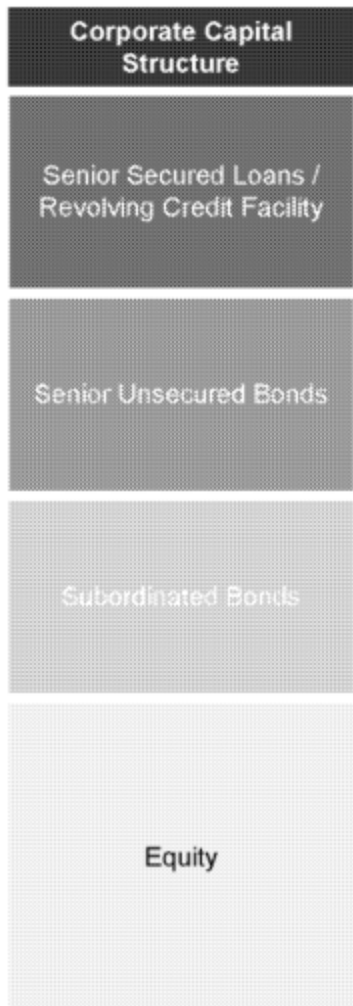


Loans – A Unique Asset Class



Senior Secured Loans

- The most senior debt obligation in the capital structure of non-investment grade companies, explicitly secured by claims on the company's assets to provide superior rights in the event of default
- Interest is paid prior to bond coupons and stock dividends
- Covenants can preserve cash to protect against credit deterioration
- Generally shorter maturity than bonds
- Benefit from
 - Floating rates
 - LIBOR floors
- Over the long term, historical recovery rates have been 70% for senior secured loans

Trailing 12-Month Recovery Rate

