, the market for OTC derivatives is less liquid, and these derivative instruments, if used by the Fund, may be difficult to value or involve the risk of mispricing or improper valuation, especially where the markets for such derivatives instruments are illiquid and/or such derivatives involve complex structures, or where there is imperfect correlation between the value of a derivative instrument and the underlying asset, reference rate or index.

## **Dodd-Frank Act and Other Derivatives Regulations**

Title VII of the Dodd-Frank Act establishes a general framework for systemic regulation of the over-the-counter derivatives market that has imposed or will impose mandatory requirements, including, but not limited to, those relating to clearing, exchange trading, margin, registration, recordkeeping, reporting, disclosure, capital, business conduct and documentation. Although some of these requirements (e.g., recordkeeping and documentation) apply directly to the Fund, the bulk of these new requirements, a large number of which have already been implemented, apply directly to new categories of regulated market participants, such as “swap dealers” (“SDs”) and “security based swap dealers” (“SBSDs”). While this regulatory framework has rendered the derivatives market safer, it may significantly increase the costs of entering into derivatives transactions for end-users of derivatives, such as the Fund. In particular, new margin requirements and capital charges, even when not directly applicable to the Fund, may increase the pricing of derivatives transacted by the Fund. New exchange trading and trade reporting requirements and position limits may lead to changes in the liquidity of derivative transactions, or higher pricing or reduced liquidity in the derivatives markets, or the reduction of arbitrage opportunities for the Fund.

In addition to U.S. laws and regulations relating to derivatives, certain non-U.S. regulatory authorities, such as those in the European Union, have passed or proposed, or may propose in the future, legislation similar to that imposed by the Dodd-Frank Act. The regulatory changes in the European Union will impact a broad range of counterparties, both outside and within the European Union, and are expected to potentially increase the cost of transacting derivatives for the Fund (particularly with banks and other dealers directly subject to such regulations).

The SEC recently adopted Rule 18f-4 under the 1940 Act, which regulates the use of derivatives, short sales, reverse repurchase agreements and certain other transactions for certain funds registered under the 1940 Act. Among other things, Rule 18f-4 requires funds that invest in derivative instruments beyond a specified limited amount to apply a value-at-risk (“VaR”) based limit to their use of certain derivative instruments and financing transactions and to adopt and implement a derivatives risk management program. Consequently, unless a fund qualifies as a “limited derivatives user” as defined in Rule 18f-4, the fund has established a comprehensive derivatives risk management program to comply with a VaR based leverage limit, appointed a derivatives risk manager and will provide additional disclosure both publicly and to the SEC regarding its derivatives positions. If a fund qualifies as a limited derivatives user, Rule 18f-4 requires the fund to have policies and procedures to manage its aggregate derivatives risk, which may require the fund to alter, perhaps materially, its use of derivatives, short sales, and reverse repurchase agreements and similar financing transactions as part of its investment strategies. In connection with the adoption of Rule 18f-4, the SEC also eliminated the asset segregation framework for covering derivatives and certain financial instruments arising from SEC and staff guidance. Since the Fund is a “limited derivatives user,” the Fund has adopted and implemented policies and procedures reasonably designed to manage the Fund’s derivatives risks, including counterparty risk, leverage risk, liquidity risk, market risk, operational risk, and legal risk.

## **Counterparty Credit Risk**

The Fund is subject to credit risk with respect to the counterparties to its derivative contracts (whether a clearing corporation in the case of exchange-traded instruments or to its hedge counterparty in the case of over-the-counter instruments). If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a derivative contract due to financial difficulties, the Fund may experience significant delays in obtaining any recovery under the derivative contract in a dissolution, assignment for the benefit of creditors, liquidation, winding-up, bankruptcy or other analogous proceeding. In the event of the insolvency of a counterparty to a derivative transaction, the derivative transaction would typically be terminated at its fair market value. If the Fund is owed this fair market value upon the termination of the derivative transaction and its claim is unsecured, the Fund will be treated as a general creditor of such counterparty, and will not have any claim with respect to the underlying security. In this case, the Fund may obtain only a limited recovery or may obtain no recovery in such circumstances. In addition, the business failure of a hedging counterparty with whom the Fund enters into a hedging transaction will most likely result in its default, which may result in the loss of unrealized profits and force the Fund to cover its commitments, if any, at the then current market price.

## **Investments in Real Estate**

The Fund may invest a portion of its assets in public and/or private debt investments and other real estate assets or real estate-related securities and obligations. The value of these debt investments and whether and to what extent such investments perform as expected will depend, in part, on the prevailing conditions in the market for real estate investment generally and, in particular, on the value of the underlying real estate asset collateral or real estate-related companies to which such debt investments relate. The real estate industry is cyclical in nature, and a deterioration of real estate fundamentals in the markets in which the Fund invests will have an adverse effect on the performance of the Fund’s investments. The value of real estate assets and real estate-related investments can fluctuate for various reasons. Real estate values can be seriously

affected by interest rate fluctuations, changes in general and local economic conditions, bank liquidity, the availability of financing, changes in environmental and zoning laws, overbuilding and increased competition, changes in supply and demand fundamentals, an increase in property taxes, casualty or condemnation losses, bankruptcy or financial difficulty of a major tenant, regulatory limitations on rent, increased mortgage defaults and the availability of mortgage funds which may render the sale or refinancing of properties difficult or impracticable.

Reductions in value or cash flow could impair the Fund's ability to make distributions to Shareholders, adversely impact its ability to effectively achieve its investment objective and reduce overall returns on investments.

### **Mortgage-Backed (or Mortgage-Related) Instruments**

To the extent the Fund invests in mortgage-backed (or mortgage-related) securities or other instruments, its exposure to certain legal and structural risks may be greater than with investments in other fixed income instruments. For example, the rate of interest payable on mortgage-backed securities may be set or effectively capped at the weighted average net coupon of the underlying assets themselves. As a result of this cap, the return to investors in such a security would be dependent on the relative timing and rate of delinquencies and prepayments of mortgage loans bearing a higher rate of interest. In addition, rising interest rates tend to extend the duration of certain mortgage-backed instruments, making them more sensitive to changes in interest rates. Privately issued asset-backed and mortgage-backed instruments are typically not traded on an exchange and may have a limited market. Without an active trading market, these instruments may be particularly difficult to value given the complexities in valuing the underlying collateral. Unlike many mortgage-backed instruments issued or guaranteed by the U.S. government, its agencies and instrumentalities, or a government-sponsored enterprise, asset-backed and mortgage-backed instruments issued by private issuers do not have a government or government-sponsored enterprise guarantee and may, and frequently do, have less favorable collateral, credit risk or other characteristics.

### **Commercial Mortgage-Backed Securities**

The Fund may invest in pools or tranches of commercial mortgage-backed securities ("CMBS" or "CMBS Interests"). The collateral underlying CMBS generally consists of commercial mortgages or real property that have a multi-family or commercial use, such as retail space, office buildings, warehouse property and hotels. CMBS are issued with varying structures, including senior and subordinated classes. The commercial mortgages underlying CMBS generally have shorter maturities than residential mortgages, allow a substantial portion of the loan balance to be paid at maturity and are usually non-recourse against the commercial borrower.

Unlike residential mortgage loans, most commercial mortgage loans are not significantly amortized over the loans' terms. Instead, with most commercial mortgage loans the bulk of the loan balance is payable at maturity with a one-time payment, commonly known as a "balloon payment." Full satisfaction of the balloon payment by a commercial borrower is heavily dependent on the availability of subsequent financing, which can be negatively impacted by a difficult credit environment. Usually, a commercial borrower will seek out another loan to satisfy the balloon payment on a commercial mortgage loan. Therefore, full satisfaction of a commercial mortgage loan will be affected by a commercial borrower's access to credit. In certain situations, including during periods of credit distress, the unavailability of real estate financing may lead to default by a commercial borrower. Commercial mortgage loans are usually non-recourse in nature. Therefore, if a commercial borrower defaults on the commercial mortgage loan underlying CMBS, the options for financial recovery are limited in nature. To the extent the underlying default rates with respect to the loans comprising a pool or tranche of CMBS in which the Fund invests increase, the performance of the Fund investments related thereto may be adversely affected. Default rates and losses on commercial mortgage loans underlying the CMBS will be affected by a number of factors, including global, regional and local economic conditions in the area where the mortgage properties are located, the borrower's equity in the mortgage property and the financial circumstances of the borrower. A decline in specific commercial real estate markets and property valuations may result in higher delinquencies and defaults. In the event of default, the lender will have no right to assets beyond collateral attached to the commercial mortgage loan. In certain instances, a negotiated settlement or an amendment to the terms of the commercial mortgage loan are the only options before an ultimate foreclosure on the commercial property. Foreclosure is costly and often protracted by litigation and bankruptcy restrictions. The ultimate disposition of a foreclosed property may also yield a price insufficient to cover the cost of the foreclosure process and the balance attached to the defaulted commercial mortgage loan. It may be difficult for lenders to dispose of foreclosed commercial real estate without incurring substantial investment losses, ultimately leading to a decline in the value of CMBS. There can be no guarantee that the Fund's investments in CMBS will not be adversely affected by such risks.

### **Residential Mortgage-Backed Securities**

The Fund may invest from time to time in financing opportunities relating to certain residential real estate assets or portfolios thereof, including residential mortgage-backed securities ("RMBS"). In such circumstances, the performance of such investments may become increasingly susceptible to adverse changes in prevailing economic and employment

conditions in the United States and the other jurisdictions where such properties are located. Any downturn in the U.S. or global economies may adversely affect the financial condition of residential owners and tenants, making it more difficult for them to meet their periodic repayment obligations relating to certain residential real estate properties, which could adversely impact the Fund's investments. In addition, there can be no assurance that the Fund will be able to effectively partner with suitable operating partners and third parties in connection with its residential real estate-related investment activities, which may impact the Fund's ability to effectively identify and consummate such investments.

### **Investments in Real Estate Loans**

While the Fund intends to invest primarily in "performing" real estate debt securities, real estate loans underlying the securities acquired by the Fund may be non-performing at the time of their acquisition and/or may become non-performing following their acquisition for a wide variety of reasons. Such non-performing real estate loans may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate and a substantial writedown of the principal of such loan. However, even if a restructuring were successfully accomplished, a risk exists that, upon maturity of such real estate loan, replacement "takeout" financing will not be available. Purchases of participations in real estate loans raise many of the same risks as investments in real estate loans and also carry risks of illiquidity and lack of control.

### **Prepayment of Obligations**

Early repayment of loans acquired by the Fund may adversely affect the value of the Fund's investment portfolio. The Fund may purchase loans where the underlying borrowers are not subject to any prepayment penalties, even if a borrower determines to prepay the obligation early during the term of the loan. Similarly, the Fund may invest in loans and other assets secured or, in the case of certain assets (including mezzanine loans and preferred equity), supported by transitional real estate assets, where significant improvement in the performance of such assets may result in prepayments as other, less expensive or restrictive financing alternatives become available to the borrower. In either case, prepayment rates cannot be predicted with certainty, and no strategy can completely insulate the Fund from increases in such rates. Furthermore, the Fund may acquire debt at a discount or premium, and the Fund's anticipated yield on such assets would be impacted if such debt is prepaid more quickly than anticipated. Under certain prepayment scenarios, the Fund may fail to recoup fully the cost of its investment. While the Fund may be entitled to fees upon prepayment, such fees may not adequately compensate the Fund as the functional equivalent of a "make whole" payment, and, in certain cases, the Fund may not be entitled to prepayment fees at all.

### **Collateralized Loan Obligations and Other Securitizations**

The Fund may invest in CLOs and other securitizations, which are generally limited recourse obligations of the issuer ("Securitization Vehicles") payable solely from the underlying assets ("Securitization Assets") of the issuer or proceeds thereof. Holders of equity or other securities issued by Securitization Vehicles must rely solely on distributions on the Securitization Assets or proceeds thereof for payment in respect thereof. Consequently, the Fund will typically not have any direct rights against the issuer of, or the entity that sold, assets underlying the securitization. The Securitization Assets may include, without limitation, broadly syndicated leverage loans, middle-market bank loans, CDO debt tranches, trust preferred securities, insurance surplus notes, asset-backed securities, mortgages, REITs, high-yield bonds, mezzanine debt, second-lien leverage loans, credit default swaps and emerging market debt and corporate bonds, which are subject to liquidity, market value, credit, interest rate, reinvestment and certain other risks.

### **Underlying Default Risks**

To the extent underlying default rates with respect to the Securitization Assets occur or otherwise increase, the performance of the Fund's investments will be adversely affected. The rate of defaults and losses on debt instruments will be affected by a number of factors, including global, regional and local economic conditions in the area where the borrower operates, the financial circumstances of the borrower as well as general market conditions. A decline in global markets (or any particular sub-market thereof) may result in higher delinquencies and/or defaults as borrowers may not be able to repay or refinance their outstanding debt obligations when due for a variety of reasons, which may adversely affect the performance of the Fund's investments. In addition, such investments may be subject to the risk of bankruptcy of the issuer of such assets or a claim that the pledging of collateral to secure any such asset constituted a fraudulent conveyance or preferential transfer that can be subordinated to the rights of other creditors of the issuer of such asset or nullified under applicable law.

### **Failure to Satisfy Certain Tests**

The failure by a Securitization Vehicle to satisfy financial covenants, including with respect to adequate collateralization and/or interest coverage tests, could lead to a reduction in its payments to the Fund. In the event that a Securitization Vehicle

fails certain tests, holders of senior debt tranches may be entitled to additional payments that would, in turn, reduce the payments the Fund would otherwise be entitled to receive. Separately, the Fund may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms, which may include the waiver of certain financial covenants, with a defaulting Securitization Vehicle. If any of these occur, it could materially and adversely affect the return on the Fund's investments.

### **Leveraged Credit Risk**

The Fund's investments in securitizations may also be subject to leverage risks. The leveraged nature of CLOs, in particular, magnifies the adverse impact of loan defaults. Because CLO investments represent a leveraged investment with respect to the underlying loans, changes in the market value of CLO investments could be greater than the change in the market value of the underlying loans, which are subject to credit, liquidity and interest rate risks.

### **Liquidity Risk**

Certain debt tranches of Securitization Vehicles may be thinly traded or have a limited trading market and may have the effect of decreasing the Fund's liquidity to the extent that the Fund, at a particular point in time, may be unable to find qualified buyers for, and may have difficulty valuing, these securities.

### **Prepayments and Reinvestment Risk**

The Fund's investments in securitizations and the Securitization Assets that collateralize them may prepay more quickly than expected and have an impact on the value of the Fund's investments. See "Prepayment of Obligations" above. Early prepayments give rise to increased reinvestment risk, as the Fund or a CLO collateral manager might realize excess cash from prepayments earlier than expected. If the Fund or a CLO collateral manager is unable to reinvest such cash in a new investment with an expected rate of return at least equal to that of the investment repaid, this may reduce net income and the fair value of that asset.

### **Reliance on Collateral Managers**

Securitization Assets are typically actively managed by a third-party investment manager, and, as a result, the Securitization Assets will be traded, subject to rating agency and other constraints, by such investment manager. With respect to CLOs, the Fund is expected to rely on CLO collateral managers to administer and review the portfolios of collateral they manage. The actions of the CLO collateral managers may significantly affect the performance of the Fund's investments. The ability of each CLO collateral manager to identify and report on issues affecting its securitization portfolio on a timely basis could also affect the returns to the Fund, as the Fund may not be provided with information on a timely basis in order to take appropriate measures to manage its risks. The Fund is also expected to rely on CLO collateral managers to act in the best interests of the CLO it manages. If any CLO collateral manager were to act in a manner that was not in the best interests of the CLOs (*i.e.*, gross negligence, with reckless disregard or in bad faith), this could adversely impact the overall performance of the Fund's investments. For securitizations with corporate loans, the collateral manager's role in reinvestment of principal amortization in performing credits and with respect to loans that default, as well as its ability to actively manage the portfolio through trading, will have a significant impact on the value of the underlying collateral and the performance of its securitization. If the collateral manager reinvests proceeds into loans which then default, does not sell loans before such loans default close to the original purchase price or does not effectively contribute to a restructuring process to maximize value of the loan the securitization owns, the collateral manager could materially and adversely impact the Fund's investments.

### **Failure of Servicers to Effectively Service Loans**

The failure of servicers to effectively service the loans underlying certain of the Fund's investments would materially and adversely affect the Fund. Most securitizations of loans require a servicer to manage collections on each of the underlying loans. Both default frequency and default severity of loans may depend upon the quality of the servicer. If servicers are not vigilant in encouraging borrowers to make their monthly payments, the borrowers may be far less likely to make these payments, which could result in a higher frequency of default. If servicers take longer to liquidate non-performing assets, loss severities may tend to be higher than originally anticipated. The failure of servicers to effectively service the receivables underlying such assets could negatively impact the value of the Fund's investments and its performance. Servicer quality is of prime importance in the default performance of certain personal loans. Servicers may go out of business, which would require a transfer of servicing to another servicer. Such transfers take time and loans may become delinquent because of confusion or lack of attention. Servicers may be required to advance interest on delinquent loans to the extent the servicer deems those advances recoverable. In the event the servicer does not advance, interest may be interrupted even on more senior securities. Servicers may also advance more than is in fact recoverable once a defaulted loan is disposed, causing losses to be greater than the outstanding principal balance of that loan.

## **Hedging and Risk Management Transactions; Currency Risks**

The Fund may, but is not required to, utilize financial instruments for hedging and risk management purposes in order to: (a) protect against possible changes in the market value of the Fund's investment portfolios resulting from fluctuations in the securities markets and changes in interest rates, (b) protect the Fund's unrealized gains in the value of the Fund's investment portfolios, (c) facilitate the sale of any such investments, (d) preserve returns, spreads or gains on any investment in the Fund's portfolios, (e) hedge the interest rate or currency exchange rate on any of the Fund's liabilities or assets, (f) protect against any increase in the price of any investments the Fund anticipates purchasing at a later date, or (g) for any other similar reason that the Adviser deems appropriate. The success of the Fund's hedging strategy will be subject to the Adviser's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged and the Adviser's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the Fund's portfolio holdings. Regardless of skill, there can be no guarantee that instruments suitable for hedging purposes will be available at the time the Fund wishes to use them or that any hedge would reduce applicable risks. For example, Oaktree does not expect that the full risk of currency fluctuations can be eliminated due to the limitations in the foreign currency market. Foreign currency exchange rates (or prices in currencies) can make substantial moves in short periods of time and in unanticipated directions due to a number of factors, including changing supply and demand relationships; fiscal, monetary and exchange control programs and policies of governments; national and international political and economic events; government trade programs; changes in interest rates and rates of inflation; changes in currency valuations; and technical fluctuations of the marketplace. Because a material portion of the Fund's investments may be denominated in or rely upon underlying cash flows denominated in currencies other than the U.S. dollar, such changes could have a significant adverse impact on the Fund. Finally, while the Fund may enter into hedging transactions to seek to reduce risk, such transactions themselves may entail certain other risks, such as unanticipated changes in interest rates, the prices of investments or currency exchanges, which may result in a poorer overall performance for the Fund than if it had not engaged in such hedging transactions.

## **Exclusive Forum**

Our Bylaws provide that, unless the Fund consents in writing to the selection of an alternative forum, the Circuit Court for Baltimore City (or, if that Court does not have jurisdiction, the United States District Court for the District of Maryland, Northern Division) shall, to the fullest extent permitted by law, be the sole and exclusive forum for (a) any Internal Corporate Claim, as such term is defined in the MGCL, (b) any derivative action or proceeding brought on behalf of the Fund, other than actions arising under United States federal securities laws, (c) any action asserting a claim of breach of any duty owed by any director or officer or other agent of the Fund to the Fund or to the stockholders of the Fund, (d) any action asserting a claim against the Fund or any director or officer or other agent of the Fund arising pursuant to any provision of the MGCL or the Charter or Bylaws, or (e) any other action asserting a claim against the Fund or any director or officer or other agent of the Fund that is governed by the internal affairs doctrine. None of the foregoing actions, claims or proceedings may be brought in any court sitting outside the State of Maryland unless the Fund consents in writing to such court. The exclusive forum selection provision will not apply to claims arising under the federal securities laws, or any other claim for which the federal courts have exclusive jurisdiction. The exclusive forum selection provision may increase costs for a Shareholder to bring a claim and may discourage claims or limit Shareholders' ability to bring a claim in a judicial forum that they find favorable. It is also possible that a court could rule that the provision is inapplicable or unenforceable. If this occurred, we may incur additional costs associated with resolving such action in another forum, and/or the other forum may incorrectly apply or interpret the applicable Maryland law (in a manner that is adverse to us), which could materially adversely affect our business, financial condition and results of operations.

## **Highly Volatile Markets**

The prices of the Fund's investments can be highly volatile. Governments from time to time intervene, directly and by regulation, in certain markets. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. The Fund also is subject to the risk of the failure of any exchanges on which its positions trade or of their clearinghouses. In addition, because of the nature of the Fund's trading activities, the results of the Fund's operations may fluctuate on a daily basis. Accordingly, investors in the Fund should understand that the results of a particular period will not necessarily be indicative of results in future periods. Variance in the degree of volatility of the market from the Fund's expectations may produce significant losses to the Fund.



## High Portfolio Turnover

The different strategies used by the Fund may, from time to time, require frequent trading and a high portfolio turnover. The more frequently the Fund trades, the higher the commission and transaction costs and certain other expenses involved in the Fund's operations. These costs will be borne by the Fund regardless of the profitability of the Fund's investment and trading activities. In addition, a high portfolio turnover may increase the recognition of short-term, rather than long-term, capital gains.

## INVESTMENT RESTRICTIONS

The following are fundamental investment restrictions of the Fund and may not be changed without the approval of the holders of a majority of the Fund's outstanding voting securities (which for this purpose and under the 1940 Act, means the lesser of (i) 67% or more of the Fund's voting securities present at a meeting at which more than 50% of the Fund's outstanding voting securities are present or represented by proxy or (ii) more than 50% of the Fund's outstanding voting securities). Except as otherwise noted, all percentage limitations set forth below apply immediately after a purchase and any subsequent change in any applicable percentage resulting from market fluctuations does not require any action. The Fund's fundamental policies are as follows:

- (1) Borrowing Money. The Fund will not borrow money, except to the extent permitted under the 1940 Act, as such may be interpreted or modified by regulatory authorities having jurisdiction, from time to time.
- (2) Senior Securities. The Fund will not issue senior securities, except to the extent permitted under the 1940 Act, as such may be interpreted or modified by regulatory authorities having jurisdiction, from time to time.
- (3) Underwriting. The Fund will not act as an underwriter of securities within the meaning of the 1933 Act, except to the extent permitted under the 1940 Act, as such may be interpreted or modified by regulatory authorities having jurisdiction, from time to time.
- (4) Concentration. The Fund will not "concentrate" its investments in an industry. The Fund would "concentrate" its investments if more than 25% of the Fund's total assets would be invested in securities of issuers conducting their principal business activities in the same industry or group of industries.
- (5) Real Estate. The Fund will not purchase or sell real estate.
- (6) Commodities. The Fund will not purchase or sell commodities, except to the extent permitted under the 1940 Act, as such may be interpreted or modified by regulatory authorities having jurisdiction, from time to time.
- (7) Loans. The Fund will not make loans to other persons, except to the extent permitted under the 1940 Act, as such may be interpreted or modified by regulatory authorities having jurisdiction, from time to time.

The Board has adopted a repurchase offer fundamental policy resolution setting forth the Fund's fundamental policy that it will conduct quarterly repurchase offers. This fundamental policy may be changed only with the approval of a majority of the Fund's outstanding voting securities, including a majority of any holders of preferred shares voting separately as a class. The Fund is required to offer to repurchase between 5% and 25% of its outstanding Shares with each repurchase offer.

In addition, the Fund has adopted the following fundamental policies with respect to repurchase offers, which may not be changed without the approval of the holders of a majority of the Fund's outstanding voting securities (which for this purpose and under the 1940 Act, means the lesser of (i) 67% or more of the Fund's voting securities present at a meeting at which more than 50% of the Fund's outstanding voting securities are present or represented by proxy or (ii) more than 50% of the Fund's outstanding voting securities).

- (a) The Fund will make quarterly repurchase offers pursuant to Rule 23c-3 under the 1940 Act, as it may be amended from time to time.
- (b) The Fund will repurchase shares that are tendered by a specific date (the "Repurchase Request Deadline"), which will be established by the Board in accordance with Rule 23c-3, as amended from time to time. Rule 23c-3 requires the Repurchase Request Deadline to be no less than 21 and no more than 42 days after the Fund sends notification to Shareholders of the repurchase offer.
- (c) There will be a maximum fourteen (14) calendar day period (or the next business day if the 14th calendar day is not a business day) between the Repurchase Request Deadline and the date on which the Fund's net asset

value (“NAV”) applicable to the repurchase offer is determined (the “Repurchase Pricing Date”).

## MANAGEMENT OF THE FUND

### Directors and Officers

The business and affairs of the Fund are managed under the direction of the Board of Directors. The Board of Directors approves all significant agreements between the Fund and the companies that furnish the Fund with services, including agreements with the Adviser, the Fund’s Custodian and the Fund’s transfer agent. The day-to-day operations of the Fund are delegated to the Adviser, subject to the supervision of the Board of Directors.

The names and business addresses of the Directors and principal officers of the Fund are set forth in the following table, together with their positions and their principal occupations during the past five years and, in the case of the Directors, their positions with certain other organizations and companies.

| Name, position(s), address <sup>(1)</sup> and year of birth                                                                                                  | Term of office and length of time served <sup>(2)</sup> | Number of funds in Fund Complex overseen by Director <sup>(3)</sup> | Principal occupation(s) during past five years                   | Other directorships held by director during past five years <sup>(4)</sup>                                                                                                                                                                                                                                                                                |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------------------|------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>INDEPENDENT DIRECTORS:</b> <sup>(5)</sup>                                                                                                                 |                                                         |                                                                     |                                                                  |                                                                                                                                                                                                                                                                                                                                                           |
| <b>Edward A. Kuczmariski</b><br>Director and Independent Chair of the Board, Member of the Audit Committee, Member of the Governance Committee<br>Born: 1949 | Since 2021                                              | 8                                                                   | Retired.                                                         | Director/Trustee of several investment companies advised or administered by Brookfield Public Securities Group LLC (“PSG” or the “Administrator”) (2011 – Present).                                                                                                                                                                                       |
| <b>Stuart A. McFarland</b><br>Director, Member of the Audit Committee, Member of the Governance Committee<br>Born: 1947                                      | Since 2021                                              | 8                                                                   | Managing Partner of Federal City Capital Advisors (1997 – 2021). | Director/Trustee of several investment companies advised or administered by PSG (2006 – Present); Director of Drive Shack Inc. (formerly, New Castle Investment Corp.) (2000 – 2023); Director of New America High Income Fund (2013 – Present); Director of New Senior Investment Group, Inc. (2014 – 2021); Director of Steward Partners (2017 – 2021). |
| <b>Heather S. Goldman</b><br>Director, Member of the Audit Committee, Chair of the Governance Committee<br>Born: 1967                                        | Since 2021                                              | 8                                                                   | CFO of My Flex Inc. an EQBR company (2022 – 2023).               | Director/Trustee of several investment companies advised or administered by PSG.                                                                                                                                                                                                                                                                          |

| Name, position(s), address <sup>(1)</sup> and year of birth                                                              | Term of office and length of time served <sup>(2)</sup> | Number of funds in Fund Complex overseen by Director <sup>(3)</sup> | Principal occupation(s) during past five years                             | Other directorships held by director during past five years <sup>(4)</sup>                                                                                                                                                                                                                                                                                                                                                                                                      |
|--------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------------------|----------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>William H. Wright II</b><br>Director, Chair of the Audit Committee, Member of the Governance Committee<br>Born: 1960  | Since 2021                                              | 8                                                                   | Retired.                                                                   | Director/Trustee of several investment companies advised or administered by PSG (2020 – Present); Director of Alcentra Capital Corporation (1940 Act BDC) (2018 – 2019); Advisory Director of Virtus Global Dividend & Income Fund, Virtus Global Multi-Sector Income Fund, Virtus Total Return Fund and Duff & Phelps Select Energy MLP Fund (2013 – 2019); Director of the Carlyle Group, TCG BDC I, Inc., TCG BDC II, Inc. and Carlyle Secured Lending III (2021 – Present). |
| <b>Betty A. Whelchel</b><br>Director, Member of the Audit Committee, Member of the Governance Committee<br>Born: 1956    | Since January 1, 2024 <sup>(6)</sup>                    | 8                                                                   | US Head of Public Policy: Regulatory Affairs of BNP Paribas (2016 – 2019). | Director/Trustee of several investment companies advised or administered by PSG (2024 – Present).                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Susan Schauffert-Tam</b><br>Director, Member of the Audit Committee, Member of the Governance Committee<br>Born: 1968 | Since November 20, 2024 <sup>(7)</sup>                  | 8                                                                   | Managing Director, BMO Capital Markets (2007 – 2024).                      | Director/Trustee of several investment companies advised or administered by PSG (2024 – Present).                                                                                                                                                                                                                                                                                                                                                                               |

(1) Address: Brookfield Place, 225 Liberty Street, 35<sup>th</sup> Floor, New York, New York, 10281-1023, unless otherwise noted.

(2) The term of office of the Independent Directors is indefinite.

(3) The Fund Complex is comprised of the Fund, Brookfield Investment Funds (five series of underlying portfolios), Brookfield Infrastructure Income Fund Inc. and Brookfield Real Assets Income Fund Inc.

(4) This column includes only directorships of companies required to report to the SEC under the 1934 Act, (*i.e.*, public companies) or other investment companies registered under the 1940 Act.

(5)

Directors who are not considered to be “interested persons” of the Fund as defined in the 1940 Act are considered to be “Independent Directors.”

- (6) Ms. Betty A. Welchel was appointed as an independent director/trustee of the Fund Complex effective January 1, 2024.
- (7) Ms. Susan Schauffert-Tam was appointed as an independent director/trustee of the Fund Complex effective November 20, 2024.

| Name, position(s), address <sup>(1)</sup> and year of birth    | Term of office and length of time served <sup>(2)</sup>                | Number of funds in Fund Complex overseen by Director <sup>(3)</sup> | Principal occupation(s) during past five years                                                                                                                                                                                                                                                                | Other directorships held by director during past five years <sup>(4)</sup>        |
|----------------------------------------------------------------|------------------------------------------------------------------------|---------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| <b>INTERESTED DIRECTORS/OFFICERS:<sup>(5)</sup></b>            |                                                                        |                                                                     |                                                                                                                                                                                                                                                                                                               |                                                                                   |
| <b>Brian F. Hurley</b><br>President and Director<br>Born: 1977 | Director since March 29, 2024 <sup>(6)</sup> ;<br>President since 2021 | 8                                                                   | President of several investment companies advised or administered by PSG (2014 – Present); General Counsel of the Administrator (2017 – Present); General Counsel of Brookfield Oaktree Wealth Solutions (2021 – Present); Managing Partner of Brookfield Asset Management Inc. (2016 – Present).             | Director/Trustee of several investment companies advised by PSG (2024 – Present). |
| <b>Casey P. Tushaus</b><br>Treasurer<br>Born: 1982             | Since 2021                                                             | N/A                                                                 | Treasurer of several investment companies advised or administered by PSG (2021 – Present); Assistant Treasurer of several investment companies advised or administered by the Administrator (2016 – 2021); Director of the Administrator (2021 – Present); Vice President of the Administrator (2014 – 2021). | N/A                                                                               |

| Name, position(s), address <sup>(1)</sup> and year of birth            | Term of office and length of time served <sup>(2)</sup> | Number of funds in Fund Complex overseen by Director <sup>(3)</sup> | Principal occupation(s) during past five years                                                                                                                                                                                                                                                                                                                                                      | Other directorships held by director during past five years <sup>(4)</sup> |
|------------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|
| <b>Craig A. Ruckman</b><br>Secretary<br>Born: 1977                     | Since 2022                                              | N/A                                                                 | Secretary of several investment companies advised or administered by PSG (2022 – Present); Managing Director of the Adviser (2022 – Present); Director of Allianz Global Investors U.S. Holdings LLC (2016 – 2022); Assistant Secretary of 63 funds in the Allianz Global Investors Fund Complex (2017 – 2020); and Chief Legal Officer of Allianz Global Investors Distributors LLC (2019 – 2022). | N/A                                                                        |
| <b>Adam R. Sachs</b><br>Chief Compliance Officer (“CCO”)<br>Born: 1984 | Since 2021                                              | N/A                                                                 | CCO of several investment companies advised or administered by PSG (2017 – Present); Director of the Administrator (2017 – Present); CCO of Brookfield Investment Management (Canada) Inc. (2017 – 2023).                                                                                                                                                                                           | N/A                                                                        |
| <b>Mohamed S. Rasul</b><br>Assistant Treasurer<br>Born: 1981           | Since 2021                                              | N/A                                                                 | Assistant Treasurer of several investment companies advised or administered by PSG (2016 – Present); Vice President of the Administrator (2019 – Present); Assistant Vice President of the Administrator (2014 – 2019).                                                                                                                                                                             | N/A                                                                        |

- (1) Address: Brookfield Place, 225 Liberty Street, 35<sup>th</sup> Floor, New York, New York, 10281-1023, unless otherwise noted.
- (2) Mr. Hurley will hold office as Director for an indefinite term until the earliest of: (i) the next meeting of stockholders, if any, called for the purpose of considering the election or re-election of Mr. Hurley and until the election and qualification of his successor, if any, elected at such meeting; or (ii) the date Mr. Hurley resigns or retires, or is removed by the Board or stockholders, in accordance with the Fund’s Charter and Bylaws. Each officer will hold office for an indefinite term or until the date he or she resigns or retires until his or her successor is elected and qualified.
- (3) The Fund Complex is comprised of the Fund, Brookfield Investment Funds (five series of underlying portfolios), Brookfield Infrastructure Income Fund Inc. and Brookfield Real Assets Income Fund Inc.

- (4) This column includes only directorships of companies required to report to the SEC under the Securities and Exchange Act of 1934 (the “1934 Act”), (*i.e.*, public companies) or other investment companies registered under the 1940 Act.
- (5) Directors who are not considered to be “interested persons” of the Fund as defined in the 1940 Act are considered to be “Independent Directors.”
- (6) Mr. Brian F. Hurley was appointed as an interested director/trustee of the Fund Complex effective March 29, 2024.

#### **Additional Information Concerning the Board of Directors**

##### **The role of the Board**

The Board provides oversight of the management and operations of the Fund. As is the case with virtually all investment companies (as distinguished from operating companies), the day-to-day management and operation of the Fund is the responsibility of various service providers to the Fund, such as the Fund’s investment adviser and administrator, custodian, and transfer agent, each of whom are discussed in greater detail in this SAI. The Board approves all significant agreements between the Fund and its service providers. The Board has appointed senior employees of the Administrator (as defined below) as officers of the Fund, with responsibility to monitor and report to the Board on the Fund’s day-to-day operations. In conducting this oversight, the Board receives regular reports from these officers and service providers regarding the Fund’s operations. The Board has appointed a Chief Compliance Officer who administers the Fund’s compliance program and regularly reports to the Board as to compliance matters. Some of these reports are provided as part of formal “Board meetings” which are typically held quarterly, in person, and involve the Board’s review of recent Fund operations. From time to time, one or more members of the Board may also meet with management in less formal settings, between scheduled “Board meetings,” to discuss various topics. In all cases, however, the role of the Board and of any individual Director is one of oversight and not of management of the day-to-day affairs of the Fund and its oversight role does not make the Board a guarantor of the Fund’s investments, operations, or activities.

##### **Board leadership structure**

The Board has structured itself in a manner that it believes allows it to perform its oversight function effectively. It has established three standing committees, an Audit Committee, a Governance Committee, and a Qualified Legal Compliance Committee (the “QLCC”) (collectively, the “Committees”), which are discussed in greater detail below. Currently, six of the seven members of the Board, including the Chair of the Board, are Independent Directors, which are Directors that are not affiliated with the Adviser, Administrator, or their affiliates, and each of the Audit Committee, Governance Committee, and QLCC are comprised entirely of Independent Directors. Each of the Independent Directors helps identify matters for consideration by the Board and the Chairman has an active role in the agenda-setting process for Board meetings. The Audit Committee Chairman also has an active role in the agenda-setting process for the Audit Committee meetings. The Fund’s Board has adopted Fund Governance Policies and Procedures to ensure that the Board is properly constituted in accordance with the 1940 Act and to set forth examples of certain of the significant matters for consideration by the Board and/or its Committees in order to facilitate the Board’s oversight function.

The Board has determined that its leadership structure is appropriate. In addition, the Board also has determined that the structure, function, and composition of the Committees are appropriate means to provide effective oversight on behalf of Fund Shareholders. The Independent Directors have engaged their own independent counsel to advise them on matters relating to their responsibilities to the Fund.

##### **Board oversight of risk management**

As part of its oversight function, the Board receives and reviews various risk management reports and assessments and discusses these matters with appropriate management and other personnel. Because risk management is a broad concept comprised of many elements, Board oversight of different types of risks is handled in different ways. For example, the full Board receives and reviews reports from senior personnel of the Adviser and Administrator (including senior compliance, financial reporting, and investment personnel) or their affiliates regarding various types of risks, including, but not limited to, operational, compliance, investment, and business continuity risks, and how they are being managed. From time to time, the full Board meets with the Fund’s Chief Compliance Officer to discuss compliance risks relating to the Fund, the Adviser, and the Fund’s other service providers. The Audit Committee supports the Board’s oversight of risk management in a variety of ways, including meeting regularly with the Fund’s Treasurer and with the Fund’s independent registered public accounting firm and, when appropriate, with other personnel employed by the Adviser to discuss, among other things, the internal control structure of the Fund’s financial reporting function and compliance with the requirements of the Sarbanes-Oxley Act of 2002. The Audit Committee also meets regularly with the Fund’s Chief Compliance Officer to discuss compliance and operational risks and receives reports from the Adviser’s internal audit group as to these and other matters.



## Information about each Director’s qualifications, experience, attributes, or skills

The Board believes that each of the Directors has the qualifications, experience, attributes, and skills (“Director Attributes”) appropriate to serve as a Director of the Fund in light of the Fund’s business and structure. Certain of these business and professional experiences are set forth in detail in the table above. The Directors have substantial board experience or other professional experience and have demonstrated a commitment to discharging their oversight responsibilities as Directors. The Board, with the assistance of the Governance Committee, annually conducts a “self-assessment” wherein the performance of the Board and the effectiveness of the Board and the Committees are reviewed.

In addition to the information provided in the table above, below is certain additional information regarding each particular Director and certain of their Director Attributes. The information provided below, and in the table above, is not all-inclusive. Many Director Attributes involve intangible elements, such as intelligence, integrity and work ethic, the ability to work together, the ability to communicate effectively, the ability to exercise judgment, the ability to ask incisive questions, and commitment to shareholder interests. In conducting its self-assessment, the Board has determined that the Directors have the appropriate attributes and experience to serve effectively as Directors of the Fund.

*Edward A. Kuczmariski.* Mr. Kuczmariski has financial accounting experience as a Certified Public Accountant. He also currently serves on the board of directors/trustees for several other investment management companies. In serving on these boards, Mr. Kuczmariski has come to understand and appreciate the role of a director and has been exposed to many of the challenges facing a board and the appropriate ways of dealing with those challenges. Mr. Kuczmariski serves as Chair of the Board of Directors, and is a member of the Governance Committee and the Audit Committee.

*Heather S. Goldman.* Ms. Goldman has extensive experience in executive leadership, business development and marketing of investment vehicles similar to those managed by the Adviser and the Administrator. Ms. Goldman is a capital markets financial services and tech executive, who over a twenty-plus year career has worked in a senior capacity across a diverse array of firms in the private equity, investment management and commercial banking industries. She had previously served as head of global marketing for the Administrator, and as such has extensive knowledge of the Administrator, its operations, and personnel. She also has experience working in other roles for the parent company of the Administrator. Prior to working with the Administrator, and for nearly five years, she acted as CEO and Chair, co-founding and managing Capital Thinking, a financial services risk-management technology company in New York. Ms. Goldman is a member of the Audit Committee and is Chair of the Governance Committee.

*Stuart A. McFarland.* Mr. McFarland has extensive experience in executive leadership, business development and operations, corporate restructuring, and corporate finance. He previously served in senior executive management roles in the private sector, including serving as the Executive Vice President and Chief Financial Officer of Fannie Mae and as the Executive Vice President and General Manager of GE Capital Mortgage Services, Corp. Mr. McFarland currently serves on the board of directors/trustees for various other investment management companies and non-profit entities, and is the Managing Partner of Federal City Capital Advisors. Mr. McFarland is a member of the Audit Committee and the Governance Committee.

*William H. Wright II.* Mr. Wright has extensive experience in executive leadership, investment banking and corporate finance. He previously served as a Managing Director of Morgan Stanley until his retirement in 2010, having joined the firm in 1982. During his career in investment banking at Morgan Stanley, Mr. Wright headed the corporate finance execution group, where he was responsible for leading and coordinating teams in the execution of complex equity offerings for multinational corporations. Following his career in investment banking, Mr. Wright served on the board of directors/trustees for various other investment management companies and non-profit entities. Mr. Wright serves as Chair of the Audit Committee and is a member of the Governance Committee.

*Betty A. Whelchel.* Ms. Whelchel has extensive experience in financial services law and regulation, international finance and public policy. She has held a number of senior management positions at international financial institutions, including serving as U.S. Head of Public Policy and Regulatory Affairs and U.S. General Counsel for BNP Paribas, Global General Counsel for Deutsche Asset Management and U.S. Deputy General Counsel for Deutsche Bank AG. She started her career in the General Counsel’s office of the U.S. Treasury Department, and worked as a lawyer with Shearman & Sterling in its New York and Tokyo offices, specializing in bank finance, mergers and acquisitions and joint ventures. Throughout her forty-two year career, Ms. Whelchel has been active in industry initiatives related to financial regulation and corporate governance, including the Committee on Capital Markets Regulation, the Executive Committee of the Institute of International Bankers Board of Trustees, and the Association of the Bar of the City of New York’s Special Task Force on the Lawyer’s Role in Corporate Governance. She has received numerous awards, including 2015 Legal 500 Individual of the Year in Financial Services and the 2013 Burton “Legend in the Law” Award. Ms. Whelchel is a member of the Audit Committee and the Governance Committee.

*Susan Schauffert-Tam.* Ms. Schauffert-Tam has extensive experience in executive leadership as a senior finance professional, including experience in capital structuring, credit, mergers and acquisitions and debt capital markets. Ms. Schauffert-Tam is a capital markets financial services executive, who over a twenty-plus year career has worked in a senior capacity with a particular focus on infrastructure financing. She previously served as a Managing Director of BMO Capital Markets until her retirement in 2024, having joined the firm in 1999. During her career at BMO Capital Markets, Ms. Schauffert-Tam was responsible for debt origination, including structuring both public and private infrastructure financing transactions. In addition, Ms. Schauffert-Tam previously served as head of debt syndication at BMO Capital Markets where she led the team responsible for bringing all corporate investment grade, high yield debt, asset-backed securities and project bonds to market. Ms. Schauffert-Tam is a member of the Audit Committee and the Governance Committee.

*Brian F. Hurley.* Mr. Hurley has 22 years of industry experience and is General Counsel for the Public Securities Group as well as a Managing Partner of Brookfield Asset Management. In this role he oversees the legal and regulatory functions and is also actively involved in the Public Securities Group's investment funds business, including product and business development. Prior to joining the firm in 2010, Mr. Hurley was an attorney at Paul Hastings LLP and a member of the Investment Management Practice Group, where he focused his practice on representing investment advisers and various forms of investment companies. Mr. Hurley earned a Juris Doctor degree from Columbia University and a Bachelor of Arts degree from the College of the Holy Cross.

### **Board Committees**

The Fund established the following three standing committees and the membership of each committee to assist in its oversight functions, including its oversight of the risks the Fund faces: the Audit Committee, the QLCC, and the Governance Committee. There is no assurance, however, that the Board's committee structure will prevent or mitigate risks in actual practice. The Fund's committee structure is specifically not intended or designed to prevent or mitigate the Fund's investment risks. The Fund is designed for investors that are prepared to accept investment risk, including the possibility that unforeseen risks may emerge in the future.

#### **Audit Committee**

The Audit Committee is comprised of Messrs. Wright, Kuczmariski, McFarland and Meses. Goldman, Whelchel, and Schaufert-Tam. It does not include any interested Directors. The Audit Committee meets regularly with respect to the various series of the Fund. The principal functions of the Audit Committee are to review the Fund's audited financial statements, to select the Fund's independent auditors, to review with the Fund's auditors the scope and anticipated costs of their audit, and to receive and consider a report from the auditors concerning their conduct of the audit, including any comments or recommendations they might want to make in connection therewith. During the Fund's fiscal year ended December 31, 2023, the Audit Committee held four Committee meetings.

The Audit Committee also serves as the QLCC for the Fund for the purpose of compliance with Rules 205.2(k) and 205.3(c) of the Code of Federal Regulations, regarding alternative reporting procedures for attorneys retained or employed by an issuer who appear and practice before the SEC on behalf of the issuer (the "issuer attorneys"). An issuer's attorney who becomes aware of evidence of a material violation by the Fund, or by any officer, Director, employee, or agent of the Fund, may report evidence of such material violation to the QLCC as an alternative to the reporting requirements of Rule 205.3(b) (which requires reporting to the chief legal officer and, potentially, "up the ladder" to other entities). The QLCC meets as needed, and did not meet during the fiscal year ended December 31, 2023.

#### **Governance Committee**

The Governance Committee is comprised of Messrs. Kuczmariski, McFarland and Wright and Meses. Goldman, Whelchel, and Schaufert-Tam. The function of the Fund's Governance Committee is to recommend candidates for election to its Board as Independent Directors. The Fund's Governance Committee evaluates each candidate's qualifications for Board membership and their independence from the Adviser and other principal service providers. The Governance Committee will consider nominees recommended by Shareholders who, separately or as a group, own at least one percent of the Fund's shares. The Governance Committee held three meetings during the fiscal year ended December 31, 2023.

#### **Board Meetings**

The Fund's Board held four regular meetings during the fiscal year ended December 31, 2023. During the current fiscal year, each Director attended at least 75% of the aggregate of the meetings of the Fund's Board of Directors. The Fund's Fund Governance Policies and Procedures provide that the Chair of the Board, who is elected by the Independent Directors, will preside at each executive session of the Board, or if one has not been designated, the chairperson of the Governance Committee shall serve as such.

#### **Beneficial Ownership of Shares Held in the Fund and the Family of Investment Companies for Each Director**

Set forth in the table below is the dollar range of equity securities in the Fund beneficially owned by each Director and the aggregate dollar range of equity securities in the Fund Complex beneficially owned by each Director as of December 31, 2023.

| Name of Director             | Aggregate dollar range of equity securities held in the Fund* (1) | Aggregate dollar range of equity securities held in the Complex* (1)(2) |
|------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------------|
| <b>Interested Director:</b>  |                                                                   |                                                                         |
| Brian F. Hurley (3)          | A                                                                 | C                                                                       |
| <b>Independent Director:</b> |                                                                   |                                                                         |
| Heather S. Goldman           | A                                                                 | D                                                                       |
| Edward A. Kuczmariski        | A                                                                 | D                                                                       |
| Stuart A. McFarland          | A                                                                 | E                                                                       |
| William H. Wright II         | A                                                                 | A                                                                       |
| Betty A. Whelchel (4)        | A                                                                 | A                                                                       |
| Susan Schaufert-Tam (5)      | A                                                                 | A                                                                       |

\* Key to Dollar Ranges

- A. None
- B. \$1 – \$10,000
- C. \$10,001 – \$50,000
- D. \$50,001 – \$100,000
- E. Over \$100,000

All shares were valued as of December 31, 2023.

- (1) “Beneficial Ownership” is determined in accordance with Rule 16a-1(a)(2) of the 1934 Act.
- (2) The aggregate dollar range of equity securities owned by each Director of the Fund and of all funds overseen by each Director in each of Brookfield’s and Oaktree’s family of investment companies (the “Fund Complex”) as of December 31, 2023. As of the date of this SAI the Fund Complex is comprised of the Fund, Brookfield Investment Funds (five series of underlying portfolios), Brookfield Infrastructure Income Fund Inc. and Brookfield Real Assets Income Fund Inc.
- (3) Mr. Brian F. Hurley appointed as an interested director/trustee of the Fund Complex effective March 29, 2024.
- (4) Ms. Betty A. Whelchel was appointed as an independent director/trustee of the Fund Complex effective January 1, 2024.
- (5) Ms. Susan Schaufert-Tam was appointed as an independent director/trustee of the Fund Complex effective November 20, 2024.

As of December 31, 2023, none of the Independent Directors nor members of their immediate families, own securities beneficially or of record in the Adviser or any affiliate thereof. Accordingly, neither the Independent Directors nor members of their immediate family, have direct or indirect interest, the value of which exceeds \$120,000, in the Adviser, or any of their affiliates. In addition, during the two most recently completed calendar years, neither the Independent Directors nor members of their immediate families have conducted any transactions (or series of transactions) in which the amount involved exceeds \$120,000 and to which the Adviser or any affiliate thereof was a party.

#### Remuneration of Directors and Officers

No remuneration was paid by the Fund to persons who were directors, officers or employees of the Adviser or any affiliate thereof for their services as Directors or officers of the Fund. Each Director of the Fund, other than those who are officers or employees of the Adviser or any affiliate thereof, was entitled to receive from the Fund a Fund Complex fee.

For the fiscal year ended December 31, 2023, the aggregate annual retainer paid to each Independent Director of the Board for the Fund Complex was \$225,000. Effective January 1, 2024, the aggregate annual retainer paid to each Independent Director of the Board for the Fund Complex is \$250,000. The Independent Chair of the Fund receives an additional payment of \$55,000 per year. The Chair of the Audit Committee receives an additional payment of \$50,000 per year. The Chair of the Governance Committee receives an additional payment of \$15,000 per year. The Independent Directors also receive reimbursement from the Fund for expenses incurred in connection with attendance at regular meetings. The Fund does not have a pension or retirement plan. No other entity affiliated with the Fund pays any compensation to the Directors.

## Compensation Table

| Name of person and position         | Aggregate compensation from the Fund | Total compensation from the Fund Complex <sup>(1)</sup> |
|-------------------------------------|--------------------------------------|---------------------------------------------------------|
| <b>Interested Director:</b>         |                                      |                                                         |
| Brian F. Hurley <sup>(2)</sup>      | N/A                                  | N/A                                                     |
| <b>Independent Director:</b>        |                                      |                                                         |
| Heather S. Goldman                  | \$35,772                             | \$235,000                                               |
| Edward A. Kuczmariski               | \$41,111                             | \$270,000                                               |
| Stuart A. McFarland                 | \$34,259                             | \$225,000                                               |
| William H. Wright II                | \$40,350                             | \$265,000                                               |
| Betty A. Whelchel <sup>(3)</sup>    | \$—                                  | \$—                                                     |
| Susan Schauffert-Tam <sup>(4)</sup> | \$—                                  | \$—                                                     |

- (1) Represents the total compensation paid to such persons during the fiscal year ended December 31, 2023, by investment companies or portfolios thereof from which such person receives compensation that are considered part of the Fund Complex. The total does not include, among other things, out-of-pocket Director expenses. As of December 31, 2023, there were 9 investment companies and portfolios in the Fund Complex.
- (2) Mr. Brian F. Hurley was appointed as an interested director/trustee of the Fund Complex effective March 29, 2024. Mr. Hurley's predecessor, Mr. David W. Levi, did not receive any compensation for the fiscal year ended December 31, 2023, as an interested director/trustee of the Fund Complex.
- (3) Ms. Betty A. Whelchel was elected as director/trustee of the Fund Complex effective January 1, 2024. As a result, she received no compensation from the Fund Complex for the fiscal year ended December 31, 2023.
- (4) Ms. Susan Schauffert-Tam was appointed as an independent director/trustee of the Fund Complex effective November 20, 2024. As a result, she received no compensation from the Fund Complex for the fiscal year ended December 31, 2023.

### Indemnification of Officers and Directors; Limitations on Liability

Maryland law permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its shareholders for money damages, except for liability resulting from (a) actual receipt of an improper benefit or profit in money, property or services or (b) active and deliberate dishonesty established by a final judgment as being material to the cause of action. The Fund's charter contains such a provision which eliminates directors' and officers' liability to the maximum extent permitted by Maryland law, subject to the requirements of the 1940 Act.

The Fund's charter, to the maximum extent permitted by Maryland law and subject to the requirements of the 1940 Act, obligates the Fund to indemnify any present or former director or officer or any individual who, while serving as a director or officer of the Fund and, at the Fund's request, serves or has served another corporation, real estate investment trust, partnership, joint venture, trust, limited liability company, employee benefit plan, or other enterprise as a director, officer, partner, member, manager, trustee, employee or agent from and against any claim or liability to which that individual may become subject or which that individual may incur by reason of his or her service in any such capacity, and to pay or reimburse his or her reasonable expenses in advance of final disposition of a proceeding.

The Fund's charter also permits the Fund to indemnify and advance expenses to any individual who served any predecessor of the Fund in any of the capacities described above and any employee or agent of the Fund or a predecessor of the Fund, if any.

Maryland law requires a corporation (unless its charter provides otherwise, which the Fund's charter does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made, or threatened to be made, a party by reason of his or her service in that capacity. Maryland law permits a corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements, and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made, or threatened to be made, a party by reason of their service in those or other capacities unless it is established that (a) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (1) was committed in bad faith or (2) was the result of active and deliberate dishonesty, (b) the director or officer actually received an improper personal benefit in money, property, or services or (c) in the case of any criminal proceeding, the director or officer had reasonable cause to believe the act or omission was unlawful. However, under Maryland law, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that a personal benefit was improperly received, unless in either case a court orders indemnification, and then only for expenses. In addition, Maryland law permits a corporation to pay or reimburse reasonable expenses to a director or officer in advance of final disposition of a proceeding upon the corporation's receipt of (a) a written affirmation by the director

or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation and (b) a written undertaking by him or her or on his or her behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the standard of conduct was not met.

In accordance with the 1940 Act, the Fund will not indemnify any person for any liability to which such person would be subject by reason of such person's willful misconduct, bad faith, gross negligence, or reckless disregard of the duties involved in the conduct of his or her office.

### **Investment Advisory and Administrative Arrangements**

Oaktree Fund Advisors, LLC (the "Adviser"), a Delaware limited liability company and a registered investment adviser under the Investment Advisers Act of 1940, as amended, serves as the investment advisor to the Fund. The Adviser is an affiliate of Oaktree Capital Management, L.P. ("OCM"), a leading global investment management firm headquartered in Los Angeles, California focused on less efficient markets and alternative investments, and is a subsidiary of Oaktree Capital Group, LLC ("OCG," together with OCM and the Adviser, "Oaktree"). Oaktree was formed in April 1995 and is a leading global investment management firm headquartered in Los Angeles, California, with more than 1,260 employees throughout offices in 25 cities worldwide. As of December 31, 2023, OCM had approximately \$189 billion in assets under management. Oaktree's senior executives and investment professionals have focused on less efficient markets and alternative investments for the past 38 years. Oaktree emphasizes an opportunistic, value-oriented approach to investments in distressed debt, corporate debt (including mezzanine finance, direct lending, high yield debt and senior loans), control investing, convertible securities, real estate, listed equities and multi-strategy solutions.

The firm's competitive advantages include its experienced team of investment professionals, a global platform and a unifying investment philosophy. This investment philosophy — the six tenets of which are risk control, consistency, market inefficiency, specialization, bottom-up analysis and disavowal of market timing — is complemented by a set of core business principles that articulate Oaktree's commitment to excellence in investing; commonality of interests with clients; a collaborative and cooperative culture; and a disciplined, opportunistic approach to the expansion of offerings.

As a result of consistent application of Oaktree's philosophy and principles, Oaktree has earned a large and distinguished clientele. Among Oaktree's clients are 65 of the 100 largest U.S. pension plans, more than 550 corporations around the world, 39 of the 50 state retirement plans in the United States, over 300 endowments and foundations globally, and 18 sovereign wealth funds.

Oaktree's expertise in investing across the capital structure has allowed Oaktree to cultivate a diversified mix of global investment strategies in four categories: credit, private equity, real assets and listed equities. Importantly, the expansion of our strategies has been achieved primarily through "step-outs" into highly related fields, based on identifying markets that (a) we believe have the potential for attractive returns, and (b) can be exploited in a manner consistent with the firm's philosophy focused on risk control.

In 2019, Brookfield Asset Management ULC (formerly, Brookfield Asset Management Inc.), an unlimited liability company formed under the laws of British Columbia, Canada ("BAM ULC") ("Brookfield"), acquired a majority interest in Oaktree. Brookfield Corporation, a publicly traded company (NYSE: BN; TSX: BN), holds a 75% interest in BAMULC, while Brookfield Asset Management Ltd., a publicly traded company (NYSE: BAM; TSX: BAMA) ("Brookfield Asset Management"), holds a 25% interest in BAM ULC. Brookfield Asset Management is a leading global alternative asset manager focused on real estate, renewable power, infrastructure and private equity, with approximately \$900 billion of assets under management as of December 31, 2023. Together, Brookfield and Oaktree provide investors with one of the most comprehensive offerings of alternative investment products available today. While partnering to leverage one another's strengths, Oaktree operates as an independent business within the Brookfield family, with its own product offerings and investment, marketing, and support teams. As of December 31, 2023, the Adviser had approximately \$9.5 billion under management.

Pursuant to a management agreement with the Fund (the "Management Agreement"), the Adviser is responsible for the management of the Fund's portfolio. In return for its investment advisory services, the Fund pays the Adviser a monthly fee at the annual rate of 1.25% of the average daily value of the Fund's Managed Assets. The management services of the Adviser to the Fund are not exclusive under the terms of the Management Agreement and the Adviser is free to, and does, render management services to others.

The Management Agreement provides that the Adviser will not be liable for any error of judgment by the Adviser or for any loss suffered by the Fund in connection with the matters to which the Management Agreement relates, except a loss resulting from a breach of fiduciary duty with respect to the receipt of compensation for services (in which case, any award of damages shall be limited to the period and the amount set forth in Section 36(b)(3) of the 1940 Act) or loss resulting

from willful misfeasance, bad faith or gross negligence, or reckless disregard of duties. The Management Agreement provides that it will terminate automatically if assigned (as defined in the 1940 Act), and that it may be terminated without penalty by either the Adviser or the Fund by the Board of Directors or vote of a majority of the outstanding voting securities of the Fund (as defined in the 1940 Act) upon not more than 60 days', nor less than 30 days', written notice. The Management Agreement will have an initial term of two years, and continue in effect thereafter only so long as such continuance is specifically approved at least annually by the Board of Directors in accordance with the requirements of the 1940 Act.

A discussion regarding the Board of Directors' most recent approval of the Management Agreement for the Fund is available in the Fund's semi-annual report to shareholders for the period ended June 30, 2024.

During periods when the Fund is using leverage, if any, the fees paid to the Adviser will be higher than if the Fund did not use leverage because the fees paid are calculated on the basis of the Fund's total Managed Assets (including assets attributable to such leverage).

The table below sets forth the total advisory fees paid by the Fund to the Adviser for the fiscal years ended December 31, 2023 and 2022, and for the fiscal period ended December 31, 2021. Advisory fees waived by the Adviser were done pursuant to an expense limitation agreement (see the "Expense Limitation Agreement" section below).

| Oaktree Diversified Income Fund Inc. | 2023        | 2022        | 2021        |
|--------------------------------------|-------------|-------------|-------------|
| Advisory Fees                        | \$2,630,998 | \$1,995,058 | \$218,733   |
| Advisory Fees Waived                 | \$137,705   | \$202,188   | \$(603,375) |
| Net Advisory Fees Paid to Adviser    | \$2,768,703 | \$2,197,246 | \$—         |

Pursuant to an administration agreement (the "Administration Agreement"), between the Adviser, on behalf of the Fund and Brookfield Public Securities Group, LLC ("PSG" or the "Administrator"), the Administrator provides administrative services reasonably necessary for the Fund's operations, other than those services that the Adviser provides to the Fund pursuant to the Management Agreement. The Adviser is responsible for any fees due to the Administrator.

### Portfolio Managers

Bruce Karsh, Wayne Dahl, Armen Panossian, Danielle Poli and David Rosenberg are responsible for management of the Fund. Bruce Karsh is the lead portfolio manager for the Fund.

The table below identifies the number of accounts (other than the Fund) for which the Fund's portfolio managers have day-to-day management responsibilities and the total assets in such accounts, within each of the following categories: registered investment companies, other pooled investment vehicles, and other accounts. For each category, the number of accounts and total assets in the accounts where fees are based on performance is also indicated as of December 31, 2023.

| Portfolio Manager | Number of Registered Investment Companies Managed and Total Assets for such Accounts(*) | Beneficial Ownership of Equity Securities in Fund Managed by each Portfolio Manager | Number of Other Pooled Investment Vehicles Managed and Total Assets for such Accounts(*) | Number of Other Accounts Managed and Total Assets for such Accounts(*) |
|-------------------|-----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|------------------------------------------------------------------------|
| Bruce Karsh       | 0                                                                                       | \$0                                                                                 | 13/\$45,328                                                                              | 27/\$9,390                                                             |
| Wayne Dahl        | 0                                                                                       | \$0                                                                                 | 0                                                                                        | 0                                                                      |
| Armen Panossian   | 0                                                                                       | \$0                                                                                 | 10/\$13,516                                                                              | 38/\$23,264                                                            |
| Danielle Poli     | 0                                                                                       | \$0                                                                                 | 0                                                                                        | 0                                                                      |
| David Rosenberg   | 1/\$27                                                                                  | \$0                                                                                 | 8/\$4,905                                                                                | 58/\$19,650                                                            |

\* Assets in millions

Oaktree attracts, motivates and retains talented employees by making them active participants in, and beneficiaries of, the firm's success. In addition to salaries, all Oaktree employees share in the discretionary bonus pool (which receives a participation of 10% or more in all of Oaktree's profits). An employee's participation in the bonus pool is based on unit and company success, level of responsibility, and individual performance. Oaktree also matches employee retirement plan contributions up to a pre-determined percentage.

Oaktree's compensation program design allows for participation in all products' results to further align its employees' interests with those of its clients. This is evidenced by Oaktree's long-term incentive program, which allows eligible senior employees to participate in the success of multiple Oaktree investment strategies and products. Awards under Oaktree's primary long-term incentive program will, unless otherwise elected by the receiving employee, track the performance of the Fund. Therefore, employees have a financial interest in the success of multiple Oaktree investment strategies, which supports an alignment of interests with Oaktree clients. The most important determinants of incentive compensation are the success of the firm and strategy and the contribution of the individual. A significant portion of employee compensation is derived from bonuses, which are a function of the firm's profitability and the individual employee's responsibilities and performance. Salaries are fixed at different levels based upon total compensation bands.

Key investment professionals who devote substantial time to certain funds may be awarded a right to participate in the carried interest from such funds, subject to a vesting schedule. Key investment professionals who devote substantial time to certain evergreen funds may be awarded a share of the annual incentive fees, if any, received by Oaktree from such funds. Taken together, the incentive compensation elements of bonuses, long-term incentive awards, incentive fee sharing and/or participation in carried interest represent a far greater proportion of a senior investment professional's long-term compensation than does the fixed annual salary.

Founding Principals do not receive salaries or bonuses but rather derive the majority of their compensation from equity holdings. As a founding Principal, Bruce Karsh does not receive a salary or bonus, but does receive compensation through his equity holdings and carried interest.

### **Potential Conflicts of Interest**

Oaktree and its affiliates manage a number of different investment strategies which present the possibility of overlapping investments, and thus the potential for conflicts of interest. Various accounts managed by Oaktree and its affiliates invest in a broad range of asset classes throughout the corporate capital structure, including loans and debt securities, preferred equity securities and common equity securities. In some cases Oaktree accounts will hold an interest in one part of a company's capital structure while one or more other accounts holds an interest in another part of that company's capital structure. In such cases the interests of each account, including the Fund, may conflict with one another. If any matter arises that Oaktree determines in its good faith judgment constitutes an actual conflicts of interest between the Fund and any other Oaktree accounts, Oaktree may take such actions as may be necessary or appropriate to prevent or reduce the conflict. There is no guarantee that any conflicts that arise between the Fund, any Oaktree account, or Oaktree and its affiliates will be resolved in favor of the Fund. Such conflicts could have the effect of benefiting other Oaktree accounts, or Oaktree and its affiliates, and may have an adverse effect on the Fund or its investments.

In the course of providing investment management services, Oaktree and all principals, partners, officers, employees of Oaktree, as well as certain consultants and other external service providers, and its affiliates (collectively, "Oaktree Representatives"), likely will come into possession of material, nonpublic information which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, Oaktree and Oaktree Representatives may be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any other person, including the Fund. In addition, certain accounts have acquired, and may in the future acquire, interests in companies that provide services to one or more other accounts. The payment of fees by accounts to a service provider owned in whole or in part by other accounts may give rise to potential conflicts of interest to the extent Oaktree directed or initiated such transaction. If Oaktree believes such instances may give rise to a conflict of interest, Oaktree will address such conflicts based on the facts and circumstances presented by each situation and attempt to employ measures to ensure that the accounts using the company's services are charged arm's-length prices for the services they receive. Such measures may include, where appropriate, having the company's management control the negotiation of fees with the accounts to which services are provided and/or obtaining a "most favored nations" clause so that the accounts will automatically receive the benefit of the most favorable fees charged by the service provider to similarly situated clients. Oaktree and its employees may also receive certain benefits, such as discounts on products or services from companies in which an Oaktree account holds a significant ownership interest.

*Conflicts Relating to Brookfield Asset Management* In 2019, Brookfield acquired a majority interest in Oaktree. Oaktree is a wholly owned subsidiary of Brookfield. Together, Brookfield and Oaktree provide investors with one of the most comprehensive offerings of alternative investment products available today. While partnering to leverage one another's strengths, Oaktree operates as an independent business within the Brookfield family, with its own product offerings and investment, marketing, and support teams. Brookfield and Oaktree have continued to operate their respective investment businesses largely independently, with each remaining under its own brand and led by its own management and investment teams. Brookfield and Oaktree manage their investment team independently of each other pursuant to an information barrier.

Oaktree accounts and their portfolio companies sometimes engage in activities and have business relationships that give rise to conflicts (and potential conflicts) of interest between them, on the one hand, and, Brookfield and Brookfield's clients (together, "Brookfield Accounts") and their portfolio companies on the other hand. For so long as Brookfield and Oaktree manage their investment teams independently of each other pursuant to an information barrier, Oaktree, Oaktree accounts and their respective portfolio companies generally will not be treated as affiliates of Brookfield, Brookfield Accounts and their portfolio companies, and conflicts (and potential conflicts) considerations, including in connection with allocation of investment opportunities, investment and trading activities, and agreements, transactions and other arrangements entered into with Oaktree, Oaktree accounts and their portfolio companies, generally will be managed in accordance with disclosures set out in the governing documents and independently.

There is (and in the future will continue to be) overlap in investment strategies and investments pursued by Oaktree and Brookfield. Nevertheless, Oaktree generally does not coordinate or consult with Brookfield with respect to investment decisions of Oaktree accounts. While this absence of coordination and consultation, and the information barrier described above, in some respects serves to mitigate conflicts of interests between Oaktree and Brookfield, these same factors also give rise to certain conflicts and risks in connection with Brookfield's and Oaktree's investment activities, and make it more difficult to mitigate, ameliorate or avoid such situations. For example, because neither Brookfield nor Oaktree generally coordinate or consult with the other about investment activities and/or decisions made by the other, and neither Brookfield nor Oaktree is subject to any internal approvals over its respective investment activities and decisions by any person who would have knowledge and/or decision-making control of the investment decisions of the other, Brookfield will pursue investment opportunities for Brookfield Accounts which would also be suitable for Oaktree accounts, but which are not made available to such Oaktree accounts. Brookfield Accounts and Oaktree accounts compete, from time to time, for the same investment opportunities. Such competition could, under certain circumstances, adversely impact the purchase price of investments. Brookfield has no obligation to, and generally will not, share investment opportunities that would also be suitable for the Oaktree accounts, and Oaktree and Oaktree accounts have no rights with respect to any such opportunities.

In addition, Brookfield is not restricted from forming or establishing new Brookfield Accounts, such as additional funds or successor funds, which directly compete with Oaktree accounts for investment opportunities. Brookfield Accounts also are not restricted from pursuing investment opportunities based in whole or in part on information, support and knowledge provided directly or indirectly by Oaktree. For example, Oaktree may provide Brookfield, from time to time, with access to marketing-related support, including, for example, introductions to investor relationships and other marketing facilitation activities. Such Brookfield Accounts could compete with or otherwise conduct their affairs without regard to any adverse impact on Oaktree accounts. In addition, Brookfield Accounts are permitted to make investments suitable for Oaktree accounts without the consent of the Oaktree accounts or Oaktree. From time to time, Brookfield Accounts and Oaktree accounts may purchase or sell an investment from or to each other, as well as jointly pursue investments.

In addition, from time to time, Brookfield Accounts hold interests in investments held by Oaktree accounts (or potential Oaktree account investments) and/or subsequently purchase (or sell) an interest in an investment held by Oaktree accounts (or potential Oaktree account investments). In such situations, Brookfield Accounts could benefit from Oaktree accounts' activities. Conversely, Oaktree accounts could be adversely impacted by Brookfield's activities. In addition, as a result of different investment objectives, views and/or interests in investments, Brookfield may manage certain Brookfield Accounts' investments in particular issuers in a way that is different from Oaktree accounts' investments in the same issuers (including, for example, by investing in different portions of the issuer's capital structure, short selling securities, voting securities or exercising rights it holds in a different manner and/or buying or selling its interests at different times than the Oaktree accounts), which could adversely impact Oaktree accounts' interests. Brookfield and its affiliates may take positions, give advice and provide recommendations that are different from, and potentially contrary to, those which are taken by, given or provided to Oaktree accounts, and are expected to hold interests that potentially are adverse to those held by Oaktree accounts. Brookfield has no obligation or duty to make available for the benefit of Oaktree accounts any information regarding its activities, strategies and/or views.

Brookfield and Oaktree are likely to be deemed to be affiliates of each other for purposes of certain laws and regulations, notwithstanding their operational independence and the existence of an information barrier between them, and from time to time Brookfield Accounts and Oaktree accounts will have positions (which in some cases will be significant) in the same issuers. In those cases Brookfield and Oaktree will frequently need to aggregate their investment holdings, including holdings of Brookfield Accounts and Oaktree accounts, for certain securities law purposes (including trading restrictions under Rule 144 under the Securities Act, reporting obligations under Section 13 of the Exchange Act and reporting and short-swing).

### **Control Persons**

A principal shareholder is any person who owns of record or beneficially 5% or more of any class of the outstanding shares of the Fund. A control person is one who owns beneficially or through controlled companies more than 25% of the



voting securities of a company or acknowledges the existence of control. Shareholders with a controlling interest could affect the outcome of voting or the direction of management of the Fund. As of December 16, 2024, the Fund could be deemed to be under control of Oaktree Fund GP I, L.P., which had voting authority with respect to approximately 60.28% of the value of the outstanding interests in the Fund.

As of December 16, 2024, the officers and Directors, as a group, owned beneficially less than 1% of the shares (aggregating all classes) of the Fund.

As of December 16, 2024, the following persons were known to own of record or beneficially 5% or more of the outstanding shares of the Fund as indicated:

**Class D Shares<sup>(1)</sup>**

**Oaktree Diversified Income Fund Inc.**

| <b>Name and Address</b>                                                                | <b>% of Shares</b> | <b>Parent Company</b>                     | <b>Jurisdiction</b> | <b>Nature of Ownership</b> |
|----------------------------------------------------------------------------------------|--------------------|-------------------------------------------|---------------------|----------------------------|
| Oaktree Fund GP I, L.P.<br>333 South Grand Ave., Fl 28,<br>Los Angeles, CA 90071       | 60.28%             | Oaktree<br>Capital<br>Management,<br>L.P. | Delaware            | Beneficial                 |
| Charles Schwab & Co., Inc.<br>211 Main Street,<br>San Francisco, CA 94105              | 18.22%             | Charles Schwab<br>Corporation             | California          | Record                     |
| National Financial Services LLC<br>499 Washington Blvd., Fl 4<br>Jersey City, NJ 07302 | 16.88%             | Wells Fargo &<br>Co.                      | Delaware            | Record                     |

(1) Class D Shares of the Fund are not offered in this Statement of Additional Information.

**Voting of Proxies**

The Fund has delegated the voting of portfolio securities to the Adviser. The Fund has adopted the proxy voting procedures of the Adviser and has directed the Adviser to vote all proxies relating to the Fund's voting securities in accordance with such procedures. The proxy voting procedures are attached as Appendix A. They are also on file with the SEC and can be reviewed and copied at the SEC's Public Reference Room in Washington, D.C., and information on the operation of the Public Reference Room may be obtained by calling the SEC at 202-551-8090. The proxy voting procedures are also available on the EDGAR Database on the SEC's Internet site (<http://www.sec.gov>) and copies of the proxy voting procedures may be obtained, after paying a duplicating fee, by electronic request at the following email address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov), or by writing the SEC's Public Reference Section, 100 F Street, N.E., Washington, D.C. 20549-0102.

## DISTRIBUTION OF FUND SHARES

Quasar Distributors, LLC, a wholly owned subsidiary of Foreside Financial Group, LLC (dba ACA Group) (the “Distributor”), serves as the principal underwriter in the continuous public offering of the Fund’s shares pursuant to a distribution contract (the “Distribution Contract”) with the Fund, which is subject to annual approval by the Board. The Distributor is a registered broker-dealer and a member of the Financial Industry Regulatory Authority (“FINRA”). The Distributor’s principal business address is Three Canal Plaza, Suite 100, Portland, Maine 04101.

The Distribution Contract will continue in effect with respect to the Fund for successive one-year periods, provided that each such continuance is specifically approved: (i) by the vote of a majority of the Directors who are not interested persons of the Fund (as defined in the 1940 Act) and who have no direct or indirect financial interest in the Distribution Contract or the Management Agreement; and (ii) by the vote of a majority of the entire Board cast in person at a meeting called for that purpose.

The Fund has agreed to indemnify the Distributor and certain of the Distributor’s affiliates against certain liabilities, including certain liabilities arising under the 1933 Act, as amended. To the extent consistent with applicable law, the Distributor has agreed to indemnify the Fund and each Director against certain liabilities under the 1933 Act, as amended, and in connection with the services rendered to the Fund.

The Distributor acts as the distributor of Shares for the Fund on a best efforts basis, subject to various conditions, pursuant to the terms of the Distribution Contract. The Distributor is not obligated to sell any specific amount of Shares of the Fund.

The Fund was granted Exemptive Relief from the SEC that permits the Fund to issue multiple classes of shares and to impose asset-based distribution fees and early-withdrawal fees.

Pursuant to the Exemptive Relief, the Fund maintains a Multi-Class Plan pursuant to Rule 18f-3 under the 1940 Act. Although the Fund is not an open-end investment company, it will undertake to comply with the terms of Rule 18f-3 as a condition of the Exemptive Relief (which relief permits it to have, among other things, a multi-class structure and distribution and/or shareholder servicing fees). Under the Multi-Class Plan, shares of each class of the Fund will represent an equal *pro rata* interest in the Fund and, generally, have identical voting, dividend, liquidation, and other rights, preferences, powers, restrictions, limitations, qualifications, and terms and conditions, except that: (a) each class has a different designation; (b) each class of shares bears any class-specific expenses; and (c) each class shall have separate voting rights on any matter submitted to Shareholders in which the interests of one class differ from the interests of any other class, and shall have exclusive voting rights on any matter submitted to Shareholders that relates solely to that class.

The Fund pays the Distributor a fee of up to 0.75% of the average daily net assets of the Fund’s outstanding Class A Shares and Class U Shares, which may be used to cover expenses incurred by the Distributor for providing sales and promotional activities under the Fund’s Distribution and Servicing Plan, including the printing and distribution of sales literature and prospectuses sent to prospective investors. Authorized dealers to whom substantially the entire sales charge is reallocated may be deemed to be underwriters, according to the definition under the 1933 Act. Pursuant to the Distribution Contract between the Distributor and the Fund, the Fund agrees to indemnify the Distributor against certain liabilities under the 1933 Act. Any distribution related (*i.e.*, Rule 12b-1) fee may be used in whole or in part to finance distribution activities, including sales compensation, and/or shareholder account liaison and servicing activities. The Distributor pays financial services firms’ fees for distributing the applicable shares.

The Fund may enter into arrangements with financial intermediaries to provide sub-transfer agent services and other related services (*e.g.*, client statements, tax reporting, order-processing, and client relations) that otherwise could be handled by the Fund’s transfer agent, U.S. Bancorp Fund Services, LLC. As a result, these third parties may charge fees (sometimes called “sub-transfer agency fees”) to the Fund for these services, so long as such compensation does not exceed certain limits set from time to time by the Board of Directors in consultation with management. The Fund may compensate the institution rendering such services on a per-account basis, as an asset-based fee, based on transaction fees or other charges, or on a cost reimbursement basis, or in some cases, a combination of these inputs. The aggregate amount of sub-transfer agency fees may be substantial and may exceed the actual costs incurred in engaging in these services. Accordingly, financial intermediaries may realize a profit in connection with such services. (The Adviser, the Distributor, or an affiliate may make additional payments to intermediaries for these and other services, and their payments may be based on the same or other methods of calculation. See “Revenue Sharing” below.) Sub-transfer agency fees can comprise a substantial portion of the Fund’s ongoing expenses. While the Adviser and the Distributor consider these sub-transfer agency fees to be payments for services rendered, they represent an additional business relationship between these sub-transfer agents and the Fund that often results, at least in part, from past or present sales of Fund shares by the sub-transfer agents or their affiliates. While

sub-transfer agency fees and service levels are set in the market, there generally is limited comparative information available about them. The Fund and the Adviser also face certain conflicts of interest when considering these relationships in that the counterparty is both a prospective service provider and, typically, a distribution partner. The Adviser's practice of paying sub-transfer agency fees above agreed limits as revenue sharing (as discussed further below) also creates conflicts of interest for the parties when considering sub-transfer agency relationships, and that is so both generally and in terms of the allocation of those fees between the Fund and the Adviser.

### **Distribution and Servicing Plan**

The Fund has implemented a Distribution and Servicing Plan for each of the Class A Shares and Class U Shares of the Fund (the "Distribution and Servicing Plan"). The Distribution and Servicing Plan operates in a manner consistent with Rule 12b-1 under the 1940 Act, which regulates the manner in which an open-end investment company may directly or indirectly bear the expenses of distributing its shares. Although the Fund is not an open-end investment company, it will comply with the terms of Rule 12b-1 as a condition of the granted Exemptive Relief, which permits the Fund to have, among other things, a multi-class structure and distribution and shareholder servicing fees. The Distribution and Servicing Plan permits the Fund to compensate the Distributor for providing or procuring through financial firms, distribution, administrative, recordkeeping, shareholder and/or related services with respect to the Class A Shares and the Class U Shares, as applicable. Most or all of the distribution and/or service fees are paid to financial firms through which Shareholders may purchase or hold Class A Shares and Class U Shares, as applicable. Because these fees are paid out of the applicable share class's assets on an ongoing basis, over time they will increase the cost of an investment in Class A Shares and Class U Shares and may cost you more than other types of sales charges.

The maximum annual rate at which distribution and/or service fees may be paid under the Distribution and Servicing Plan for each of Class A Shares and Class U Shares is 0.75% (calculated as a percentage of the Fund's average daily net assets attributable to the Class A Shares and Class U Shares, respectively). 0.25% of such fee is a shareholder servicing fee and the remaining portion is a distribution fee.

The Adviser, the Distributor or an affiliate may make additional payments to intermediaries for these and other services, and their payments may be based on the same or other methods of calculation. See "Revenue Sharing" below.

### **Revenue Sharing**

The Adviser, the Administrator, or an affiliate may, from time to time, out of its (or their) own resources, make substantial cash payments — sometimes referred to as "revenue sharing" — to broker-dealers or financial intermediaries for various reasons. The revenue sharing payments do not change the price paid by investors for the purchase of the Fund's shares or the amount the Fund will receive as proceeds from such sales. Although a broker-dealer or financial intermediary may seek revenue sharing payments to offset costs incurred by the firm in servicing its clients who have invested in the Fund, the aggregate amount of these payments to broker-dealers or financial intermediaries may be substantial and may exceed the actual costs incurred in engaging in these promotional activities or services. Accordingly, broker-dealers or financial intermediaries may realize a profit in connection with such activities or services.

Revenue sharing payments may support the delivery of services to the Fund or to shareholders in the Fund, including, without limitation, transaction processing and sub-accounting services. These payments also may serve as an incentive to sell shares of the Fund and/or to promote retention of customer assets in the Fund. The Distributor, the Adviser, the Administrator, or an affiliate does not consider a broker-dealer or financial intermediary's sale of shares of the Fund when selecting brokers or dealers to effect portfolio transactions for the Fund.

Revenue sharing also may include any other payment requirement of a broker-dealer or another third-party intermediary. All such payments are paid by the Adviser, the Distributor, the Administrator, or an affiliate of either out of its (or their) own resources and are in addition to any Rule 12b-1 payments described elsewhere in this Statement of Additional Information. Revenue sharing payments may be structured, among other means, (i) as a percentage of sales; (ii) as a percentage of net assets; (iii) as a flat fee per transaction; (iv) as a fixed dollar amount; or (v) as some combination of any of these. In many cases, they therefore may be viewed as encouraging sales activity or retention of assets in the Fund. Generally, any revenue sharing or other payments of the type just described will have been requested by the party receiving them, often as a condition of distribution, but are subject to negotiation as to their structure and scope. Various factors are used to determine whether to make revenue sharing payments. Possible considerations include, without limitation, the types of services provided by the broker-dealer or financial intermediary, sales of Fund shares, the redemption rates on accounts of clients of the broker-dealer or financial intermediary or overall asset levels of the Fund held for or by clients of the broker-dealer or financial intermediary, the willingness of the broker-dealer or financial intermediary to allow the Distributor, the Adviser, or an affiliate to provide educational and training support for the broker-dealer's or financial intermediary's sales personnel relating to the Fund, as well as the overall quality of the services provided by the broker-dealer or financial intermediary.

Shareholders or prospective investors should be aware that revenue sharing arrangements or other payments to intermediaries could create incentives on the part of the parties receiving the payments to consider selling more shares of the Fund relative to other funds either not making payments of this nature or making smaller such payments. A Shareholder or prospective investor with questions regarding revenue sharing or other such payments may obtain more details by contacting his or her broker representative or other financial intermediary directly.

## **How to Purchase Shares**

The methods of buying and selling shares and the sales charges applicable to purchases of shares of the Fund are described in the Prospectus.

### **REPURCHASE OF COMMON SHARES**

In order to provide some liquidity to Shareholders, the Fund makes quarterly offers to repurchase between 5% and 25% of its outstanding Shares at net asset value. Notices of each quarterly repurchase offer are sent to Shareholders at least 21 days before the “Repurchase Request Deadline” (*i.e.*, the date by which Shareholders can tender their Shares in response to a repurchase offer). The Fund determines the NAV applicable to repurchases no later than the 14 days after the Repurchase Request Deadline (or the next business day, if the 14th day is not a business day) (the “Repurchase Pricing Date”). The Fund expects to distribute payment to Shareholders within 5 business days after the Repurchase Pricing Date and will distribute such payment no later than seven calendar days after such date. The Fund’s Shares are not listed on any securities exchange, and the Fund anticipates that no secondary market will develop for its Shares. Investors should consider Shares of the Fund to be an illiquid investment. Accordingly, you may not be able to sell Shares when and/or in the amount that you desire. Thus, Shares are appropriate only as a long-term investment. In addition, the Fund’s repurchase offers may subject the Fund and Shareholders to special risks.

The section entitled “Periodic Repurchase Offers” in the Prospectus discusses the type and timing of notice for repurchase offers, the effects of oversubscribed repurchase offers, the determination of the repurchase price, payment by the Fund for Shares tendered in a repurchase offer, the effect of repurchase policies on the liquidity of the Fund, the consequences of repurchase offers, and other details regarding the repurchase offers, including associated risks. The Fund’s fundamental policies with respect to repurchase offers are discussed in “Investment Restrictions” in this Statement of Additional Information.

See “Principal Risks of the Fund — Repurchase Offers Risk” in the Prospectus for a description of the risks associated with the Fund’s repurchase offers. In addition, the repurchase of Shares by the Fund will be a taxable event to Shareholders. For a discussion of these tax consequences, see “Taxation” below.

In addition to the Fund’s policy to make periodic repurchase offers as described above, the Board may consider additional repurchases of its Shares on the open market or in private transactions, the making of a tender offer for such shares, or the conversion of the Fund to an open-end investment company (described below). The Fund cannot assure you that its Board will decide to take or propose any of these actions.

Subject to its investment limitations, the Fund may borrow to finance the repurchase of shares or to make a tender offer. Interest on any borrowings to finance share repurchase transactions or the accumulation of cash by the Fund in anticipation of share repurchases or tenders will reduce the Fund’s net income and gains. Any share repurchase, tender offer, or borrowing that might be approved by the Board would have to comply with the 1940 Act and the rules and regulations thereunder and other applicable law.

### **PORTFOLIO TRANSACTIONS AND BROKERAGE**

Pursuant to the Management Agreement, the Adviser determines which securities are to be purchased and sold by the Fund and which broker-dealers are eligible to execute the Fund’s portfolio transactions. The Fund does not intend to use any affiliated broker-dealers.

In placing portfolio transactions, the Adviser will seek best execution. The full range and quality of services available will be considered in making these determinations, such as: the price of the security; the commission rate; the execution capability, including execution speed and reliability; trading expertise and knowledge of the other side of the trade; reputation and integrity; market depth and available liquidity; recent order flow; timing and size of an order; and other factors. In those instances where it is reasonably determined that more than one broker-dealer can offer the services needed to obtain the most favorable price and execution available, consideration may be given to those broker-dealers which furnish or supply research and statistical information to the Adviser that it may lawfully and appropriately use in its investment advisory capacities, as well as provide other services in addition to execution services. The Adviser considers such information, which is in addition to and not in lieu of the services required to be performed by the Adviser under the Management Agreement, to be useful in varying degrees, but of indeterminable value.

While it is the Fund’s general policy to first seek to obtain the most favorable price and execution available in selecting a broker-dealer to execute portfolio transactions for the Fund, in accordance with Section 28(e) under the 1934 Act, when it is determined that more than one broker can deliver best execution, weight is also given to the ability of a broker-dealer to

furnish brokerage and research services to the Fund or to the Adviser, even if the specific services are not directly useful to the Fund and may be useful to the Adviser in advising other clients. In negotiating commissions with a broker or evaluating the spread to be paid to a dealer, the Fund may therefore pay a higher commission or spread than would be the case if no weight were given to the furnishing of these supplemental services, provided that the amount of such commission or spread has been determined in good faith by the Adviser to be reasonable in relation to the value of the brokerage and/or research services provided by such broker-dealer.

Investment decisions for the Fund are made independently from those of other client accounts or other funds managed or advised by the Adviser. Nevertheless, it is possible that at times identical securities will be acceptable for both the Fund and one or more of such client accounts or other funds. In such event, the position of the Fund and such client account(s) or other funds in the same issuer may vary and the length of time that each may choose to hold its investment in the same issuer may likewise vary. However, to the extent any of these client accounts or other funds seek to acquire the same security as the Fund at the same time, the Fund may not be able to acquire as large a portion of such security as it desires, or it may have to pay a higher price or obtain a lower yield for such security. Similarly, the Fund may not be able to obtain as high a price for, or as large an execution of, an order to sell any particular security at the same time. If one or more of such client accounts or other funds simultaneously purchases or sells the same security that the Fund is purchasing or selling, each day's transactions in such security will be allocated between the Fund and all such client accounts or other funds in a manner deemed equitable by the Adviser, taking into account the respective sizes of the accounts and the amount of cash available for investment, the investment objective of the account, and the ease with which a client's appropriate amount can be bought, as well as the liquidity and volatility of the account and the urgency involved in making an investment decision for the client. It is recognized that in some cases this system could have a detrimental effect on the price or value of the security insofar as the Fund is concerned. In other cases, however, it is believed that the ability of the Fund to participate in volume transactions may produce better executions for the Fund.

For the fiscal years ended December 31, 2023 and December 31, 2022, and the fiscal period ended December 31, 2021, the Fund did not pay any brokerage commissions.

The table below indicates the portion of the Fund's brokerage commissions for the fiscal years ended December 31, 2023 and December 31, 2022 and for the fiscal period ended December 31, 2021 (from the table above) that was directed to brokers who, in addition to providing trade execution, also supplied that Fund or the Adviser with research services.

| Oaktree Diversified Income Fund Inc. | Dollar Value of Securities Traded | Related Soft Dollar Brokerage Commissions |
|--------------------------------------|-----------------------------------|-------------------------------------------|
| 2023                                 | \$185,151,806                     | \$0                                       |
| 2022                                 | \$127,876,511                     | \$0                                       |
| 2021                                 | \$148,594,385                     | \$0                                       |

#### Securities Owned in the Fund by the Portfolio Managers

The table below identifies the dollar value (in ranges) of investments beneficially held by the Portfolio Managers in the Fund as of December 31, 2023.

| Portfolio Managers | Dollar Range of Equity Securities in the Fund Beneficially Owned by Portfolio Managers <sup>(1)</sup> |
|--------------------|-------------------------------------------------------------------------------------------------------|
| Bruce Karsh        | A                                                                                                     |
| Wayne Dahl         | A                                                                                                     |
| Armen Panossian    | A                                                                                                     |
| Danielle Poli      | A                                                                                                     |
| David Rosenberg    | A                                                                                                     |

(1) Key to Dollar Ranges: A) none; B) \$1-\$10,000; C) \$10,001-\$50,000; D) \$50,001-\$100,000; E) \$100,001-\$500,000; F) \$500,001-\$1,000,000; or G) over \$1,000,000.

#### DISTRIBUTIONS

See "Distributions" in the Prospectus for information relating to distributions to Fund shareholders.

## NET ASSET VALUE

The Fund's NAV per Share is computed by dividing the total current value of the assets of the Fund, less its liabilities, by the total number of Shares outstanding at the time of such computation. The Fund computes its NAV per Share as of the close of trading on each day the New York Stock Exchange ("NYSE") is open for trading.

The Board has adopted procedures for the valuation of the Fund's securities. The Adviser oversees the day to day responsibilities for valuation determinations under these procedures. The Board regularly reviews the application of these procedures to the securities in the Fund's portfolio. The Adviser's Valuation Committee is comprised of senior members of the Adviser's management team.

The Board has designated the Adviser as the valuation designee pursuant to Rule 2a-5 under the 1940 Act to perform fair value determination relating to any or all Fund investments. The Board oversees the Adviser in its role as the valuation designee in accordance with the requirements of Rule 2a-5 under the 1940 Act.

Investments in equity securities listed or traded on any securities exchange or traded in the over-the-counter market are valued at the last trade price as of the close of business on the valuation date. If the NYSE closes early, then the equity security will be valued at the last traded price before the NYSE close. Prices of foreign equities that are principally traded on certain foreign markets will generally be adjusted daily pursuant to a fair value pricing service approved by the Board in order to reflect an adjustment for the factors occurring after the close of certain foreign markets but before the NYSE close. When fair value pricing is employed, the value of the portfolio securities used to calculate the Fund's NAV may differ from quoted or official closing prices. Investments in open-end registered investment companies, if any, are valued at the NAV as reported by those investment companies.

Securities for which market prices are not readily available, cannot be determined using the sources described above, or the Adviser's Valuation Committee determines that the quotation or price for a portfolio security provided by a broker-dealer or an independent pricing service is inaccurate will be valued at a fair value determined by the Adviser's Valuation Committee following the procedures adopted by the Adviser under the supervision of the Board. The Adviser's valuation policy establishes parameters for the sources, methodologies, and inputs the Adviser's Valuation Committee uses in determining fair value.

The fair valuation methodology may include or consider the following guidelines, as appropriate: (1) evaluation of all relevant factors, including but not limited to, pricing history, current market level, supply and demand of the respective security; (2) comparison to the values and current pricing of securities that have comparable characteristics; (3) knowledge of historical market information with respect to the security; (4) other factors relevant to the security which would include, but not be limited to, duration, yield, fundamental analytical data, the Treasury yield curve, and credit quality. The fair value may be difficult to determine and thus judgment plays a greater role in the valuation process. Imprecision in estimating fair value can also impact the amount of unrealized appreciation or depreciation recorded for a particular portfolio security and differences in the assumptions used could result in a different determination of fair value, and those differences could be material. For those securities valued by fair valuations, the Adviser's Valuation Committee reviews and affirms the reasonableness of the valuations based on such methodologies and fair valuation determinations on a regular basis after considering all relevant information that is reasonably available. There can be no assurance that the Fund could purchase or sell a portfolio security at the price used to calculate the Fund's NAV.

An internal pricing hierarchy has been established to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

Valuations of Fund investments are disclosed in reports publicly filed with the SEC. The Advisers will provide the Board of Directors with periodic reports, no less than quarterly, that discuss the functioning of the valuation process, if applicable to that period, and that identify issues and valuation problems that have arisen, if any.

Under certain circumstances, the NAV per Share of a class of the Fund's Shares may be different from the per share NAV of another class of shares as a result of the different daily expense accruals applicable to each class of shares.

## TAXATION

Set forth below is a discussion of the material U.S. federal income tax aspects concerning the Fund and the purchase, ownership, and disposition of Shares. This discussion does not purport to be complete or to deal with all aspects of U.S. federal income taxation that may be relevant to Shareholders in light of their particular circumstances. Unless otherwise noted,

this discussion applies only to U.S. shareholders that hold Shares as capital assets. A U.S. shareholder is an individual who is a citizen or resident of the United States, a U.S. corporation (or other entity taxable as a corporation for U.S. federal income tax purposes), a trust if it (a) is subject to the primary supervision of a court in the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (b) has made a valid election to be treated as a U.S. person, or any estate the income of which is subject to U.S. federal income tax regardless of its source. This discussion is based upon present provisions of the Code, the regulations promulgated thereunder, and judicial and administrative ruling authorities, all of which are subject to change, or differing interpretations (possibly with retroactive effect). This discussion does not represent a detailed description of the U.S. federal income tax consequences relevant to special classes of taxpayers including, without limitation, financial institutions, insurance companies, real estate investment trusts, pass-through entities (or investors therein), U.S. shareholders whose “functional currency” is not the U.S. dollar, tax-exempt organizations, dealers in securities or currencies, traders in securities or commodities that elect mark to market treatment, or persons that will hold Shares as a position in a “straddle,” “hedge,” or as part of a “constructive sale” for U.S. federal income tax purposes. In addition, this discussion does not address the application of the Medicare tax on net investment income or the U.S. federal alternative minimum tax. Prospective investors should consult their tax advisers with regard to the U.S. federal tax consequences of the purchase, ownership, or disposition of Shares, as well as the tax consequences arising under the laws of any state, foreign country, or other taxing jurisdiction.

### **Taxation of the Fund**

The Fund intends to elect to be treated, and intends to qualify annually thereafter, as a regulated investment company (a “RIC”) under Subchapter M of the Code.

To qualify for the favorable U.S. federal income tax treatment generally accorded to RICs, the Fund must, among other things: (i) derive in each taxable year at least 90% of its gross income from (a) dividends, interest (including tax-exempt interest), payments with respect to securities loans and gains from the sale or other disposition of stock, securities or foreign currencies or other income (including but not limited to gains from options, futures, or forward contracts) derived with respect to its business of investing in such stock, securities, or currencies; and (b) net income derived from interests in certain publicly traded partnerships that are treated as partnerships for U.S. federal income tax purposes and that derive less than 90% of their gross income from the items described in (a) above (each a “Qualified Publicly Traded Partnership”); and (ii) diversify its holdings so that, at the end of each quarter of the taxable year, (a) at least 50% of the value of the Fund’s assets is represented by cash and cash items (including receivables), U.S. government securities, the securities of other RICs, and other securities, with such other securities limited, with respect to any one issuer, to an amount not greater than 5% of the value of the Fund’s total assets and not greater than 10% of the outstanding voting securities of such issuer, and (b) not more than 25% of the value of its total assets is represented by the securities of (I) any one issuer (other than U.S. government securities or the securities of other RICs), (II) any two or more issuers (other than securities of other RICs) that the Fund controls (by owning 20% or more of the outstanding voting securities of such issuer) and that are engaged in the same, similar, or related trades or businesses, or (III) any one or more Qualified Publicly Traded Partnerships.

As a RIC, the Fund generally will not be subject to U.S. federal income tax on its investment company taxable income (as that term is defined in the Code, but determined without regard to the deduction for dividends paid) and net capital gain (the excess of net long-term capital gain over net short-term capital loss), if any, that it distributes in each taxable year to shareholders, provided that it distributes at least 90% of the sum of its investment company taxable income and its net tax-exempt income for such taxable year. The Fund intends to distribute to shareholders, at least annually, substantially all of its investment company taxable income and net capital gain.

Amounts not distributed on a timely basis in accordance with a calendar year distribution requirement are subject to a nondeductible 4% U.S. federal excise tax. To prevent imposition of the excise tax, the Fund must distribute during each calendar year an amount at least equal to the sum of (i) 98% of its ordinary income (not taking into account any capital gains or losses) for the calendar year, (ii) 98.2% of its capital gains in excess of its capital losses (adjusted for certain ordinary losses) for the one-year period ending October 31 of the calendar year, and (iii) any ordinary income and capital gains for previous years that were not distributed during those years. For these purposes, the Fund will be deemed to have distributed any income or gains on which it paid U.S. federal income tax.

A distribution will be treated as paid on December 31 of any calendar year if it is declared by the Fund in October, November, or December with a record date in such a month and paid by the Fund during January of the following calendar year. Such distributions will be taxable to Shareholders in the calendar year in which the distributions are declared, rather than the calendar year in which the distributions are received. As of December 31, 2023, the Fund had short-term and long-term capital loss carryforwards of \$2,645,116 and \$1,750,773, respectively. The capital loss carryforwards will not expire.

If the Fund failed to qualify as a RIC or failed to satisfy the 90% distribution requirement in any taxable year, the Fund would be subject to U.S. federal income tax at regular corporate rates on its taxable income (including its net capital gain),

even if such income were distributed to shareholders, and all distributions out of earnings and profits (including distributions of net capital gain) would be taxed to Shareholders as ordinary dividend income. Such distributions generally would be eligible (i) to be treated as “qualified dividend income” in the case of individual and other non-corporate Shareholders and (ii) for the dividends received deduction in the case of corporate Shareholders. In addition, the Fund could be required to recognize unrealized gains, pay taxes, and make distributions (which could be subject to interest charges) before requalifying for taxation as a RIC.

### **Distributions**

Distributions to Shareholders of ordinary income (including “market discount” realized by the Fund on the sale of debt securities), and of net short-term capital gains, if any, realized by the Fund will generally be taxable to Shareholders as ordinary income to the extent that such distributions are paid out of the Fund’s current or accumulated earnings and profits. Distributions, if any, of net capital gains properly reported as “capital gain dividends” will be taxable as long-term capital gains, regardless of the length of time the Shareholder has owned Shares. A distribution of an amount in excess of the Fund’s current and accumulated earnings and profits (as determined for U.S. federal income tax purposes) will be treated by a Shareholder as a return of capital which will be applied against and reduce the Shareholder’s tax basis in his or her Shares (but not below zero). To the extent that the amount of any such distribution exceeds the Shareholder’s basis in his or her Shares, the excess will be treated by the Shareholder as gain from a sale of the Shares. Distributions paid by the Fund generally will not be eligible for the dividends received deduction allowed to corporations or for the reduced rates applicable to certain qualified dividend income received by non-corporate Shareholders.

Distributions will be treated in the manner described above regardless of whether such distributions are paid in cash or invested in additional Shares pursuant to the Plan. Shareholders receiving distributions in the form of additional Shares will generally be treated as receiving a distribution in the amount of cash that they would have received if they had elected to receive the distribution in cash. The additional Shares received by a Shareholder pursuant to the Plan will have a new holding period commencing on the day following the day on which the Shares were credited to the Shareholder’s account.

The Fund may elect to retain its net capital gain or a portion thereof for investment and be taxed at corporate rates on the amount retained. In such case, it may designate the retained amount as undistributed capital gains in a notice to Shareholders, who will be treated as if each received a distribution of his *pro rata* share of such gain, with the result that each Shareholder will (i) be required to report its *pro rata* share of such gain on its tax return as long-term capital gain, (ii) receive a refundable tax credit for its *pro rata* share of tax paid by the Fund on the gain and (iii) increase the tax basis for its Shares by an amount equal to the deemed distribution less the tax credit.

The IRS currently requires that a RIC that has two or more classes of stock allocate to each such class proportionate amounts of each type of its income (such as ordinary income and capital gains) based upon the percentage of total dividends paid to each class for the tax year. Accordingly, if the Fund issues preferred shares, the Fund intends to allocate capital gain dividends, if any, between its Shares and preferred shares in proportion to the total dividends paid to each class with respect to such tax year. Shareholders will be notified annually as to the U.S. federal tax status of distributions.

### **Sale or Other Taxable Disposition of Shares**

Upon the sale or other taxable disposition of Shares (except pursuant to a repurchase by the Fund, as described below), a Shareholder will generally realize a capital gain or loss in an amount equal to the difference between the amount realized and the Shareholder’s adjusted tax basis in the Shares sold. Such gain or loss will be long-term or short-term, depending upon the Shareholder’s holding period for the Shares. Generally, a Shareholder’s gain or loss will be a long-term gain or loss if the Shares have been held for more than one year. For non-corporate taxpayers, long-term capital gains are currently eligible for reduced rates of taxation.

No loss will be allowed on the sale or other taxable disposition of Shares if the owner acquires (including pursuant to the Plan) or enters into a contract or option to acquire securities that are substantially identical to such Shares within 30 days before or after the disposition. In such a case, the basis of the securities acquired will be adjusted to reflect the disallowed loss. Losses realized by a Shareholder on the sale or other taxable disposition of Shares held for six months or less are treated as long-term capital losses to the extent of any distribution of long-term capital gain received (or amounts designated as undistributed capital gains) with respect to such Shares.

From time to time, the Fund may offer to repurchase its outstanding Shares. Shareholders who tender all Shares held, or considered to be held, by them will be treated as having sold their Shares and generally will realize a capital gain or loss. If a Shareholder tenders fewer than all of its Shares or fewer than all Shares tendered are repurchased, such Shareholder may be treated as having received a taxable dividend upon the tender of its Shares. In such a case, there is a risk that non-tendering



Shareholders, and Shareholders who tender some but not all of their Shares or fewer than all of whose Shares are repurchased, in each case whose percentage interests in the Fund increase as a result of such tender, will be treated as having received a taxable distribution from the Fund.

Under U.S. Treasury regulations, if a Shareholder recognizes a loss with respect to Shares of \$2 million or more for an individual shareholder or \$10 million or more for a corporate shareholder, the shareholder must file with the IRS a disclosure statement on IRS Form 8886. Direct shareholders of portfolio securities are in many cases excepted from this reporting requirement, but under current guidance, shareholders of a RIC are not excepted. Future guidance may extend the current exception from this reporting requirement to shareholders of most or all RICs. The fact that a loss is reportable under these regulations does not affect the legal determination of whether the taxpayer's treatment of the loss is proper. Shareholders should consult their tax advisers to determine the applicability of these regulations in light of their individual circumstances.

### **Nature of Fund's Investments**

Certain of the Fund's hedging and derivatives transactions are subject to special and complex U.S. federal income tax provisions that may, among other things, (i) disallow, suspend, or otherwise limit the allowance of certain losses or deductions, (ii) convert lower-taxed, long-term capital gain into higher-taxed, short-term capital gain or ordinary income, (iii) convert an ordinary loss or a deduction into a capital loss (the deductibility of which is more limited), (iv) cause the Fund to recognize income or gain without a corresponding receipt of cash, (v) adversely affect the time as to when a purchase or sale of stock or securities is deemed to occur, (vi) adversely alter the intended characterization of certain complex financial transactions, and (vii) produce income that will not be treated as qualifying income for purposes of the 90% gross income test described above.

These rules could therefore affect the character, amount, and timing of distributions to Shareholders and the Fund's status as a RIC. The Fund will monitor its transactions and may make certain tax elections in order to mitigate the effect of these provisions.

### **Below Grade Investments**

The Fund expects to invest a substantial portion of its Managed Assets in below investment grade (high-yield) instruments, commonly known as "high-yield" or "junk" instruments. Investments in these types of instruments may present special tax issues for the Fund. U.S. federal income tax rules are not entirely clear about issues such as when the Fund may cease to accrue interest, original issue discount or market discount, when and to what extent deductions may be taken for bad debts or worthless instruments, how payments received on obligations in default should be allocated between principal and income, and whether exchanges of debt obligations in a bankruptcy or workout context are taxable. These and other issues will be addressed by the Fund, to the extent necessary, to preserve its status as a RIC and to distribute sufficient income to not become subject to U.S. federal income tax.

### **Original Issue Discount**

Investments by the Fund in debt obligations that are treated under applicable tax rules as having original issue discount (such as zero coupon securities, debt instruments with pay-in-kind interest, step-up bonds, or other discount securities) will result in income to the Fund equal to the accrued original issue discount each year during which the Fund holds the securities, even if the Fund receives no corresponding cash interest payments. If the Fund purchases debt instruments as part of a package of investments where the Fund also invests in common stock, other equity securities, or warrants, the Fund might be required to accrue original issue discount in an amount equal to the value of such common stock, other equity securities, or warrants (even if the face amount of such debt instruments does not exceed the Fund's purchase price for such package of investments). Original issue discount is included in determining the amount of income which the Fund must distribute to maintain its qualification for the favorable U.S. federal income tax treatment generally accorded to RICs and to avoid the payment of U.S. federal income tax and the nondeductible 4% U.S. federal excise tax. Because such income may not be matched by a corresponding cash distribution to the Fund, the Fund may be required to borrow money or dispose of other securities to be able to make distributions to Shareholders.

### **Market Discount Securities**

In general, the Fund will be treated as having acquired a security with market discount if its stated redemption price at maturity (or, in the case of a security issued with original issue discount, its revised issue price) exceeds the Fund's initial tax basis in the security by more than a statutory de minimis amount. The Fund will be required to treat any principal payments on, or any gain derived from the disposition of, any securities acquired with market discount as ordinary income to the extent of the accrued market discount, unless the Fund makes an election to accrue market discount on a current basis. If this

election is not made, all or a portion of any deduction for interest expense incurred to purchase or carry a market discount security may be deferred until the Fund sells or otherwise disposes of such security.

### **Currency Fluctuations**

Under Section 988 of the Code, gains or losses attributable to fluctuations in exchange rates between the time the Fund accrues income or receivables or expenses or other liabilities denominated in a foreign currency and the time the Fund actually collects such income or receivables or pays such liabilities are generally treated as ordinary income or loss. Similarly, gains or losses on foreign currency, foreign currency forward contracts, certain foreign currency options or futures contracts, and the disposition of debt securities denominated in foreign currency, to the extent attributable to fluctuations in exchange rates between the acquisition and disposition dates, are also treated as ordinary income or loss.

### **Foreign Taxes**

The Fund's investment in non-U.S. securities may be subject to non-U.S. withholding taxes. In that case, the Fund's yield on those securities would be decreased. Shareholders will generally not be entitled to claim a credit or deduction with respect to foreign taxes paid by the Fund.

### **Preferred Shares or Borrowings**

If the Fund utilizes leverage through the issuance of preferred shares or borrowings, it may be restricted by certain covenants with respect to the declaration of, and payment of, dividends on Shares in certain circumstances. Limits on the Fund's payments of dividends on Shares may prevent the Fund from meeting the distribution requirements described above, and may, therefore, jeopardize the Fund's qualification for taxation as a RIC and possibly subject the Fund to the 4% excise tax. The Fund will endeavor to avoid restrictions on its ability to make dividend payments.

### **Backup Withholding**

The Fund may be required to withhold from all distributions and redemption proceeds payable to U.S. Shareholders who fail to provide the Fund with their correct taxpayer identification numbers or to make required certifications, or who have been notified by the IRS that they are subject to backup withholding. Certain shareholders specified in the Code generally are exempt from such backup withholding. This backup withholding is currently imposed at a federal rate of 24% and is not an additional tax. Any amounts withheld may be refunded or credited against the Shareholder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

### **Foreign Shareholders**

U.S. taxation of a shareholder who is a nonresident alien individual, a foreign trust or estate, or a foreign corporation, as defined for U.S. federal income tax purposes (a "foreign shareholder"), depends on whether the income from the Fund is "effectively connected" with a U.S. trade or business carried on by the shareholder.

If the income from the Fund is not "effectively connected" with a U.S. trade or business carried on by the foreign shareholder, distributions of investment company taxable income will be subject to a U.S. tax of 30% (or lower treaty rate), which tax is generally withheld from such distributions. However, dividends paid by the Fund that are "interest-related dividends" or "short-term capital gain dividends" will generally be exempt from such withholding, in each case to the extent the Fund properly reports such dividends to shareholders. For these purposes, interest-related dividends and short-term capital gain dividends generally represent distributions of interest or short-term capital gains that would not have been subject to U.S. federal withholding tax at the source if received directly by a foreign shareholder, and that satisfy certain other requirements. A foreign shareholder whose income from the Fund is not "effectively connected" with a U.S. trade or business would generally be exempt from U.S. federal income tax on capital gain dividends, any amounts retained by the Fund that are designated as undistributed capital gains, and any gains realized upon the sale or taxable disposition of Shares.

However, a foreign shareholder who is a nonresident alien individual and is physically present in the United States for more than 182 days during the taxable year and meets certain other requirements will nevertheless be subject to a U.S. tax of 30% on such capital gain dividends, undistributed capital gains, and gains realized upon the sale or taxable disposition of Shares.

If the income from the Fund is "effectively connected" with a U.S. trade or business carried on by a foreign shareholder, then distributions of investment company taxable income, any capital gain dividends, any amounts retained by the Fund that are designated as undistributed capital gains, and any gains realized upon the sale or other taxable disposition of Shares will be subject to U.S. federal income tax at the graduated rates applicable to U.S. citizens, residents, or domestic corporations. Foreign corporate shareholders may also be subject to the branch profits tax imposed by the Code.

The Fund may be required to withhold from distributions that are otherwise exempt from U.S. federal withholding tax (or taxable at a reduced treaty rate) unless the foreign shareholder certifies his or her foreign status under penalties of perjury or otherwise establishes an exemption.

The tax consequences to a foreign shareholder entitled to claim the benefits of an applicable tax treaty may differ from those described herein. Foreign shareholders are advised to consult their own tax advisers with respect to the particular tax consequences to them of an investment in the Fund.

#### **Additional Withholding Requirements**

Under Sections 1471 through 1474 of the Code (such Sections commonly referred to as “FATCA”), a 30% United States federal withholding tax may apply to any ordinary dividends and other distributions that the Fund pays to (i) a “foreign financial institution” (as specifically defined in the Code), whether such foreign financial institution is the beneficial owner or an intermediary, unless such foreign financial institution agrees to verify, report, and disclose its U.S. “account” holders (as specifically defined in the Code) and meets certain other specified requirements or (ii) a non-financial foreign entity, whether such non-financial foreign entity is the beneficial owner or an intermediary, unless such entity provides a certification that the beneficial owner of the payment does not have any substantial U.S. owners or provides the name, address, and taxpayer identification number of each such substantial U.S. owner and certain other specified requirements are met. In certain cases, the relevant foreign financial institution or non-financial foreign entity may qualify for an exemption from, or be deemed to be in compliance with, these rules. In addition, foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules. The Fund will not pay Shareholders any additional amounts in respect of amounts withheld under FATCA. You should consult your own tax adviser regarding FATCA and whether it may be relevant to your ownership and disposition of Shares.

#### **Other Taxation**

Shareholders may be subject to state, local, and foreign taxes on their Fund distributions. Shareholders are advised to consult their own tax advisers with respect to the particular tax consequences to them of an investment in the Fund.

#### **CUSTODIAN, TRANSFER AGENT, AND DIVIDEND DISBURSEMENT AGENT**

The primary custodian of the assets of the Fund is U.S. Bank National Association, located at 1555 North Rivercenter Drive, Suite 302, Milwaukee, Wisconsin 53212. The custodian performs custodial and fund accounting services and compliance services on behalf of the Fund. U.S. Bancorp Fund Services, LLC, located at 615 East Michigan Street, Milwaukee, Wisconsin 53202, serves as the Fund’s transfer agent and dividend disbursing agent with respect to the Shares of the Fund.

#### **INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Deloitte & Touche LLP is the independent registered public accounting firm of the Fund and audits the financial statements of the Fund. Deloitte & Touche LLP is located at 111 South Wacker Drive, Chicago, Illinois 60606.

#### **COUNSEL**

Certain legal matters in connection with the common shares will be passed upon for the Fund by Paul Hastings LLP and, with respect to certain matters of Maryland law, by Venable LLP. Paul Hastings LLP may rely on the opinion of Venable LLP as to certain matters of Maryland law.

#### **ADDITIONAL INFORMATION**

A Registration Statement on Form N-2, including amendments thereto, relating to the Shares offered hereby, has been filed by the Fund with the SEC in Washington, D.C. The Fund’s Prospectus and this Statement of Additional Information do not contain all of the information set forth in the Registration Statement, including any exhibits and schedules thereto. For further information with respect to the Fund and the Shares offered hereby, reference is made to the Fund’s Registration Statement. Statements contained in the Fund’s Prospectus and this Statement of Additional Information as to the contents of any contract or other document referred to are not necessarily complete and in each instance reference is made to the copy of such contract or other document filed as an exhibit to the Registration Statement, each such statement being qualified in all respects by such reference. Copies of the Registration Statement may be inspected without charge at the SEC’s principal office in Washington, D.C., and copies of all or any part thereof may be obtained from the SEC upon the payment of certain fees prescribed by the SEC or on the SEC’s website at <http://www.sec.gov>.

## REGISTRATION STATEMENT

A Registration Statement on Form N-2, including any amendments thereto (the "Registration Statement"), relating to the Shares of the Fund offered hereby, has been filed by the Fund with the SEC, Washington, D.C. The Prospectus and this Statement of Additional Information are parts of, but do not contain all of the information set forth in, the Registration Statement, including any exhibits and schedules thereto. For further information with respect to the Fund and the Common Shares offered or to be offered hereby, reference is made to the Fund's Registration Statement. Statements contained in the Prospectus and this Statement of Additional Information as to the contents of any contract or other document referred to are not necessarily complete and in each instance reference is made to the copy of such contract or other document filed as an exhibit to the Registration Statement, each such statement being qualified in all respects by such reference. Copies of the Registration Statement may be inspected without charge at the SEC's principal office in Washington, D.C., and copies of all or any part thereof may be obtained from the SEC upon the payment of certain fees prescribed by the SEC.

## FINANCIAL STATEMENTS

The Fund's audited financial statements appearing in the [Fund's annual shareholder report for the fiscal year ended December 31, 2023](#), are incorporated by reference in this Statement of Additional Information and have been so incorporated in reliance upon the reports of Deloitte, independent registered public accounting firm for the Fund, whose report is included in such, and accessible at <https://www.brookfielddoaktree.com/>. The Fund's unaudited financial statements appearing in the [semi-annual shareholder report for the period ended June 30, 2024](#), are also incorporated by reference in this Statement of Additional Information, and accessible at <https://www.brookfielddoaktree.com/>.

The annual shareholder report and the semi-annual shareholder report are available upon request and without charge by writing to the Fund at Oaktree Diversified Income Fund Inc., 225 Liberty Street, 35th Floor, New York, New York 10281-1023, or by calling the Fund (toll-free) at 1-855-244-4859.

## Appendix A

Clients often grant Oaktree Fund Advisors, LLC (“Oaktree”) the authority to vote proxies on their behalf. Proxy statements increasingly contain controversial issues involving shareholder rights and corporate governance, among others, which deserve careful review and consideration. Oaktree has adopted and implemented policies and procedures that are reasonably designed to ensure that proxies are voted in the best interest of investors and clients, in accordance with our fiduciary duties and SEC Rule 206(4)6 under the Advisers Act. Our authority to vote the proxies of our clients is established by the investment management agreements or similar documents.

Oaktree maintains written proxy voting guidelines, which are amended as necessary. The proxy voting guidelines address a broad range of issues, including the selection of directors, executive compensation, proxy contests and tender offer defenses. We generally vote in the manner as noted within the guidelines, unless a different vote is deemed prudent under the specific circumstances, taking into consideration the contractual obligations under any investment management agreement, or other comparable document, and all other relevant facts and circumstances at the time of the vote. It is our policy to perform a detailed review of each proxy statement when considering the voting recommendations of the guidelines.

### **1. Delegation of Voting Responsibility and Account Set Up**

It is the responsibility of the Legal personnel who prepares or reviews an investment management agreement, or other comparable document, to ensure that such agreement, prior to, or at the time of execution, assigns responsibility of voting proxies, whether it be retained by the client or delegated to Oaktree.

There may be certain instances in which Oaktree’s authority to vote proxies may be limited and as such the proxy voting guidelines may not be followed or a vote may not be placed. Such occasions may include, but are not limited to, when (i) the client has mandated that Oaktree vote in accordance with their proxy voting guidelines; or (ii) the client has chosen to participate in a securities lending program that may result in voting authority being lost if a particular security is out on loan on the record date. In the case where a Managed Account client has requested that Oaktree vote proxies in accordance with their guidelines, the Legal personnel reviewing the investment management agreement shall ensure that such guidelines are received from the client prior to funding of the account. Additionally, Oaktree may in its discretion, under certain limited facts and circumstances, abstain from voting proxies on behalf of its clients. Such facts and circumstances are documented and maintained as evidence for abstaining from the proxy vote.

Upon receipt of an investment management agreement, or other comparable document, the Compliance department sends the appropriate proxy voting provisions to the Corporate Actions department. The Corporate Actions department is responsible for preparing the Proxy Account Guidelines Matrix which details the voting responsibility for each Managed Account/Managed Fund and any other relevant details. The Corporate Actions department ensures that, for those Managed Accounts/Managed Funds for which Oaktree has been delegated voting authority, contact is made with the appropriate custodian bank and/or benefit plan trustee in order to receive proxy statements.

### **2. Voting Procedures**

#### **Determination of Vote**

Proxies are generally considered by the investment professional responsible for monitoring the security being voted. The Corporate Actions personnel responsible for proxies (with the exception of the Emerging Markets Equities strategy, which handles the proxies relating to their investments) deliver to such investment professional the proxy statement, the proxy voting guidelines and the Proxy Voting Form. The Proxy Voting Form serve as Oaktree’s record of the following information:

- (i) whether the investment was held as a passive investment or considered a significant holding;
- (ii) whether any material conflict of interest existed in connection with the vote (see further discussion below for description of the procedures to be followed in the instance of such occurrence);
- (iii) documentation of the vote for each proposal, including any additional document created or utilized, if any, that was material to arriving at such a determination; and
- (iv) documentation of the basis and rationale of the vote when the proxy voting guidelines were not followed, including the reasons why such guidelines were not used.

Once the investment professional has completed his or her analysis, documented the vote, the basis for such vote and signed the form, it should be forwarded to designated Compliance personnel for review. Such personnel ensure that all required documentation has been included, the vote is in accordance with the proxy voting guidelines, or if not, documentation supporting such exception has been created. The information is then sent to Compliance personnel for a final review, which is evidenced in the proxy documentation.

Corporate Actions personnel (with the exception of the Emerging Markets Equities investment strategy, which handles the proxies relating to their investments) then takes the recommended vote from the Proxy Voting Form and submit/transmit such vote(s) online unless the securities are held in physical form. If they are held in physical form, the custodian banks will provide the physical proxy ballots to Oaktree for approval and election. Oaktree will then forward the completed proxy ballots to the agent by mail in a timely manner. Copies of all such documents must be maintained to evidence submission of each proxy vote (see discussion under record-keeping below for additional guidance).

The Emerging Markets Equities investment strategy follows a similar process in which proxies are processed by the relevant Operations personnel and forwarded to the investment professional for consideration. Once the investment professional has completed his or her analysis, documented the vote, the rationale for such vote, and completed the Proxy Voting Form and received approval as necessary, the documentation is forwarded to designated Compliance personnel for review and approval. Once approval is received, the relevant Operations personnel then takes the recommended vote from the approved Proxy Voting Form and submit/transmit such vote(s) online.

Oaktree endeavors, on a best efforts basis, to vote all proxies for which it has proxy voting authority in accordance with the applicable deadlines. Nevertheless, from time to time, proxies may not be voted or are not voted in a timely manner due to various factors, for example receiving proxy notices late or after the cut-off time for voting, not receiving sufficient information regarding proxy matters or certain custodian policies and restrictions.

### **Conflicts of Interest**

Occasions may arise where a person or organization involved in the proxy voting process may have a conflict of interest. A conflict of interest may exist, for example if Oaktree has a business relationship with (or is actively soliciting business from) either the company soliciting the proxy, a third party that has a material interest in the outcome of a proxy vote or that is actively lobbying for a particular outcome of a proxy vote. Any person with knowledge of a personal conflict of interest (e.g. familial relationship with company management) regarding a particular proxy vote must notify Legal or Compliance personnel.

Appropriate members of the Legal and/or Compliance department review such circumstances to determine if a material conflict exists and address any such conflict by: (i) identifying the potential material conflict of interest on the proxy voting form; and (ii) implementing appropriate procedures to address such material conflict of interest. Such procedures may include, but not limited to: (i) having the investment professional remove him or herself from the voting process to be replaced with another research analyst not directly involved; (ii) disclose the conflict to the client and obtain their consent prior to voting; or (iii) a determination that the conflict is not material as neither Oaktree nor Managed Accounts/Managed Funds owns more than 5% of the outstanding class of securities subject to the vote.

### **3. Tracking Procedures**

The Corporate Actions or Trade Support/Operations personnel in each investment strategy in charge of proxies have been delegated the responsibility of communicating with each Managed Account/Managed Fund custodian bank, prime broker and/or benefit plan trustee to ensure that all proxies are received and for the correct amount of holdings. In addition, such personnel are responsible for ensuring that proxies are responded to in a timely manner and for transmitting appropriate voting instructions to the correct party. Information is documented on a Proxy Tracking Form as follows:

- (i) Matching proxies received with stock holdings on the record date as indicated on the proxy card to internal holding reports;
- (ii) Documenting reasons as to why proxies were not received for any stock holdings; and
- (iii) Recording the dates on which votes were submitted for each Managed Account/Managed Fund.

In addition to the above, Compliance personnel confirms whether the shares subject to the proxy are held by more than one investment strategy. If the position is cross-held, Compliance personnel may instruct coordination of the vote between the various investment strategies where the combined position is material (more than 5% of the outstanding class of securities subject to the vote). The ultimate decision to coordinate voting requires an evaluation of the relevant facts and circumstances with the relevant portfolio managers and Legal personnel.

### **4. Disclosure to Clients**

Oaktree clients that request additional information regarding our proxy voting policies and procedures, or details on how we have voted specific proxies, can forward their written requests to the attention of the Chief Compliance Officer at Oaktree Capital Management, L.P., 333 South Grand Avenue, Los Angeles, California, 90071, or via facsimile at (213) 830-6296. Disclosure of this option to clients is made through our Form ADV Part 2A. It is Oaktree's policy not to release proxy voting information to third parties.

In the event a request is received, the Compliance department will forward such requests from clients to the appropriate Corporate Actions personnel or Trade Support/Operations personnel in charge of proxies to facilitate and maintain the requested information.

#### **5. Recordkeeping**

Documentation that Oaktree has voted all proxies for Managed Accounts/Managed Funds for which it has proxy voting authority is maintained by the Corporate Actions or Trade Support/Operations personnel responsible for proxies. Such documentation includes for each proxy voted:

- (i) The proxy statement;
- (ii) Proxy Voting Form indicating voting response, the basis and rationale for such vote, and any documentation or materials used in determining the vote;
- (iii) Proxy Tracking Form indicating Managed Accounts/Managed Funds' names, shares owned on record date, date voted, method of voting; and if Oaktree did not vote for a particular Managed Account/Managed Fund the reasons behind such action; and
- (iv) List of client requests for proxy voting information.