

Morningstar's Medalist Ratings for Semiliquid Funds

The next seven ratings cover mostly managers of private assets.

Morningstar

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Contents

3	Blackstone Priv Mlt-Asst Crdt & Inc
10	Bow River Capital Evergreen
15	Carlyle Tactical Private Credit
19	Cascade Private Capital
23	Cliffwater Corporate Lending
27	Cliffwater Enhanced Lending
31	Wellington Global Multi-Strategy
36	Pimco Flexible Credit Income
40	Pimco Flexible Municipal Income
45	Capital Group KKR Core Plus+
50	Capital Group KKR Multi-Sector+
55	TCW Private Asset Income
59	First Trust Alternative Opportunities

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Introduction

The second batch of the new [Morningstar Medalist Ratings for semiliquid funds](#), published Nov. 12, 2025, comprised six more Neutrals and one Negative, bringing the totals to two higher-conviction, nine Neutrals, and two Negative overall ratings. These are the first of many independent, bottom-up ratings Morningstar will issue for this growing class of investment vehicles that offer investors more exposure to private and illiquid investments in exchange for more-limited redemption opportunities compared with traditional mutual funds. These new ratings provide investors with a clear assessment of these often complex and opaque funds' quality, risks, and return potential. Our methodology draws on Morningstar's decades of experience evaluating active and passive mutual funds, exchange-traded funds, separate accounts, and other vehicles. We still evaluate key factors such as management, investment process, performance, and fees but adapt our established approach to the unique characteristics of semiliquid structures. Morningstar analysts pay particular attention to semiliquid fund managers' access to private investments, methods for valuing them, and approaches to managing their portfolios' liquidity risk. As with all our ratings, the semiliquid fund ratings are designed to help advisors and professional and individual investors make more informed and better decisions. We hope to promote best practices and improve transparency in this growing but often murky segment of the alternative investment market. This paper includes the text of Morningstar's first six managed investment reports and Morningstar Medalist Ratings for semiliquid funds.

Semiliquid fund ratings will surface on Morningstar.com and within other products, including Morningstar Direct, Direct Advisory Suite, and semiliquid fund data feeds.

Why We Selected These Funds

Morningstar selected the initial group of interval funds to give investors a cross-section of different types of strategies and approaches from previously rated asset managers. In this round of ratings, most came from firms that primarily manage private assets rather than invest in public securities. Initiating coverage of these firms required additional due diligence and a longer lead time.

Morningstar Medalist Ratings Results

Exhibit 1 Morningstar's Semiliquid Fund Ratings

Fund	Morningstar Medalist Rating			
	People	Parent	Process	Overall*
Blackstone Priv Multi-Asset Credit & Income	Above Average	Above Average	Average	Neutral
Bow River Capital Evergreen	Average	Average	Above Average	Neutral
Capital Group KKR Core Plus+	Average	High	Average	Neutral
Capital Group KKR Multi-Sector+	Average	High	Average	Neutral
Carlyle Tactical Private Credit	Above Average	Average	Average	Negative
Cascade Private Capital	Average	Average	Average	Neutral
Cliffwater Corporate Lending	Average	Average	Above Average	Neutral
Cliffwater Enhanced Lending	Average	Average	Average	Neutral
First Trust Alternative Opportunities	Average	Average	Average	Negative
Pimco Flexible Credit Income	High	Above Average	Above Average	 Silver
Pimco Flexible Municipal Income	Above Average	Above Average	Above Average	 Bronze
TCW Private Asset Income	Above Average	Average	Average	Neutral
Wellington Global Multi-Strategy	Average	High	Average	Neutral

As of Nov. 12, 2025. *Rating of fund's cheapest share class.

Blackstone Private Multi-Asset Credit and Income **Neutral**

Fund Analysis | Alec Lucas

Morningstar Category	Inception Date	Repurchase Frequency	Repurchase Withdrawal Min	Fund Size (USD Mil)	Medalist Rating Process	Medalist Rating People	Medalist Rating Parent
Private Debt-General	May 1, 2025	Quarterly	5%	485	Average	Above Average	Above Average

Exhibit 2 Share Class Details

Share Class Name	Ticker	Morningstar Medalist Rating	Prospectus Adj Expense Ratio (%)*	Prospectus Net Expense Ratio (%)	Fee Tercile
Blackstone Priv Mlt-Asst Crdt & Inc D	BMADX	Neutral	2.01	5.34	Middle
Blackstone Priv Mlt-Asst Crdt & Inc I	BMACX	Neutral	1.76	5.09	Cheapest
Blackstone Priv Mlt-Asst Crdt & Inc S	BMASX	Neutral	2.51	5.84	Middle
Blackstone Priv Mlt-Asst Crdt & Inc I Advrsy	BMAIX	Neutral	1.76	5.09	Cheapest

Source: Morningstar Direct. Data as of Nov. 12, 2025. * Prospectus adjusted expense ratios manually adjusted to account for interest payment on borrowed funds from acquired fund fees and expenses.

Blackstone Private Multi-Asset Credit and Income is a promising but still nascent diversified credit interval fund. Its seasoned and sizable team earns an Above Average People rating, while its mix of structural advantages and embedded risks alongside a still-developing portfolio translates to an Average Process rating.

With its May 2025 launch, this strategy may be new, but its comanagers Michael Zawadzki, Dan Oneglia, and Eugene Lee are private credit veterans with relevant experience to run this strategy well. Zawadzki has the longest tenure at Blackstone. He started in the industry in 2002 and by July 2006 joined the credit-focused alternative asset shop GSO Capital Partners, which Blackstone acquired in March 2008. Zawadzki rose within the ranks to become global CIO of what is now Blackstone Credit and Insurance, which includes overseeing more than 110 Blackstone business CIOs, one of whom is Oneglia. In addition to comanaging this strategy, Zawadzki has helped run the corporate credit behemoth Blackstone Private Credit since its early 2021 debut.

As co-CIOs of this strategy, Oneglia and Lee collaborate closely, extending a working history that spanned from 2010 to 2019 when both were at Goldman Sachs, and continuing in April 2020 when Lee left for Blackstone four months after Oneglia did. The length of their collaboration adds to our conviction here, as does the more than 500 credit and real estate debt investment professionals supporting this strategy.

The strategy aims to generate what Blackstone considers to be an attractive monthly distribution yield (around 8% annualized in the current interest rate environment) by dynamically allocating across a wide range of public and private credit asset classes. It has a 20% neutral weighting in public credit, which Blackstone also refers to as liquid credit, and an 80% neutral weighting in private credit. Whereas public investments can include broadly syndicated leveraged bank loans as well as high-yield and investment-grade bonds, privately originated investments lean toward corporate loans, whether direct or mezzanine lending. They also include real estate and infrastructure debt, asset-based finance, and

structured credit. Most of the strategy's direct lending and real estate debt exposures come from target allocations of 25% and 10% of assets, respectively, to Blackstone nontraded business-development companies Blackstone Private Credit and Blackstone Private Real Estate Credit and Income, whose fees are not passed along to investors here.

Investing in Blackstone Private Credit and Blackstone Private Real Estate Credit and Income enhances diversification while providing another advantage. The financial leverage in their portfolios, which helps amplify income payouts, does not roll up to this strategy's 33.3% regulatory limit on leverage, expressed as debt divided by total assets. That allows this strategy, which uses fund-level debt, to benefit from additional investment leverage over a market cycle, even at times giving exposure to borrowing that would otherwise go beyond the regulatory limit if all the underlying leverage had to be included. In June 2025, for example, the fund's modest strategy-level leverage of 5% would have looked like 31.5% after incorporating embedded leverage from Blackstone Private Credit and Blackstone Private Real Estate Credit and Income.

Those allocations also amplify the strategy's risk profile. Additional leverage could become problematic in a stressed scenario beyond what's reflected in historical volatility metrics. Indeed, the greater market price volatility of traded BDCs with similar holdings to those in unlisted BDCs may suggest that even the best estimated private credit valuations do not fully reflect the portfolio's underlying risk.

In a prolonged downturn, the Blackstone Private Credit and Blackstone Private Real Estate Credit and Income allocations could also make it more challenging to meet this fund's quarterly repurchase commitments of up to 5% of shares outstanding, since both BDCs also cap their quarterly repurchases at 5%. The situation would have to become dire for this portfolio to run short of available cash, though. The fund would have to suffer a drought of inflows combined with multiple quarters of hefty redemptions to exhaust money coming in from maturing loans, sales of liquid credit holdings, and the full capacity of its revolving credit facility.

Overall, there is much to like about this strategy. But its portfolio is still taking shape. Indeed, with its neutral weightings of 20% in liquid credit and 80% in private credit, it has thus far only held the latter. Investors should carefully consider the strategy's latent risks before opting in.

Process

Blackstone Private Multi-Asset Credit uses a promising but still nascent diversified credit approach with embedded structural advantages and risks. It earns an Average Process rating.

The strategy aims to generate what Blackstone considers to be an attractive monthly distribution yield (around 8% annualized in the current interest rate environment) by dynamically allocating across a wide range of public and private credit asset classes. To achieve this, it has a 20% neutral allocation to public credit via a mix of broadly syndicated first- and second-lien leveraged bank loans, secured and unsecured high-yield bond debt, and investment-grade bonds. Blackstone also refers to that sleeve as liquid credit because those sectors are considered easier to trade compared with private credit, which has an 80% neutral allotment. The fund's private investments lean toward privately placed corporate loans, whether direct or mezzanine lending, but they also include real estate and infrastructure debt,

asset-based finance, and structured credit. Most of the strategy's direct lending and real estate debt exposures come from target allocations of 25% and 10% of assets, respectively, to Blackstone nontraded business-development companies Blackstone Private Credit and Blackstone Private Real Estate Credit and Income, whose fees are not passed along to investors here.

Blackstone employs the same credit-screening process across the public/private divide. Often thematic in nature, it focuses on what the firm believes are attractive issuers in industries benefiting from longer-term tailwinds that give them pricing power and resiliency in downturns. Blackstone uses its scale to its advantage, such as negotiating favorable rates on public market new issues and strengthening the operations of its private market borrowers to improve the quality of Blackstone's loans.

The strategy's private credit investments are its most labor-intensive. Specialist deal teams draw on industry connections to source and originate loans, which can take several months. Before each deal becomes eligible to buy, a global investment committee that includes comanagers Michael Zawadzki and Dan Oneglia must approve it. Whether a deal or portion of it makes it into this portfolio is a matter of its fit and the team's asset allocation priorities, which comanager Eugene Lee implements in consultation with Zawadzki and Oneglia. Performing deals are monitored closely to stay ahead of negative trends. Workout teams are available to restructure loans and, when necessary, maximize recovery on defaulted debt.

Because private credit deals can take months to develop and interval funds are subject to daily inflows, Blackstone has two mechanisms to deploy cash quickly beyond buying liquid credit. One is a warehousing facility through which separately managed accounts hold completed Blackstone private deals that can be purchased for this strategy. The other is buying shares of Blackstone Private Credit and Blackstone Private Real Estate Credit and Income, which puts new money to work and facilitates diversification as those BDCs are themselves diversified portfolios.

Investing in Blackstone Private Credit and Blackstone Private Real Estate Credit and Income provides other structural advantages. The financial leverage in their portfolios does not roll up to this strategy's 33.3% regulatory limit, expressed as debt divided by total assets. That allows this strategy, which uses its own fund-level debt, to benefit from additional leverage over a market cycle, even at times giving exposure to borrowing that would otherwise go beyond the regulatory limit if all the underlying leverage had to be included.

Those Blackstone Private Real Estate Credit and Income and Blackstone Private Credit allocations also amplify the strategy's risk profile. Additional financial leverage could become problematic in a stressed scenario beyond what's reflected in historical volatility metrics. Indeed, the greater market price volatility of traded BDCs with holdings similar to those in unlisted BDCs may suggest that even the best estimated private credit valuations do not fully reflect the portfolio's underlying risk.

In a prolonged downturn, those allocations could also make it more challenging to meet this fund's quarterly repurchase commitments of up to 5% of shares outstanding since both BDCs also cap their quarterly repurchases at 5%. The situation would have to become dire for this portfolio to run short of available cash, though. The fund would have to suffer a drought of inflows combined with multiple

quarters of hefty redemptions to exhaust money coming in from maturing loans, sales of liquid credit holdings, and the full capacity of its revolving credit facility.

Portfolio

Blackstone Private Multi-Asset Credit and Income's portfolio is still taking shape. With neutral weightings of 20% in liquid credit and 80% in private credit, it has thus far invested exclusively in the latter and leaned heavily on its BDC siblings in doing so. The June 2025 portfolio's 63% private corporate credit stake was inclusive of a 33% allocation to Blackstone Private Credit. The next biggest exposure was a 27% allocation to Blackstone Private Real Estate Credit and Income. Both BDCs increased this portfolio's diversification as Blackstone Private Credit then had 656 positions across 55 industries, and Blackstone Private Real Estate Credit and Income, which also launched recently, held 64 positions across seven industries.

The fund's September 2025 portfolio was not that different. Its 56% private corporate credit stake included a 36% allocation to Blackstone Private Credit, and its 22% weighting in Blackstone Private Real Estate Credit and Income was again its second biggest, though it was down 5 percentage points from the prior quarter. Exposures of 13% in asset-based finance and infrastructure credit, as well as 9% in structured credit, two-thirds of which was in reinsurance, rounded out the portfolio.

Fund-level use of financial leverage has been modest thus far, but the leverage embedded in its sibling BDC exposures has been substantial. Data necessary to estimate the fund's embedded leverage through its allocations to Blackstone Private Credit and Blackstone Private Real Estate Credit and Income is only available for June 2025. Those BDC holdings would have increased the fund's headline leverage from 0.05% to 31.5%, which wouldn't have been far from its own 33.3% interval fund regulatory limit had it been included.

People

Blackstone Private Multi-Asset Credit and Income's comanagers Michael Zawadzki, Dan Oneglia, and Eugene Lee are private credit veterans with relevant experience to run this strategy well. They also draw on a deep bench of analysts and specialists. While disclosed fund ownership could be better, the strategy merits an Above Average People rating.

Zawadzki has the most Blackstone experience of the three. He started in the industry in 2002 and joined the credit-focused alternative asset shop GSO Capital Partners in July 2006, which Blackstone acquired in March 2008. Zawadzki rose within the ranks to become global CIO of what is now Blackstone Credit and Insurance, which includes overseeing more than 110 Blackstone business CIOs, one of whom is Oneglia as global CIO of Blackstone Credit and Insurance liquid credit. In addition to comanaging this strategy, Zawadzki has helped run the corporate credit behemoth Blackstone Private Credit since its Jan. 7, 2021, debut.

As co-CIOs of this strategy, Oneglia and Lee collaborate closely, extending a working history that began in 2010 when both were at Goldman Sachs. Oneglia joined Goldman in 1999 and eventually led its Americas multistrategy investment team. He became a Goldman partner in 2018 but left amid a restructuring to join Blackstone in December 2019. Lee, who had joined Goldman in 2005 and was on its

multistrategy and alternative energy teams, followed Oneglia to Blackstone in April 2020. Since Dec. 1, 2023, Oneglia and Lee have also comanaged Blackstone Multi-Asset Credit, a private commingled strategy with a neutral weighting of 20% in private credit and 80% in liquid credit. Through August 2025 (the most recent data is available), that strategy outperformed its blended benchmark, a 50/50 split of the ICE BofA US High Yield Constrained and Morningstar LSTA US Leveraged Loan indexes, after taking the fund's fees into account.

Zawadzki, Oneglia, and Lee draw on more than 500 credit and real estate debt investment professionals. Blackstone subdivides this large group into smaller units to facilitate deep expertise in originating private credit deals, helping struggling credits, and many other specialties, such as a financing team tasked with securing the best borrowing terms for this strategy's use of financial leverage.

The managers' public alignment with shareholders through fund ownership could be better. As of the most recent regulatory filing in mid-October 2025, Oneglia was the only manager with money in the fund. He held shares then valued at more than USD 250,000.

Parent

Blackstone's strong stewardship and shareholder alignment while expanding access to private markets merits an upgrade in its Parent rating to Above Average from Average, though fees remain high.

Industry leadership has helped Blackstone garner more than USD 1 trillion in assets, making it the world's largest alternative asset manager. Blackstone was an early mover in engaging financial advisors, initiating its wealth management strategy in 2011, well ahead of the current wave of private offerings targeting advisors and their clients.

The 2017 launch of the nontraded REIT Blackstone Private Real Estate Income BREIT marked a turning point, boosting Blackstone's presence with advisors. Amid the real estate sector's struggles between 2022 and 2023, BREIT's redemption requests consistently exceeded its 5% quarterly liquidity limit. While Blackstone stuck to its 5% limit, it did meet all those commitments, unlike other real estate interval funds during the same period.

Today, the firm offers three semiliquid funds to nonqualified purchasers, including Blackstone Private Credit BCRED, the largest nontraded business-development company. Even with a proven ability to attract financial advisors, Blackstone has shown restraint as two of its semiliquid funds introduced since 2024 are limited to qualified purchasers. All told, Blackstone now oversees almost USD 100 billion in semiliquid funds accessible to retail investors through financial advisors, the most of any firm as of September 2025.

Blackstone isn't done seeking new frontiers, though. In April 2025, the firm announced plans to collaborate with Vanguard and Wellington Investment Management in designing products for financial advisors and retirement plans, aligning itself with best-in-class stewards of investor capital. This focus on investor alignment extends internally as well: Blackstone's investment teams co-invest alongside clients, and most employees could participate in private deals, creating accountability and tying compensation to long-term performance.

Fees are competitive in some respects but still lofty overall. Blackstone's credit semiliquid funds charge incentive fees on income rather than total return, a common practice among alternative asset managers. This can push managers toward higher-yielding and potentially riskier assets. Its only mutual fund, Blackstone Alternative Multi-Strategy, carries a 1.90% management fee, almost double the category average. Although performance has improved since leadership changes in 2021, the fund would benefit from additional fee breakpoints that benefit shareholders as assets grow.

As Blackstone pushes further into retirement plans, where lower costs are expected, it may need to adopt more investor-friendly pricing. Its scale and influence mean any changes it makes could reshape fee practices across the private market industry.

Performance

With its May 2025 launch, Blackstone Private Multi-Asset Credit and Income's record is limited, but it is off to a competitive start. Through October 2025, the iShares' 6.35% gain beat the Morningstar LSTA US Leveraged Loan Index by 1.94 percentage points and placed eighth out of 68 rivals across a combination of the private debt—general and private debt—direct lending Morningstar Category peer groups.

The fund's performance profile could moderate, though. Thus far, the team has not allocated assets to broadly syndicated leveraged bank loans, high-yield bonds, or investment-grade bonds, despite the strategy's 20% neutral allocation to liquid credit. The team has cited better private credit yield spreads as the reason for avoiding liquid credit, as well as not needing to meet shareholder redemptions until February.

Across a market cycle, the strategy's ability to lean into private credit and use financial leverage should be an advantage versus unleveraged fixed-rate debt indexes and mutual funds benchmarked to them, provided the strategy minimizes losses from default, which Blackstone has done well historically. Still, in a falling interest rate environment, all strategies with floating-rate-debt-heavy portfolios like this one could lag. That happened to sibling Blackstone Private Credit, to which this strategy allocates a portion of its assets. Over the trailing year ended in October 2024, Blackstone Private Credit's 12.33% net gain trailed the fixed-rate-driven ICE BofA US High Yield Index by 4.13 percentage points, a period in which the yield on the 10-year Treasury was down 125 basis points at one point from its 4.88% high.

Price

Blackstone Private Multi-Asset Credit and Income's costs are moderate in some respects, less so than in others.

Versus a combination of the private debt—general and private debt—direct lending Morningstar Category peer groups, the strategy's 0.75% annual management fee ranks in the cheapest decile. The iShares and the I Advisory shares, which together hold more than 96% of the fund's assets, seem pricey on the surface. But after accounting for waived fees, reimbursements for allocations to nontraded business-development company siblings, and subtracting interest payments on borrowed funds, their identical 1.76% prospectus-adjusted expense ratio ranks in the cheapest third of all interval fund bond

rivals, broadly considered. A 2% early repurchase penalty for shares held less than a year is an attractive feature as it disincentivizes short-term shareholder investments.

Other aspects of this fund's costs are less defensible, though. Each share class must pay a 12.5% incentive fee with full catch-up on net income earned after hitting a 5% annual hurdle rate, a relatively low bar given the current interest rate environment and the fund's ability to use financial leverage. Investors thus pay no portion of the fund's net income back to the asset manager until the fund's quarterly performance is on pace to hit its 5% annual threshold. They then pay 100% of subsequent net income up to about 5.714% per year, the catch-up for income forgone, and then a 12.5% share for any net income thereafter. In practice, the fund's full charges are only clear in retrospect, albeit they depend on investment performance.

Class S and D shares also face annual shareholder servicing and/or distribution fees of 0.75% and 0.25%, respectively, which increase their prospectus-adjusted expense ratios to 2.51% and 2.01%. The S shares hold a fraction of the fund's assets, though, and the D shares currently have no assets. For other information on the fund's fees, investors should consult the prospectus.

Bow River Capital Evergreen **Neutral**

Fund Analysis | Chris Tate

Morningstar Category	Inception Date	Repurchase Frequency	Repurchase Withdrawal Min	Fund Size (USD Mil)	Medalist Rating Process	Medalist Rating People	Medalist Rating Parent
Private Equity	May 22, 2020	Semiannually	5%	1,046	Above Average	Average	Average

Exhibit 3 Share Class Details

Share Class Name	Ticker	Morningstar Medalist Rating	Prospectus Adj Expense Ratio (%)	Prospectus Net Expense Ratio (%)	Fee Tercile
Bow River Capital Evergreen I	EVERX	Neutral	2.99	2.99	Middle
Bow River Capital Evergreen II	BREXV	Neutral	3.24	3.24	Middle

Source: Morningstar Direct. Data as of Nov. 12, 2025.

Bow River Capital Evergreen offers broad exposure to private equity, but investors should be aware of the asset class' risks in semiliquid funds. Morningstar is initiating coverage of this strategy with Average People and Above Average Process ratings, resulting in Morningstar Medalist Ratings of Neutral across its two share classes.

The strategy targets 70% in private equity, 15% private credit, and 15% liquid investments. The equity allocation is focused on middle-market co-investments with smaller allocations to secondaries and primary fund commitments. The liquidity sleeve mostly holds money market investments and US Treasuries to ensure ample liquidity to meet redemptions, and private credit aids liquidity through current income and a shorter investment life while still targeting moderate returns. The equity allocation is diversified by region, industry, deal type, and vintage year. As of September 2025, it skewed 55% to direct co-investments, with 39% and 6% in secondaries and primaries, respectively. From a vintage year perspective, which is the year the investment or fund launched, the highest allocation was 17% to 2024, so the likely maturity of investments is quite spread out and can further support redemptions.

This interval fund is unique; it provides two mandatory redemptions biannually of a minimum 5%, but unlike peers it has an exemption to offer an additional two discretionary redemption windows each year. This strategy's asset allocation and layered portfolio construction are well designed to meet its liquidity obligations. Valuations are conducted monthly to determine the fund's net asset value, using a combination of inputs with external verification, but they typically lag the quicker price discovery of public markets. Given the discrepancy in inputs to performance between listed and unlisted markets, their assigned prices aren't likely to shift nearly as readily with market swings as those of public equity, and lower volatility suppresses the underlying risks.

Jeremy Held is the driving force behind this strategy as a portfolio manager, chair of the investment committee, and leader of Bow River operations. Held founded the boutique in September 2019 and is supported by Joe Stork who became a listed manager in July 2025. Three further members round out the investment team and form most of the investment committee. The firm has gradually expanded the

team in recent years, which means most haven't been at the firm that long and will take time to get up to speed.

Launched in May 2020, this strategy has one of the longer track records. It has since returned 15.3% annualized through September 2025, though like a lot of private equity evergreen strategies, the portfolio can take some time to build out. But it has delivered 11.5% annually over the trailing three years compared with the Morningstar US Market benchmark's 24.4%. The fee is very high in absolute terms, however, and further indirect costs from the underlying investments can erode the required return premium above listed equities.

Process

This strategy's thoughtful asset allocation and portfolio construction complements prudent liquidity management, earning it an Above Average Process Pillar rating.

Unlike a typical fixed-term private equity fund, this strategy is a semiliquid fund with a strategic asset allocation that invests principally in four areas: direct middle-market co-investments, where Bow River has minority ownership in the business alongside a lead general partner; secondaries, which are investments in other private equity funds after those funds have already invested some capital; primaries, which are investments at the inception of fixed-term private equity funds with several underlying direct investments; and private credit. This approach allows Bow River to invest across the maturity spectrum of private equity and gain exposure to many individual companies. It also provides diversification across industries, vintage year, sponsors, transaction and strategy types, and company size.

Bow River's investment committee meets weekly to prioritize the current sourcing pipeline from its own networks and institutional partners to focus due diligence on the most promising opportunities that meet the fund's near-term objectives. After rigorous due diligence into the general partner, asset or fund quality, value creation strategy, and industry trends, the committee will approve the investment for inclusion in the fund and the suggested deal size. The firm thoughtfully seeks to minimize the liquidity mismatch between private equity assets and the provision of an interval fund. The fund is unique in that it can offer two discretionary redemptions biannually in addition to its two mandatory redemption windows.

Portfolio

The strategy sets a strategic asset allocation: 70% private equity, focused mostly on middle market co-investments but also secondaries and primary fund commitments, 15% private credit, and 15% liquid investments. The latter liquidity sleeve aims to provide up to 5% of the overall fund size in redemptions at least semiannually. It can include cash and cash equivalents in short-term commercial paper or Treasury bills, traded credit such as leveraged loans or corporate bonds, and alternative strategies (such as hedged equity or market-neutral).

The fund held just over 140 investments as of September 2025. The private equity/credit split was over four-fifths to equity. It was skewed to direct co-investments at 55%, with smaller 39% and 6% allocations to secondaries and primaries, respectively. It was fairly diversified from a vintage year

perspective with the highest allocation to 2024 at 17% of the portfolio. The firm focuses on middle- and lower-middle-market transactions, which comprise 42% and 29%, respectively, with a 28% weighting to large cap.

The private credit allocation was mostly direct co-investments and secondaries funds. This has a moderate return target but offers liquidity from both immediate interest income and shorter-duration loans, though it may still be exposed to bouts of illiquidity in stress periods. The liquidity sleeve comprised mostly US Treasuries and short-term money market investments, as well as a small allocation to a handful of hedge funds.

People

This team has grown in recent years, and most members are newer to the firm, meriting an Average People Pillar rating.

Jeremy Held is the driving force behind this strategy as a portfolio manager, chair of the investment committee, and leader of Bow River Advisors' operations. Held founded the boutique in September 2019 and has managed the strategy since its May 2020 inception. Prior to joining, Held was director of research and chief investment officer at ALPS Advisors, a Denver-based asset manager that specialized in registered fund vehicles focused on real assets and alternative investments. Held was supported by comanager Mike Trihy from the fund's launch until Trihy's August 2025 departure from the firm to pursue another opportunity. Trihy's loss will be felt. His evergreen private equity investing experience at Partners Group prior to joining the firm in October 2019 was invaluable. That said, Trihy worked closely with Joe Stork, who became a listed manager in July 2025. Stork joined the firm in April 2022 from Empower Investments where he specialized in multi-asset portfolio construction.

Three additional members round out the investment team and form most of the investment committee. The firm has gradually built the team in recent years, which means most haven't been at the firm that long. Erick Podwill and Amanda Krakauer joined in August and March 2025, respectively, while Teague Towner started in August 2024. Each brings complementary skill sets—including underwriting general partner relationships, fund-level due diligence, and single-asset research.

Parent

Bow River Capital boasts some positives, but it is still establishing itself, meriting an Average Parent Pillar rating.

Blair Richardson founded Bow River Capital in 2003. It's since grown to seven investment boutiques in recent years. They collectively managed USD \$4.7 billion in assets as of June 2025, focused on specialist private equity and credit assets in the lower-middle market. The firm maintains equity stakes in each boutique while providing shared services such as operations, legal, and compliance.

One boutique, Bow River Advisors, manages the firm's evergreen private equity strategy. It's a majority-owned subsidiary incepted in 2019 by Jeremy Held. In December 2023, New York Life Investments purchased a minority stake in Bow River Advisors to serve as the distribution partner for the fund. Held and the investment team still maintain a minority equity stake in Bow River Advisors, which has

expanded as the strategy has scaled, meaning many are newer to the firm. New York Life's presence creates some uncertainty around long-term ownership and product development plans.

One advantage of the New York Life partnership is supporting the firm's multi-origination platform with access to Apogem, the lower-middle-market origination platform that has been sourcing private equity opportunities for New York Life since 1991. This relationship supplements deal flow from the firm's networks and general partner relationships, as well as other institutional partnerships. Thoughtful valuation practices and governance also exist. Four representatives from the parent company form the valuation committee who ratify asset valuations at least monthly. The investment team have input, but they are nonvoting members, and various external vendors contribute throughout the process from overseeing the valuation policy to pricing harder-to-value assets.

Performance

This strategy commenced in May 2020. It has since returned 15.3% annualized through September 2025, though like a lot of private equity evergreen strategies, the portfolio can take some time to build out. Its trailing three-year return is a better guide to the strategy's prospects, which delivered 11.5% compared with the Morningstar US Market benchmark's 24.4%, as well as other relevant public market equivalents in the MSCI World Index's 23.7% and Russell 2000 Index's 15.2%. Co-investments have been the majority driver of returns over this period, meaning returns don't look as great compared with peers who have more focused on secondaries, which benefit from early inflows owing to an accounting quirk.

Public markets establish a forward-looking and dynamic price for a company daily, but private markets lack this mechanism. Instead, the firm's valuation committee is responsible for determining the fund's net asset value, or NAV. It determines the fair value of the portfolio of private investments monthly as of the last business day of each month using a combination of factors and third-party consultants. As this is backward-looking, the return profile will exhibit less volatility and lower correlation to public markets, and economic shifts may take time to reflect in performance. The 6.0% volatility per year confirms this, rendering the risk-adjusted comparisons with public equities misleading. The performance of public equity markets is monitored by the team to determine if the most recent valuations are accurate and up to date, so these levels of volatility and smoothness of returns should not be assumed.

Price

While this strategy's share classes are expensive compared with public asset mutual funds and exchange-traded funds, they are in line with other semiliquid private equity funds. The bulk of the fund's assets are in the I share class, which charges a 2.99% prospectus-adjusted expense ratio, placing it in the middle third of private equity semiliquid funds. Class II share class charges 3.24% and also lands within the middle third.

Both share classes charge a 1.75% management fee and cap operational expenses at 0.50%, while for class II investors there is a 0.25% administrative fee. Investors should read the prospectus for a detailed breakdown of expenses across all share classes, though, including acquired fund fees and expenses. Shareholders indirectly bear a portion of the asset-based fees, performance or incentive fees, or allocations and other expenses incurred by the fund as an investor in the portfolio's underlying funds.

Bow River charges the fee on total assets (or inclusive of leverage), which Morningstar views as not best practice, but the fund doesn't employ leverage at the portfolio level. A 2.00% early repurchase fee will be charged for any repurchase of shares within 12 months of initial purchase.

Carlyle Tactical Private Credit **Negative**

Fund Analysis | Brian Moriarty

Morningstar Category	Inception Date	Repurchase Frequency	Repurchase Withdrawal Min	Fund Size (USD Mil)	Medalist Rating Process	Medalist Rating People	Medalist Rating Parent
Private Debt-General	June 4, 2018	Quarterly	5%	4,578	Average	Above Average	Average

Exhibit 4 Share Class Details

Share Class Name	Ticker	Morningstar Medalist Rating	Prospectus Adj Expense Ratio (%)	Prospectus Net Expense Ratio (%)	Fee Tercile
Carlyle Tactical Private Credit A	TAKAX	Negative	3.72	5.80	Most Expensive
Carlyle Tactical Private Credit I	TAKIX	Negative	3.22	5.30	Most Expensive
Carlyle Tactical Private Credit L	TAKLX	Negative	3.72	5.80	Most Expensive
Carlyle Tactical Private Credit M	TAKMX	Negative	3.97	6.05	Most Expensive
Carlyle Tactical Private Credit N	TAKNX	Negative	3.22	5.30	Most Expensive
Carlyle Tactical Private Credit U	TAKUX	Negative	3.97	6.05	Most Expensive
Carlyle Tactical Private Credit Y	TAKYX	Negative	3.47	5.55	Most Expensive

Source: Morningstar Direct. Data as of Nov. 12, 2025.

Carlyle Tactical Private Credit offers investors access to a portfolio of diversified credit assets and stands out through both its experienced management team and its high fees. It earns an Above Average People rating and Average Process rating.

Brian Marcus has managed this fund since June 2018, which makes him among the more-tenured interval fund managers active today. Marcus is head of cross-platform investing within Carlyle's global credit group, giving him a sweeping view of the firm's lending activities. That's integral to the construction of this portfolio, which sources its assets from the firm's various credit groups, including direct lending, asset-backed finance, and collateralized loan obligations, or CLOs.

Those groups combined include more than 200 investment professionals, who are responsible for underwriting and monitoring the assets that go into this portfolio. Marcus is joined by three comanagers: Justin Plouffe, Mark Jenkins, and Adam Moss. Plouffe and Jenkins are senior members of the global credit group, though both have been tapped for executive-level positions starting January 2026. Moss is head of research within the liquid credit group.

Marcus and his five-person cross-platform team allocate across Carlyle's capabilities, so the fund won't be exposed—for better and for worse—to the fortunes of a single market such as direct lending. Most of the portfolio's assets are illiquid or less liquid, meaning they're difficult to trade, though the managers do keep a chunk of assets (roughly 20%) in more tradable fare such as broadly syndicated CLOs. Combined with the generally short maturity or amortization profile of its illiquid assets, the fund is equipped to handle potential redemptions.

This approach has generally provided strong returns. From January 2020 through September 2025, the I share class returned 6.7% annualized, better than most interval-fund peers and all public market proxies. But returns over the trailing year through September 2025 are less competitive, as falling interest rates have boosted returns of the mostly fixed-rate public debt market.

Like nearly all interval funds focused on private credit, this one offers investors quarterly redemptions capped at 5% of assets. Redemption requests will be prorated if the total requested exceeds 5%, which means in adverse circumstances it could take years for an investor to get all their money out. Finally, with a 3.22% prospectus-adjusted expense ratio on its cheapest share classes, it's one of the most expensive credit interval funds, which significantly reduces its appeal.

Process

The strategy offers access to an array of private credit assets, and its managers are thoughtful about liquidity risk. However, it's difficult to distinguish the quality of Carlyle's credit research and lending standards, as its high fee structure could steer the portfolio toward higher-yielding assets in an effort to overcome the fee hurdle. It earns an Average Process rating.

Carlyle's global credit capabilities are accessible through this fund, which invests in credit assets ranging from direct lending to CLOs and asset-backed finance to opportunistic credit (this last one is a catch-all bucket that encompasses bespoke lending arrangements, often to borrowers that couldn't otherwise access capital). While the management team can buy non-Carlyle-originated deals, they've generally stuck to the firm's own pipeline. Direct lending has traditionally been the largest exposure, averaging around one-third of the portfolio over the last five years. While many of these assets have limited liquidity and can't be easily traded, the team is still responsive to shifting credit conditions. For example, the fund's exposure to opportunistic credit reached a high of 38% of assets in 2020, when the pandemic put stress on many corporate borrowers, some of whom turned to Carlyle for financing.

The team is sensitive to the liquidity risk of private assets, and so it keeps a portion of assets (historically around 20%) in tradable credit assets. Some of its private assets, such as asset-backed finance, also tend to pay off relatively quickly, providing another source of incremental cash. Combined with other levers, such as a line of credit, the fund is well-positioned to manage redemptions (which are capped at 5% of assets per quarter).

On the other hand, its high fees can influence portfolio outcomes and decision-making by nudging managers in the direction of higher-yielding assets, which are more lucrative (and more likely to help the fund overcome its fee hurdle) but also carry more elevated risks.

Portfolio

As of August 2025, 38% of portfolio assets were in direct lending. These are loans made by Carlyle to corporate borrowers and are the most traditional of the various private credit markets. This allocation has changed over the last five years, ranging from a high of 39% at the end of 2021 to a low of 22% in the third quarter of 2020. Opportunistic credit has traditionally been the portfolio's second-largest allocation and came in at 22% of assets in August 2025. These are often riskier borrowers, and so Carlyle

typically demands additional protections, like a senior position in the capital structure, or other features that aim to reduce potential losses.

Meanwhile, liquid credit assets were 16% of the portfolio as of August 2025, followed by 14% in structured credit, 6% in asset-backed finance, and 4% in debt tied to real estate and infrastructure projects. While the exact numbers may shift from quarter to quarter, that asset mix is likely to remain relatively consistent, barring extraordinary opportunities or market conditions.

The managers do use leverage, on average, about 22% of total assets (the regulatory limit is 33% of total assets). Some semiliquid fund peers prefer to keep leverage at or near the maximum, while the preference here has been to keep some portion of the fund's leverage unused so that it's available during volatile markets.

People

The strategy is run by an experienced lead manager and supported by an expansive investment team. It earns an Above Average People rating.

Brian Marcus has been the lead manager here since the fund's 2018 inception. Marcus is Carlyle's head of cross-platform investing, which gives him a bird's-eye view of the firm's credit investment research and origination pipeline. Such a view is critical to the success of this strategy, which is designed to leverage the firm's global credit capabilities. Marcus has three listed comanagers, although two of them—Justin Plouffe and Mark Jenkins—will assume new executive-level positions in January 2026. Plouffe will become Carlyle's CFO, while Jenkins will become global head of credit. Adam Moss, head of research within the liquid credit group, was added to the prospectus in April 2025.

The firm manages more than \$200 billion in credit assets, which are divided between public and private, with each segment boasting large and experienced teams of investors. There are more than 200 investment professionals across sectors, including direct lending, liquid credit, opportunistic credit, and asset-backed finance. Marcus and his small cross-platform team focus on building the portfolio with the assets available via Carlyle's platform, while the sector teams are responsible for underwriting, monitoring, and (if necessary) restructuring the assets.

Marcus and Plouffe both invest at least \$500,000 in the fund, while Jenkins and Moss don't currently invest any money.

Parent

In its newest endeavors, Carlyle is hewing close to its core competencies and has well-designed products, but many of its offerings are highly priced. It earns an Average Parent rating.

Carlyle is among the most well-known credit and private equity managers in the world, with roughly USD 203 billion and USD 165 billion in assets under management, respectively. Alpinvest, the firm's third primary business, invests with other private markets managers; it's one of their fastest-growing units with USD 102 billion in assets.

Like many of its competitors, it has identified the global wealth market as a new source of potential growth beyond its traditional institutional market. In pursuit of that, the firm has scaled a dedicated wealth distribution team from zero to roughly 100 in less than five years. It has also launched a suite of five main products in more accessible vehicles specifically to serve the wealth market.

Carlyle's offerings reflect its three main investment units and have been thoughtfully constructed, especially regarding the appropriate matching between asset and fund liquidity. The firm is also thoughtful about ensuring equal access to investment opportunities across client types. On the other hand, its wealth products are expensive, especially compared with newer competition, which may lower the net benefit for clients who are considering adding private assets to their portfolios.

Performance

The fund was inceptioned in June 2018, and early on, investors could only invest monthly. The firm switched to daily subscriptions (just like mutual funds) in late 2019, a shift that also required moving from a monthly valuation of the portfolio's assets to a daily valuation. Because valuations were monthly prior to November 2019, performance during that period should not be compared with performance after November 2019.

From January 2020 through September 2025, the fund's iShare class returned 6.7% annualized. That's better than the Morningstar LSTA Leveraged Loan Index, a public market equivalent that returned 5.9% over the same period—also well ahead of the 4.6% return of the Invesco Senior Loan ETF BKLN. It was also better than a small subset of private credit interval-fund competitors, though by smaller margins.

Private credit—which is mostly floating rate—benefited from the rising interest rate environment following the 2020 pandemic. But recently rates have begun to fall, and returns have gotten more competitive across both public and private markets. Over the trailing one year through September 2025, this fund returned 6.6%, 27 basis points ahead of the loan index but behind various peers, including both public/private hybrid portfolios and even some public high-yield bond mutual funds, which have more duration (and so benefit from falling rates) than this strategy.

Price

This is one of the more expensive interval funds currently in the market. It charges a 1% management fee on managed assets, which means it includes assets that the managers purchased with the use of leverage. This practice can encourage Carlyle to use leverage even when it's not in fundholders' best interest to do so; in practice, the fund has made moderate rather than extreme use of it. The fund also charges a 15% incentive fee on net income earned above 6% (the hurdle rate). Because the portfolio consists almost entirely of higher-yielding debt assets with no credit ratings (or below investment-grade ratings), in most markets it should be able to consistently exceed that hurdle, which means investors should consistently expect to pay the incentive fee.

The prospectus-adjusted expense ratio of the I share class is 3.22%, which places it comfortably within the most expensive third of all credit interval funds. The other share classes charge the same or more.

Cascade Private Capital **Neutral**

Fund Analysis | Jack Shannon

Morningstar Category	Inception Date	Repurchase Frequency	Repurchase Withdrawal Min	Fund Size (USD Mil)	Medalist Rating Process	Medalist Rating People	Medalist Rating Parent
Private Equity	Jan. 7, 2022	Semiannually	5%	4,542	Average	Average	Average

Exhibit 5 Share Class Details

Share Class Name	Ticker	Morningstar Medalist Rating	Prospectus Adj Expense Ratio (%)	Prospectus Net Expense Ratio (%)	Fee Tercile
Cascade Private Capital I	CPEFX	Neutral	1.92	2.77	Cheapest

Source: Morningstar Direct. Data as of Nov. 12, 2025.

Cascade Private Capital, Cliffwater's private equity-focused interval fund, offers broad private equity exposure at a relatively low price, but investors should be patient as the team and process prove themselves out. It earns a Morningstar Medalist Rating of Neutral.

Cliffwater bought this fund from Barings in February 2024 and installed a new management team. Five comanagers— Liz Campbell, Gabrielle Zadra, Eric Abelson, Bernard Gehlmann, and Tim Henn—oversee the fund. Zadra, Abelson, and Gehlmann worked at Cliffwater prior to its acquisition of this fund and helped the firm's advisory clients allocate to private equity opportunities. Campbell arrived in August 2025 from Portfolio Advisors, where she was chief investment officer and helped manage the firm's semiliquid private equity offering. Henn joined from JPMorgan in July 2024, though he previously worked with Campbell at Portfolio Advisors. All told, this is a team with plenty of relevant experience, but they need to prove they can manage this strategy effectively as a collective.

This strategy aims to provide investors with diversified private equity exposure. It does this through mainly buying interests in existing private equity funds (so-called "secondaries" investments) and co-investments, which are direct investments made alongside a lead private equity manager. The managers target a 50/50 mix between the two, though allocations will ebb and flow with market opportunities. This will lean mostly on buyout strategies, but it will also hold about 20% in growth and venture equity as well.

Liquidity management is critical to semiliquid funds. Cliffwater has a dedicated team that helps manage liquidity risks, and this interval fund provides mandatory semiannual redemptions of at least 5%. Cliffwater takes a unique approach to liquidity management as an interval fund in that they do not hold an explicit liquidity sleeve of a slug of cash or liquid securities to fund potential redemptions, as they think the return drag from such sleeves is too costly. Instead, they will look to a line of credit to serve as the first line of defense against net redemptions. Relying on leverage can add additional risk to the portfolio, though, particularly in a protracted downturn that the fund hasn't faced to date over its short history.

Investors should look beyond this fund's since-inception track record, as it is almost entirely built off Barings not marking down the portfolio in 2022 when public markets sold off considerably. Since 2022, the fund slightly edged the Morningstar US Market Index, but most of the return remains in the form of unrealized valuation markups, and investors would be well-served to be patient as the team proves it can generate realized, public market-beating returns at scale.

Process

Cliffwater takes a reasonable approach to private equity investing, but it needs to be proven out over a longer cycle. It earns an Average Process rating.

Unlike public equities, which can be held into the theoretical indefinite future and can be sold at immediately available prices, private equity generally requires "exits" (that is, sales of the company) to generate returns. Thus, it also requires a constant stream of new assets to buy as capital gets recycled. This team has plenty of access to new deals via existing relationships with private equity firms as well as secondaries brokers, though most competitors have similar sourcing abilities. When deciding which co-investment deals to participate in or which funds to buy, they look at the quality of the private equity manager backing the deal as well as the fundamental merits of the underlying assets. The portfolio managers on this fund initially approve the deals before Cliffwater's broader investment committee provides a final approval.

This fund's approach to liquidity management stands out from other private equity interval funds on the market. This fund is required to provide 5% seminannual liquidity, while some competitors offer 5% quarterly. It does not hold a designated liquidity sleeve of cash or similar investments to fund redemptions, as the managers see the potential cash drag as too costly.

To its credit, this fund applies a 0.4 daily public market beta adjustment (based on the Russell 3000 Index) to its positions. This gives it more volatility than many peers, which is better than doing nothing (like some peers), but it still understates the true risk in the portfolio, at least if investors look to volatility as a risk proxy.

Portfolio

This strategy seeks to provide diversified private equity exposure via mainly secondaries and co-investments. Secondaries are interests in existing private equity funds that the managers typically purchase at a discount to their net asset values, or NAV. Co-investments are direct investments in one or more companies alongside the private equity firm leading the deals. At a high level, the portfolio targets a 50/50 mix between co-investments and secondaries, though the actual allocations will ebb and flow with market opportunities. Of the available semiliquid private equity funds out there, this allocation is in the middle of the road. Some competing funds primarily hold co-investments, others primarily hold secondaries, while others hold a similar mix to this portfolio.

Within each bucket, though, there are many kinds of assets. This portfolio mostly owns lower- and middle-market buyout targets, which are companies bought and controlled by a private equity firm. It also allocates roughly a quarter of the fund to growth equity and venture capital, which are often noncontrolling investments in younger companies that can provide higher upside but with additional

risk. Its venture and growth allocation is a bit higher than most broad-based competitors, but overall, it is not taking huge allocation risks. It is fairly concentrated from a sector perspective, and roughly three-fourths of the portfolio sits in technology, healthcare, or industrials businesses. Tilts to these sectors are common among competitors, too.

People

This fund is overseen by an experienced group of managers, but their track record together is short, meriting an Average People rating.

When Cliffwater bought this fund from Barings in 2024, it installed new leadership. Three of the managers were already in-house. Gabrielle Zadra, Eric Abelson, and Bernard Gehlmann either helped advise Cliffwater's clients on private equity allocations or had experience investing directly in private equity from previous roles. Still, Cliffwater brought in two more people—Liz Campbell and Tim Henn—to round out the team. Campbell came from Portfolio Advisors, where she was the chief investment officer and helped oversee its semiliquid private equity fund FS MVP Private Markets. Henn came from JPMorgan where he specialized in secondaries, an area he leads for this fund, too. Henn previously worked at Portfolio Advisors with Campbell, so while the five are new to managing this specific fund and need to prove their collective salt, they do at least have a lot of familiarity with one another.

The five comanagers have ample support. There are more than two dozen investment personnel dedicated to private equity at the firm, and they are broken up between five sector teams. A dedicated liability management team assists with managing redemptions and the fund's debt facilities, which can be a meaningful burden, so having dedicated help eases the workload of the managers.

Parent

As Cliffwater matures as an asset manager after a period of rapid growth, it earns an Average Parent rating.

Steve Nesbitt founded Cliffwater more than two decades ago as a boutique investment consultant specializing in alternatives and private markets asset managers. In 2015, the firm created the Cliffwater Direct Lending Index, the first and still most-cited index for tracking the performance of the private direct lending market. The benchmark, whose performance dates to 2004, and the 2018 hiring of co-head of asset management Phil Hasbrouck, supported the firm's successful entrée into asset management. In 2019, it launched the Cliffwater Corporate Lending interval fund that year, a fund that has since grown to over USD 30 billion. Two more interval funds followed, one offering access to private credit beyond direct lending (launched in 2021) and the other a private equity strategy acquired in 2024 that invests in both secondaries and co-investments. In less than seven years, the firm has gathered more than USD 40 billion in assets under management. Cliffwater stands out in many ways, most notably for its competitive pricing compared with semiliquid competitors. It also boasts a high level of employee ownership in the firm and an impressive liability management team that has constructed an efficient credit facility should a need for one arise if redemption requests spike. As the firm has grown, it has been able to attract talent; however, nearly the entire investment team has joined over the past seven years, and the firm remains untested, especially through a period of stagnant or negative growth.

Performance

This fund has posted seemingly good results since its inception, though it benefited from the quirks of owning private assets. Since its January 2022 inception under Barings through October 2025, this fund's 21.5% annualized return trounced the Morningstar US Market's 11.5% gain. However, nearly all that outperformance was generated in 2022 under Barings' watch when the public market fell nearly 20%, but this portfolio was marked up 12% (with virtually zero realized gains). Since the start of 2023 through October 2025, the fund performed largely in line with the public market. It has done well under Cliffwater's watch since February 2024, though putting inflows to work in secondaries and a daily beta adjustment aided its performance. Barings did not appear to do any market or beta adjusting when it managed the fund, so the fund's track record shows the kind of incredible combination of downside and upside capture ratios that would make a public equity manager famous.

Secondaries have the unique ability (thanks to an accounting quirk) to generate "day-one gains" via NAV write-ups after being purchased at a discount. This can warp performance, particularly early in a fund's life, so the larger the inflows, and the more secondaries a fund buys, the more distorted its early track record can be. Cliffwater's attribution as of June 2025 credited 22% of its since-inception return from these day-one gains, which is material but significantly less than some competitors. Still, most of the rest of the fund's return since inception remains in the form of unrealized NAV markups, albeit not the day-one variety.

Price

This strategy is among the lowest-cost semiliquid funds available that focuses on private equity. It lands in the cheapest tercile of the broad equity-focused semiliquid funds. Its prospectus-adjusted expense ratio, which backs out borrowing costs on debt, of 1.92%, ranks among the lowest available. That includes a 0.40% fee waiver that will expire in June 2026, though. Still, even after the waiver, it will remain among the cheapest options.

The fund's acquired fund fee expense, which is about one-third of the total cost, is subject to change, however. The figure in the prospectus is an estimate based on prior results, but it also can exclude incentive fees collected by private fund managers because of the uncertain timing of them. This issue is not unique to this fund, but investors should be aware that true economic costs are likely higher than the sticker price suggests.

Cliffwater Corporate Lending **Neutral**

Fund Analysis | Brian Moriarty

Morningstar Category	Inception Date	Repurchase Frequency	Repurchase Withdrawal Min	Fund Size (USD Mil)	Medalist Rating Process	Medalist Rating People	Medalist Rating Parent
Private Debt-Direct Lending	June 5, 2019	Quarterly	5%	32,212	Above Average	Average	Average

Exhibit 6 Share Class Details

Share Class Name	Ticker	Morningstar Medalist Rating	Prospectus Adj Expense Ratio (%)	Prospectus Net Expense Ratio (%)	Fee Tercile
Cliffwater Corporate Lending I	CCLFX	Neutral	1.52	3.27	Cheapest

Source: Morningstar Direct. Data as of Nov. 12, 2025.

Cliffwater Corporate Lending's distinct approach to private credit investing stands out, but its recently built investment team doesn't. It earns an Above Average Process rating and Average People rating.

Launched in June 2019, the USD 30-plus billion strategy is currently the largest interval fund. That rapid growth has lifted Cliffwater from boutique investment consultant to one of the most well-known names in the semiliquid fund market. But most of this fund's current management roster didn't come together until late 2022. Cliffwater founder Steve Nesbitt has been listed as a manager since inception, while Caitlin Nemeth, Frances Beyers, and Samir Patel all joined in late 2022. Prior to their addition, the firm's use of subadvisors made it easier to scale, but those subadvisors left the fund as Cliffwater built up its own internal resources.

Nemeth, Beyers, and Patel have the experience necessary to successfully run this fund, but both they and their supporting team are newer additions to help the firm navigate its accelerated expansion into asset management. Across the more than 30 investment professionals supporting this fund, the average tenure at Cliffwater is just two years. The group hasn't worked together for very long, or through any lean years, which is often when team dynamics and retention are tested.

However, the investment process they built has an edge within the strategy's competitive landscape. While some semiliquid funds own assets originated by just one or two private credit firms—often the same firm managing the semiliquid fund—Cliffwater sources assets from over two dozen firms, leading to one of the most diversified direct-lending interval fund portfolios. This diversification should limit the impact of losses, especially those driven by the idiosyncrasies of individual originators.

The strategy is reasonably priced for a semiliquid fund, with a 1.52% prospectus-adjusted expense ratio. It also charges on net assets (rather than managed or leveraged assets) and does not charge an incentive fee, which makes it among the more investor-friendly fee structures in the very expensive semiliquid fund market. That competitive fee has allowed it, at least in part, to earn above-average returns. From its June 2019 inception through September 2025, it gained 9.6% annualized, substantially ahead of most private and public credit peers.

Like nearly all interval funds focused on private credit, this one offers investors quarterly redemptions capped at 5% of assets. Redemption requests will be prorated if the total requested exceeds 5%, which means in adverse circumstances it could take years for an investor to get all their money out.

Process

The strategy provides access to a portfolio of private credit direct lending from a diverse source of originators and managers, while Cliffwater's rapid scale has allowed them to negotiate robust liability and liquidity management tools. It earns an Above Average Process rating.

The firm positions this strategy as similar to an index fund-style experience, with an extremely diversified portfolio of assets sourced from more than two dozen private credit originators, including Carlyle, Crescent, KKR, and Silver Point Capital. The Cliffwater Direct Lending Index is the starting point, with the managers aiming to do better than the index through both originator selection and avoiding the most troubled loans. This approach makes intuitive sense. Position sizes are modest as result of the broad diversification, and that lessens the impact of any one loan going bad. Idiosyncratic risk is thus minimal, providing investors with systematic exposure to an asset class without any passive options.

As of November 2025, the fund has grown more than USD 30 billion in assets, a scale that has its advantages. Some of its third-party arrangements are through private vehicles that provide Cliffwater with significant control over cash flow, making it easier to meet quarterly redemptions compared with competitors that invest predominantly in drawdown funds. It also has a robust liability management group that further supports the fund's liquidity and lowers its cost of leverage (which is typically used only moderately at about half the regulatory limit).

On the negative side, the fund's model means it's never the lead lender, and so it can't drive outcomes when a borrower becomes distressed. Instead, it's along for the ride while leads like KKR, for example, take the wheel.

Portfolio

The portfolio is entirely corporate direct lending, the most traditional part of the private credit markets, although that exposure is split between roughly one-third in managed products and two-thirds in directly held co-investments. The managed product exposure includes business development companies, or BDCs, traditional drawdown funds, and middle-market collateralized loan obligations. However, a growing portion of that allocation has been to privately negotiated vehicles that give Cliffwater greater control over the cash flow, which has liquidity management benefits for this fund. The team expects that allocation to continue growing.

Unlike almost all peers, Cliffwater doesn't keep a slug of the portfolio in liquid assets to manage redemptions. Instead, the firm counts on the natural liquidity from maturing assets and various tools including its line of credit, which is backed by Cliffwater's robust liability management function. The lack of a liquidity sleeve will boost returns over peers, although it may also leave this fund reaching for the line of credit sooner than peers when redemptions hit. The highly diversified portfolio is exemplified in some of its risk statistics, such as default rate and the percentage of income in payment-in-kind, both of which are lower than many competitors.

Like in many private credit funds, leverage is used here at roughly half the regulatory capacity. Leaving some portion of that capacity unused gives the managers flexibility in the future and is done with consideration to the fact that many of its managed product holdings, such as BDCs, are themselves highly leveraged.

People

A large and growing investment team runs this fund, but that group was only built in the last few years. It earns an Average People rating.

Caitlin Nemeth, Samir Patel, and Frances Beyers are the primary managers here. Firm founder Steve Nesbitt is also listed as a manager, though he's no longer involved with the day-to-day operations of this portfolio. The trio have complementary and well-defined responsibilities. Both Nemeth and Beyers spend a large portion of their time managing relationships with the external originators that supply the fund with its credit assets. Nemeth is also deeply involved in structuring specific programs with those originators, while Beyers is head of the firm's capital markets group and helps manage the Cliffwater Direct Lending Index. Meanwhile, Patel manages the fund's co-investment activity, which is intended to be about two-thirds of the portfolio.

All three have backgrounds necessary for running this portfolio, and they're supported by over 30 investment professionals dedicated to the corporate direct lending market. However, all have joined over the last five years as Cliffwater's asset management business has grown, and the group averages just two years of experience at the firm. Beyers joined in 2020, and Nemeth joined in 2021; they were added as managers in November 2022. Patel joined the firm in January 2022 and the management roster in December 2022. The firm has hired aggressively to support the growth of this product, but the group hasn't operated together for long or through a period of flat (or declining) growth and returns, which is when team dynamics and retention are tested.

Most of the managers are aligned with fund shareholders. Nemeth and Nesbitt each invest over USD 1 million in the fund, while Beyers has at least USD 100,000 invested. Patel did not have any money invested as of this publication.

Parent

As Cliffwater matures as an asset manager after a period of rapid growth, it earns an Average Parent rating.

Steve Nesbitt founded Cliffwater more than two decades ago as a boutique investment consultant specializing in alternatives and private markets asset managers. In 2015, the firm created the Cliffwater Direct Lending Index, the first and still most-cited index for tracking the performance of the private direct lending market. The benchmark, whose performance dates to 2004, and the 2018 hiring of co-head of asset management Phil Hasbrouck, supported the firm's successful entrée into asset management. In 2019, it launched the Cliffwater Corporate Lending interval fund, a fund that has since grown to over USD 30 billion. Two more interval funds followed, one offering access to private credit beyond direct lending (launched in 2021) and the other a private equity strategy acquired in 2024 that

invests in both secondaries and co-investments. In less than seven years, the firm has gathered more than USD 40 billion in assets under management. Cliffwater stands out in many ways, most notably for its competitive pricing compared with semiliquid competitors. It also boasts a high level of employee ownership in the firm and an impressive liability management team that has constructed an efficient credit facility should a need for one arise if redemption requests spike. As the firm has grown, it has been able to attract talent; however, nearly the entire investment team has joined over the past seven years, and the firm remains untested, especially through a period of stagnant or negative growth.

Performance

The strategy has been one of the best-performing credit interval funds over the medium term. From December 2022—Nemeth and Beyers' first full month on the fund—through September 2025, its singular I share class returned 11.5% annualized. That's 187 basis points ahead of the Morningstar LSTA Leveraged Loan Index, which tracks the public bank loan market, the closest public proxy to private direct lending. An interval fund that invests in private assets should be able to beat a public index given the liquidity restrictions at both the portfolio asset and interval fund redemption levels. Over the same period, the fund also beat a small peer group of competitors by roughly 70 basis points annualized.

The fund's trailing performance record has benefited hugely from 2022, a year when it gained 6.5% and trounced almost everyone, public and private competitors alike, in some cases by more than 10 percentage points. That was a unique period where the fund benefited from both rising rates and inflows, and it is unlikely to be repeated. If a fund is receiving inflows while its investment universe, and its competitors, are under pressure, it can buy lower-priced assets and benefit from both a higher starting yield and greater appreciation, if those assets recover in price.

Private credit—which is mostly floating rate—benefited from the rising interest rate environment following the 2020 pandemic. But recently rates have begun to fall, and returns have gotten more competitive across both public and private markets. Over the six months ended September 2025, the fund returned 4.4%—only 29 basis points ahead of the Morningstar LSTA Leveraged Loan Index and behind many competitors, including both public/private hybrid portfolios and even some public high-yield bond mutual funds, which have more duration (and so benefit from falling rates) than this strategy.

Price

Cliffwater charges a 1% management fee on this strategy, which has only one share class. The all-in cost for that share class, represented by its prospectus-adjusted expense ratio, is 1.52%. It charges on net assets, which is best practice, rather than on managed assets, which can incentivize leveraging the fund even when it's not in the fundholders' best interests. The firm also doesn't charge an incentive fee on income; such incentive fees can function as a less-obvious cost and eat into income, which is the primary component of total return for credit funds. The 1.52% expense ratio, while high in absolute terms, lands in the cheapest third of all credit interval funds, a very pricey group.

Cliffwater Enhanced Lending **Neutral**

Fund Analysis | Brian Moriarty

Morningstar Category	Inception Date	Repurchase Frequency	Repurchase Withdrawal Min	Fund Size (USD Mil)	Medalist Rating Process	Medalist Rating People	Medalist Rating Parent
Private Debt-General	June 30, 2021	Quarterly	5%	7,309	Average	Average	Average

Exhibit 7 Share Class Details

Share Class Name	Ticker	Morningstar Medalist Rating	Prospectus Adj Expense Ratio (%)	Prospectus Net Expense Ratio (%)	Fee Tercile
Cliffwater Enhanced Lending D	CLDFX	Neutral	2.85	3.53	Middle
Cliffwater Enhanced Lending I	CELFX	Neutral	2.00	2.68	Middle

Source: Morningstar Direct. Data as of Nov. 12, 2025.

Cliffwater Enhanced Lending offers broad access private credit, but much of its team is still new to the firm, and the strategy carries additional liquidity risk. It earns Average People and Average Process ratings.

The fund has grown to almost USD 7 billion in assets since its July 2021 launch, making it one of the larger interval funds in the market today. That rapid growth, as well as that of interval fund sibling Cliffwater Corporate Lending, has lifted the firm from boutique investment consultant to one of the most well-known names within the semiliquid fund market. Cliffwater founder Steve Nesbitt has been listed as a manager since inception, while Eli Sokolov and Jeff Topor joined in September 2022. The management roster's newest addition, Nick Lenicheck, started on the fund in July 2024.

Sokolov, Topor, and Lenicheck handle the strategy's day-to-day management, and the three collectively have the experience needed to successfully run it. But while Sokolov and Topor have been with Cliffwater since 2007 and 2013, respectively, most of the strategy's supporting investment team have joined the firm over the past four years. Thus the group hasn't worked together long or through any challenging years of outflows or poor performance.

The managers' investment process focuses on building a comprehensive portfolio of private credit assets beyond the oft-cited direct lending market. They do this by investing with more than 30 external investment managers that operate within the various private credit submarkets—which can include asset-backed finance, legal finance, real estate debt—or even lending to venture capital-backed companies. Because it has exposure to so many small markets, the fund gets much of its access through drawdown funds, which puts an additional liquidity burden on this fund through the uncertain timing and magnitude of both capital calls and distributions. The managers are sensitive to that risk, and Cliffwater has many tools to manage it, but the risk still exists.

Like nearly all private credit-focused interval funds, this one offers investors quarterly redemptions capped at 5% of assets. Redemption requests will be prorated if the total requested exceeds 5%, which means in adverse circumstances it could take years for an investor to get all their money out.

Process

The strategy's efforts to provide comprehensive exposure to the private credit universe brings additional liquidity risk, earning it an Average Process rating.

Its exposure to private credit comes through both managed products like drawdown funds and co-investments, which are assets originated by another firm and directly held within this portfolio. Typically, the firm providing the co-investment opportunities is also running one or more of the managed products. The fund's private credit exposures are among the broadest available from semiliquid funds and include investments ranging from traditional direct lending to asset-backed finance, venture debt, legal finance, and opportunistic credit, among many others. That kind of breadth is offered by few competitors.

On the other hand, that breadth also carries additional liquidity risk. Many of those assets can still only be accessed through drawdown funds or similar structures that place demands on the Enhanced Lending fund's liquidity (through capital calls). They also have longer lives than many of the underlying assets. To be sure, the managers are thoughtful about this risk. They use only minimal leverage, roughly 10% of the allowed amount, while more typical private credit funds tend to use at least half the regulatory limit; also, Cliffwater's liability management team is an impressive group that approaches this risk with rigor. But the risk does exist, especially because the firm doesn't materially allocate to liquid assets to help manage redemptions. In other words, diversity across private credit assets is a strength here, but lack of diversity across the liquidity spectrum is a risk. This fund also hasn't been faced with any outflows since its inception.

Portfolio

The September 2025 portfolio's largest allocations were nearly 13% each to corporate direct lending and portfolio finance. Loans collateralized by real estate were 10% of assets, followed by another 9% in corporate asset-backed lending, which is debt backed by either hard or financial assets. Allocations grow smaller from there and include mezzanine debt (almost 8%), legal finance (7%), lending to investment partners, also called GP solutions (almost 6%), and more.

Although each of these exposures is a different form of credit risk, their characteristics vary in terms of maturity and average lives, correlations in typical market environments, and so on. When combined, their distinct risk profiles should balance out to a degree, creating a portfolio that is less vulnerable to isolated market events or credit-picking mistakes. The biggest risk that is not diversified away by this approach, however, is the liquidity risk that comes with allocating to many markets that are relatively niche, with perhaps only a few active participants, and through drawdown structures that can narrow the range of options available to this fund's managers.

In recognition of that liquidity risk, the managers use only limited leverage here. Leaving a large amount of that capacity unused gives them flexibility in the future, which they do while taking into account that many of its managed product holdings are highly leveraged, so adding additional leverage at the interval fund level may be unnecessary.

People

A growing investment team runs this fund, but the firm built it in just the past few years. The fund earns an Average People rating.

Eli Sokolov, Jeff Topor, and Nick Lenicheck are the primary managers here. Firm founder Steve Nesbitt is also listed as a manager, though he's no longer involved with the day-to-day operation of this portfolio. The trio have complementary and well-defined responsibilities. Sokolov and Topor spend a significant portion of their time performing due diligence on and managing the relationships with the external managers they partner with, while Lenicheck oversees the fund's co-investment activity.

Sokolov and Topor have been with Cliffwater since 2007 and 2013, respectively, which means they predate the firm's rapid growth as an asset manager. They also previously worked within the firm's legacy consulting business. That experience is critical to running this fund, which relies heavily on partnerships with external managers. They've both helped run the fund since September 2022. Meanwhile Lenicheck joined the firm in February 2024 to facilitate the fund's growth of its co-investment allocations; the firm named him in the July 2024 prospectus.

The managers draw on a dozen investment professionals and can also rely on the more than 30-person corporate lending team to help underwrite direct lending assets and managers. However, this fund is still relatively young, as is the team hired to support it. Out of the 15 members of the enhanced lending team, nine have joined Cliffwater within the past four years (including Lenicheck). The group hasn't operated together for long or through a period of flat (or declining) growth and returns, which is when team dynamics and retention would be tested.

One positive is fund ownership. Sokolov, Topor, and Nesbitt all have over USD 1 million of their own money invested alongside shareholders, which is best practice. Lenicheck does not currently have any money in the fund.

Parent

As Cliffwater matures as an asset manager after a period of rapid growth, it earns an Average Parent rating.

Steve Nesbitt founded Cliffwater more than two decades ago as a boutique investment consultant specializing in alternatives and private markets asset managers. In 2015, the firm created the Cliffwater Direct Lending Index, the first and still most-cited index for tracking the performance of the private direct lending market. The benchmark, whose performance dates to 2004, and the 2018 hiring of co-head of asset management Phil Hasbrouck, supported the firm's successful entrée into asset management. In 2019, it launched the Cliffwater Corporate Lending interval fund that year, a fund that has since grown to over USD 30 billion. Two more interval funds followed, one offering access to private credit beyond direct lending (launched in 2021) and the other a private equity strategy acquired in 2024 that invests in both secondaries and co-investments. In less than seven years, the firm has gathered more than USD 40 billion in assets under management. Cliffwater stands out in many ways, most notably for its competitive pricing compared with semiliquid competitors. It also boasts a high level of

employee ownership in the firm and an impressive liability management team that has constructed an efficient credit facility should a need for one arise if redemption requests spike. As the firm has grown, it has been able to attract talent; however, nearly the entire investment team has joined over the past seven years, and the firm remains untested, especially through a period of stagnant or negative growth.

Performance

Returns have been strong over the fund's short life. From its July 2021 inception through October 2025, the I shares' 12.54% annualized return placed first out of 20 rivals in the interval fund private debt – general Morningstar Category and was roughly 600 basis points better than the Morningstar LSTA Leveraged Loan Index. That showing comes with caveats, though. Nearly 50 rivals have debuted since this strategy's inception, making for tougher competition going forward, and the leveraged loan index is an imperfect public proxy given how diversified this fund is. An interval fund that holds private assets should be able to beat a public index given the liquidity restrictions at both the portfolio asset and interval fund redemption levels.

Much of the strategy's success versus semiliquid competitors can be explained by the fund's performance in 2022, a seminal (if terrible) year for most debt assets. While the leveraged loan index was down 77 basis points that year, this fund was up 11.6%. Even most semiliquid competitors were negative that year, and so the relative difference between them and this fund contributed to the impressive trailing record.

Private credit—which is mostly floating rate— benefited from the rising interest rate environment following the 2020 pandemic. But recently rates have begun to fall, and returns have gotten more competitive across both public and private markets. Over the six months ended October 2025, the fund returned 5.73%. That's nothing to scoff at, but it's behind a number of interval fund peers, especially those that invest across public and private markets. The ICE BofA US High Yield Index returned more than 6% over that period.

Price

Fees here are average compared with credit interval fund peers. The fund charges a 95-basis-point management fee, which is competitive on its own, but the prospectus-adjusted expense ratio rises to 2.00% for the I share class and 2.85% for the new D share class. One reason for the increase is the 81 basis points in acquired fund expenses, which are the management fees associated with the underlying funds held within this portfolio, as those fees are ultimately borne by fundholders. (Those underlying private funds often also charge incentive fees, which are not reported within the acquired fund expenses.) The D share cost is further increased by distribution costs such as 12b-1 fees.

On the positive side, fees are charged on net assets rather than managed (or leveraged) assets, and the fund doesn't charge an incentive fee on income, two fundholder-friendly decisions. The I share class fees land right on the line between the cheapest and middle third of credit interval funds, while the D share class fees are deep within the middle third.

Wellington Global Multi-Strategy **Neutral**

Fund Analysis | Jason Kephart

Morningstar Category	Inception Date	Repurchase Frequency	Repurchase Withdrawal Min	Fund Size (USD Mil)	Medalist Rating Process	Medalist Rating People	Medalist Rating Parent
Multistrategy	June 14, 2024	Quarterly	5%	50	Average	Average	High

Exhibit 8 Share Class Details

Share Class Name	Ticker	Morningstar Medalist Rating	Prospectus Adj Expense Ratio (%)	Prospectus Net Expense Ratio (%)	Fee Tercile
Wellington Global Multi-Strategy A	WGSAX	Neutral	1.85	2.45	Cheapest
Wellington Global Multi-Strategy I	WGSIX	Neutral	1.60	2.20	Cheapest
Wellington Global Multi-Strategy M	WGSIX	Neutral	2.35	2.95	Cheapest

Source: Morningstar Direct. Data as of Nov. 12, 2025.

Wellington Global Multi-Strategy shows promise, but its potential has yet to be demonstrated. It earns Average ratings for People and Process and an inaugural Morningstar Medalist rating of Neutral.

Lead portfolio manager Roberto Isch taps Wellington's deep bench of hedge fund managers to build a diversified portfolio of alternative strategies. His goal: high-single-digit returns net of fees that are uncorrelated with global stocks or bonds over a full market cycle. Achieving that requires skillful manager selection, thoughtful portfolio construction, and disciplined risk management.

Isch and his team have over 35 hedge fund strategies to choose from at Wellington, spanning long-short equity, global macro, relative value fixed income, and long-short credit. They prioritize managers with consistent return and risk profiles across market environments, avoiding those reliant on traditional market exposure. It typically takes two to three years to build conviction in a manager's strategy and temperament before inclusion. As of September 2025, the portfolio held 26 strategies.

To make the portfolio resilient across different market regimes, it's designed to balance four strategic roles: return enhancement, consistency of returns, diversification, and downside protection. Isch doesn't make top-down calls but collaborates with risk management to avoid concentrated exposures, ensuring no single bet dominates the portfolio.

High fees make it harder for the fund to meet its return objectives. It charges a 1% management fee and a 20% incentive fee, subject to a high-water mark with no minimum return requirement. On top of that, it's the first fund approved by the Securities and Exchange Commission to pass through performance-based fees from its underlying managers, a structure common in multistrategy hedge funds. The underlying managers earn incentive fees when they meet specific return targets, even if the overall fund doesn't. Wellington caps these pass-through fees at 3.5% of net assets.

While this dual-layer fee structure aligns manager incentives with investor outcomes, it can significantly erode gross returns. Access is limited to qualified clients with at least \$1.1 million in investable assets or a \$2.2 million net worth, allowing the fund to charge incentive fees on total returns. The strategy has potential, but execution remains unproven. Since launching as an interval fund in January 2025, it has returned just 0.10% through September, trailing cash by over 3 percentage points.

Process

The process emphasizes the right factors to be a successful multistrategy fund: selecting skilled managers, combining them into a diversified portfolio, and actively managing risk. Now it's up to the managers to execute it consistently. For now, it earns an Average rating for Process.

Manager selection starts with Wellington's in-house hedge fund teams. By sticking to its own strategies, the manager research team has full access to track records, trading patterns, and the managers during the evaluation process. The team evaluates the role a strategy could play in a portfolio, its risks, and whether they believe the manager has measurable skill delivering alpha. It typically takes two to three years of monitoring and building a track record for the team to get comfortable allocating to a strategy.

Once selected, each manager is assigned a portfolio sleeve sized by its expected risk contribution, not equally weighted, and we expect the positioning to change over time depending on where Isch sees the best opportunities. The portfolio blends strategies with upside potential, downside protection, diversification benefits, and consistent return profiles to pursue high-single-digit returns across market cycles.

Daily stress-tests using a variety of scenarios are a key part of the process. Isch works closely with the risk management team to monitor the portfolio for any signs of concentration in investment factors, sectors, or other macro factors like currencies. If risk is too concentrated in one direction, Isch and the risk management team will use futures or options contracts to hedge the portfolio's overall exposure. Isch will not use futures to make his own bets in the portfolio.

Portfolio

Overall portfolio exposures should be expected to change over time, and perhaps quickly, depending on the economic environment.

At the end of September 2025, the portfolio was allocated to 26 managers with distinct strategies. Managers fall into three broad hedge fund categories: long-short equity, global macro/relative value fixed income, and credit. The portfolio allocated to eight long-short equity teams, 16 macro/relative value fixed-income teams, and two credit teams.

Fundamental equity research is a core expertise at Wellington and underpins this portfolio's equity managers. Since the fund is trying to avoid consistent directional bets on stocks, its equity managers are typically running low net exposure sector or geographic strategies, like technology or Europe-focused.

The global macro/relative value fixed-income bucket is the most diverse, with a mix of managers who make directional bets (but not consistently in a single direction) and those who focus on idiosyncratic relative value bets between sovereign bonds or currencies.

For credit, the managers want to avoid strategies that are solely dependent on collecting income from riskier credits. Instead, it looks for strategies like long-short credit, where they can make money by buying undervalued bonds while shorting overvalued bonds.

The managers expect leverage to be between 200% to 300%, with closer to 200% being the norm. The leverage is managed at the overall portfolio level, but each underlying manager has their own risk budget that includes their custom leverage exposure. Lower-risk strategies may have higher leverage limits than naturally riskier ones.

Unlike most interval funds, investors don't have to worry about not being able to redeem shares during the quarterly repurchase periods. It's underlying managers only trade public securities long and short. The fund plans to offer 5% to 25% quarterly liquidity, well above the 5% requirement for interval funds. Still, large redemptions may still cause forced selling that could impact returns.

People

The management team is experienced, well-resourced, and has a robust hedge fund pool to select from. It's too early to say how well the pieces will all fit together though. It earns an Average rating for People.

Robert Isch is the lead portfolio manager for this interval fund as well as the related hedge fund. He joined Wellington in 2012 and became a portfolio manager within the hedge fund group in 2018. Prior to this fund, he worked on the firm's multimanager fund-of-funds hedge fund. He works closely with the manager research team and the risk management team to evaluate managers, construct the portfolio, and manage risk on a day-to-day basis.

Isch works closely with Brendan Fludder and Ehab Hosny, who focus on manager research and evaluating managers on Wellington's hedge fund platform for inclusion in the portfolio as well as ongoing oversight of the managers within the portfolio. Fludder focuses more on macro and credit managers while Hosny focuses more on equity-long short managers. They also have input on portfolio construction and risk management.

They're backed by a nearly 20-person risk management team that plays a key role in overseeing both the individual managers and the overall portfolio. Managing risk across a diverse mix of hedge fund strategies is critical to achieving the fund's goals, and it's clear the firm has made a strong, ongoing commitment to building and maintaining this capability.

The team selects hedge fund strategies from Wellington's in-house teams that manage more than \$36 billion of assets. As of September 2025, there were 37 managers on the platform, and that number is likely to grow over time. These teams have access to the firm's central pool of 100 fundamental equity and credit analysts. Fundamental security research is a hallmark of Wellington's.

Parent

Wellington Management Company's investment-driven culture and thoughtful strategic planning merit a High Parent Rating.

With roots tracing to the industry's origins, Wellington grew quickly after its 1979 rebirth as a private partnership and its key revived subadvisor partnership with Vanguard. At year-end 2022, US subadvisory relationships accounted for roughly half of Wellington's USD 1.1 trillion in assets, which spans 250-plus strategies and 1,029 investment professionals. The firm's Wellington-branded vehicles outside the United States have grown quickly but still represent less than 5% of total assets under management.

Wellington is distinct for its exclusive focus on active management without a chief investment officer. Instead, more than 50 investment teams with access to a centralized bench of credit; equity; and environmental, social, and governance analysts blend investment boutique autonomy with the resources of large asset managers. Siloing is a risk, but Wellington has fostered thoughtful investment talent management, succession planning, and collaboration across the platform. The firm's private ownership model also provides stability, aligning the firm's interests with clients'.

This business model also allows the firm to grow in challenging markets. Indeed, CEO Jean Hynes has built a standout sustainable-investing platform and has grown the alternatives business as some peers have cut costs.

Performance

Wellington Global Multi-Strategy is still new, so it's too early to draw solid conclusions. The strategy first launched as a hedge fund in January 2024, then the interval fund version followed in January 2025. Both are managed the same way, so any performance differences should mostly come down to fees.

The goal is to deliver high-single-digit returns with low correlation to global stocks and bonds. If the managers can achieve that over a full market cycle, this fund could be a valuable addition to a traditional portfolio. For context, a classic 60/40 portfolio—using the Morningstar Global Markets and US Core Bond indexes—has had a Sharpe ratio of about 0.50 since 2000. Matching or beating that would suggest the fund is delivering strong risk-adjusted returns.

The strategy is built to perform in all market conditions, whether assets are rising, falling, or moving sideways. That makes it hard to pinpoint when it might underperform. Generally, though, strategies like this tend to struggle in calm, low-volatility markets and do better when there's a wide range of returns across asset classes.

So far, results have been mixed. Since inception, the interval fund has returned just 0.10% through September, about 3 percentage points behind cash, the bare minimum for a fund with a total return target that's benchmark agnostic. The hedge fund version had a stronger start in 2024, gaining nearly 12% for the year.

Price

This fund's fees have multiple layers but are in line with semiliquid alternative and allocation fund peers. The institutional shares have a prospectus-adjusted expense ratio of 1.60%, but that doesn't include all the potential fees.

This interval fund is only available to qualified clients with at least \$1.1 million in investable assets or a \$2.2 million net worth, allowing the fund to charge incentive fees on total returns. It charges a 20% incentive fee annually subject to a high-water mark with no minimum return requirement.

This fund is the first to receive SEC approval to pass through performance fees from its underlying managers, a structure common in multistrategy hedge funds. Managers earn incentive fees for meeting specific return targets, which are paid before the fund's own incentive fees. Those who fall short earn nothing. The structure aims to attract top talent and reward strong individual performance, even if the overall fund lags. Wellington caps these fees at 3.5% of net assets.

Pimco Flexible Credit Income Silver

Fund Analysis | Eric Jacobson

Morningstar Category	Inception Date	Repurchase Frequency	Repurchase Withdrawal Min	Fund Size (USD Mil)	Medalist Rating Process	Medalist Rating People	Medalist Rating Parent
Multisector Bond	Feb. 22, 2017	Quarterly	5%	3,661	Above Average	High	Above Average

Exhibit 9 Share Class Details

Share Class Name	Ticker	Morningstar Medalist Rating	Prospectus Adj Expense Ratio (%)	Prospectus Net Expense Ratio (%)	Fee Tercile
Pimco Flexible Credit Income Inst	PFLEX	 Silver	1.76	6.18	Cheapest
Pimco Flexible Credit Income A-1	PFAIX	 Bronze	2.26	6.68	Middle
Pimco Flexible Credit Income A-2	PFALX	 Bronze	2.26	6.68	Middle
Pimco Flexible Credit Income A-3	PFASX	 Bronze	2.51	6.93	Middle
Pimco Flexible Credit Income A-4	PFFLX	 Bronze	2.51	6.93	Middle

Source: Morningstar Direct. Data as of Nov. 12, 2025.

Pimco Flexible Credit Income fund is a bit of an outlier but appealing, nonetheless.

This interval fund is proven relative to newer rivals. It debuted in 2017, and Pimco has been managing complex debt structures under the general umbrella of private debt, even outside of traditional alternative strategies, as have this fund's leaders, including past Morningstar Manager of the Year winners Daniel Ivascyn and Alfred Murata.

Beyond Ivascyn and Murata, the broader team and approach stand out as well. A cadre of other portfolio managers and analysts, which is among the largest and best in the industry, supports this interval fund. They apply an opportunistic and relative value-driven version of the same process that has generated success across other Pimco-managed offerings, running the gamut from conventional to higher-risk strategies. Morningstar is initiating analyst coverage of the fund with High and Above Average People and Process Pillar ratings, respectively.

The strategy invests in both direct lending and asset-backed finance across a range of subgroups, including a 40% stake that was roughly two-thirds residential and a third commercial real estate mortgages and loans as of mid-2025. Pimco classifies another 41% as corporate debt, subdivided into special situations (19%), performing credit (15%), and direct lending (6%). Another 9% was devoted to a mix of specialty finance-linked debt.

Most peers use some combination of illiquid private debt, leverage, and lower-rated exposures to chase higher returns rather than conventional open-end fund portfolios. Many also stick with floating-rate loans and have little direct sensitivity to interest rate shifts.

This fund uses a mix of those tools but in proportions that distinguish it from many rivals. It held more than 80% of net assets in a combination of nonrated and below-investment-grade debt as of March

2025, for example, though a portion are nonagency residential mortgages with legacy ratings that don't reflect their recovery to health. The fund also uses leverage to get roughly 135% in market exposure via repurchase agreements. And compared with the near-zero rate sensitivity of most floating-rate funds, this one has also carried a longer duration, standing at roughly 3.5 years in mid-2025. Those factors have helped it generate among the highest yields among private debt-focused diversified funds.

Although those factors make the fund look aggressive in its peer group—as does its higher-than-average volatility, as measured by standard deviation—there are factors that temper the profile slightly. One is that the fund has held a relatively large weighting in public debt (63% as of mid-2025), though it has been drifting down since the fund's 2017 launch. That dovetails with a comparatively modest 23% allocation to holdings deemed Level 3 for accounting purposes as of year-end 2024, signaling a lack of similar observable trades to use for pricing. By contrast, several of the fund's closest rivals carry Level 3 exposures between 65% and 95%. Those holdings tend to be illiquid, and their assigned prices aren't likely to shift nearly as readily with market swings as those of public debt.

That, and the fund's rate sensitivity compared with floating-rate dedicated rivals, suggests that its volatility and modest showing during the 2022 bond market selloff, which has pulled down its three- and five-year returns below the median of its cohort, should be taken with a grain of salt. Through a market cycle, this strategy should serve investors well.

Like all interval funds, investors' ability to withdraw their money is limited. This fund currently offers quarterly redemptions up to a 5% limit, which means investors cannot withdraw more than 5% in any given quarter. The redemption frequency and amount can be changed by the fund's board.

Process

The portfolio holds meaningful stakes in private debt and can hold more aggressive exposures that would otherwise be too vulnerable to unexpected outflows in an open-end mutual fund. The strategy receives an Above Average Process Pillar rating.

The investment process is opportunistic and relative value-driven, with a preference for hard-asset collateral. This distinguishes the fund from direct-lending offerings that view providing access to private deals as their main selling point. The fund has invested in a mix of public and private exposures across real estate, direct lending, and asset-backed debt, with a public market leaning that has been drifting down since its 2017 inception. It was 63% in mid-2025, versus 85% in December 2020.

The strategy aims to produce 10% yields, in part by layering on leverage that generates roughly 135% of market exposure. The fund also leans heavily on below-investment-grade debt, having held between 75% and 85% in recent years. And though many rivals stick exclusively to near-zero duration floating-rate holdings, this fund tends to run longer, with a duration between 3.0 and 4.75 years. Overall, the team looks to get paid enough of an income premium to compensate for accepting less liquidity than a holding's closest public market analog.

Portfolio

The portfolio's history of a public market tilt dovetails with a comparatively modest 23% allocation to holdings deemed Level 3 for accounting purposes as of year-end 2024, signaling a lack of similar observable trades to use for pricing. By contrast, several of the fund's closest rivals carry Level 3 exposures between 65% and 95%. Those holdings tend to be illiquid, and their assigned prices aren't likely to shift nearly as readily with market swings as those of public debt.

Overall, the strategy invests in credit-driven holdings such as direct lending and asset-backed finance across a range of subgroups, including a 40% stake, which was roughly two-thirds residential and one-third commercial real estate mortgages and loans as of mid-2025. Pimco classifies another 41% as corporate debt, subdivided into special situations (19%), performing credit (15%), and direct lending (6%). Another 9% was devoted to a mix of specialty finance-linked debt.

Those exposures will fluctuate depending on which sectors the managers believe have become especially rich or cheap, though more so among their public rather than private holdings.

People

The strategy receives a High People Pillar rating.

It is run primarily by six portfolio managers, including firm leaders Ivascyn and Murata, both past Morningstar Manager of the Year winners with more than 25 years of experience each. They have comanaged the fund since its early 2017 launch, a length of tenure that many peers lack. Jamie Weinstein joined them in November 2020; he previously spent 20 years at private investment specialist KKR. The three draw on sector specialties who became comanagers in 2025. They include Josh Anderson, who comanages flagship Pimco Income with Ivascyn and Murata, as well as Russell Gannaway and Jason Steiner, each of whom has more than 20 years of experience.

That team is further supported by roughly 140 private market sector specialists across residential credit, commercial real estate, specialty finance, and corporate credit—a group that's among the largest and best in the industry.

Ivascyn invests more than USD 1 million in the fund, Murata between USD 500,000 and USD 1 million, and Weinstein between USD 100,000 and USD 500,000. None of the other managers hold shares of the fund, though all were appointed in early 2025.

Parent

Some concerns notwithstanding, Pimco's massive resources—both capital and human—and its laser focus on excellence, merit an Above Average Parent rating.

True, Pimco could be better on pricing. Shareholders, particularly in Europe, haven't enjoyed the economies of scale that they could, given Pimco's massive asset base. The firm, however, believes its pricing is fair based on what it delivers for investors, and it's hard to argue that's not the case.

Pimco has generally enjoyed great success with its intense working culture, even if departures are a byproduct of that intensity and can sometimes dim the near-term outlook on strategies. Yet, more often than not, Pimco draws on its legion of skilled people and positions the next generation to thrive. CIO Dan Ivascyn and CEO Manny Roman represent that next generation and have built on the organizational strengths they inherited. An experienced and critical-thinking investor, Ivascyn has sought to curate an elite staff and capable investment culture since he assumed his current role in 2014 and since Roman joined him in 2016. They have significantly grown the firm's pool of investment professionals and supported them by spending massively on technology and technologists to spur persistent outperformance while keeping risk in check. There are very few others in Pimco's league.

Performance

Although the fund's trailing three- and five-year returns through July 2025 look great next to conventional credit-focused open-end funds, they are below average relative to a cohort of distinct interval funds with a private debt focus on a diversified mix of sectors.

That outcome inevitably comes with an asterisk, though, given the fund's profile relative to many rivals. With a mix of public and private exposures that has tilted more toward the former, this fund has a much lower proportion of assets—only 23% at the end of 2024—deemed Level 3 for accounting purposes because they can only be fair-valued manually, and their prices often move much less than public securities during sharp market shifts. By contrast, some of its high-profile peers carry between 65% and 95% in Level 3 exposure. That diminishes the meaning of price volatility as a measure of risk and even calls into question whether the returns for funds heavily weighted in Level 3 holdings truly reflect how they might have performed with prices more periodically linked to market trades during times of market stress. As such, investors should take with a grain of salt this fund's poor 2022 performance relative to private credit-focused peers that may have benefited from more stagnant pricing.

This fund's use of leverage and focus on below-investment-grade debt are still important contributors to its risk profile and play a key role in generating yields that run high relative to the cohort, as well. Overall, though, its performance would still be best judged over long enough cycles, as it may lag over shorter stretches compared with rivals with less market-sensitive pricing.

Price

The bulk of the fund's assets are in the institutional share class, which charges a 1.76% prospectus-adjusted expense ratio, placing it in the cheapest third of fixed-income semiliquid funds. However, the remaining four share classes charge either 2.26% or 2.51%, both of which land in the middle third of the peer group. Pimco recently moved from charging the fee on total assets (or inclusive of leverage), which Morningstar views as a poor practice, to charging on net assets (or excluding leverage), which Morningstar views as a best practice.

Pimco Flexible Municipal Income **Bronze**

Fund Analysis | Elizabeth Foos

Morningstar Category	Inception Date	Repurchase Frequency	Repurchase Withdrawal Min	Fund Size (USD Mil)	Medalist Rating Process	Medalist Rating People	Medalist Rating Parent
Muni National Interm	March 15, 2019	Quarterly	5%	1,646	Above Average	Above Average	Above Average

Exhibit 10 Share Class Details

Share Class Name	Ticker	Morningstar Medalist Rating	Prospectus Adj Expense Ratio (%)	Prospectus Net Expense Ratio (%)	Fee Tercile
Pimco Flexible Municipal Income Inst	PMFLX	 Bronze	1.14	2.87	Cheapest
Pimco Flexible Municipal Income A-1	PMAAX	 Bronze	1.64	3.37	Cheapest
Pimco Flexible Municipal Income A-2	PMALX	 Bronze	1.64	3.37	Cheapest
Pimco Flexible Municipal Income A-3	PMFAX	 Bronze	1.89	3.62	Cheapest

Source: Morningstar Direct. Data as of Nov. 12, 2025.

One of the first municipal interval funds in the industry, Pimco Flexible Municipal Income, stands out as a thoughtful and well-run approach to the municipal-bond market. Morningstar is initiating coverage of this strategy with Above Average People and Process ratings, resulting in Morningstar Medalist Ratings of Bronze across all share classes.

Lead manager and muni team head David Hammer has anchored this effort since its March 2019 inception. Now with more than two decades of industry experience and in his second stint at Pimco, having rejoined the firm in 2015, Hammer works alongside two comanagers and a substantial group of municipal- and taxable-bond analysts to provide thorough bottom-up research and trading for this portfolio.

Since taking the helm, Hammer has been able to navigate key team changes while finding opportunities for newer talent. That started in 2019 following a merger with Gurtin Municipal Bond Management but occurred most notably in early 2023, when Hammer's comanager, Rachel Betton, departed. In her place, the firm added Kyle Christine, who previously worked as a muni-bond trader at Morgan Stanley with Hammer and joined Pimco in 2017.

Hammer and Christine also have a point person for understanding broader fixed-income market trends. Taxable-bond veteran Amit Arora has been a named manager on the strategy since August 2019, although his day-to-day impact has been modest so far.

The team uses a flexible, tax-efficient investment approach across the credit spectrum to take advantage of the muni-bond market's inherent illiquidity. While the strategy isn't managed to a specific benchmark and aims to capitalize on the limited liquidity requirements of the interval fund structure, it does recognize allocation limits around leverage, below-investment-grade bonds, taxable securities, and closed-end funds. Indeed, most of the assets are in liquid investment-grade muni bonds, coupled with allocations to remarketable variable-rate municipal term preferred securities to generate financial leverage of up to 42.5% of assets. That allows the team to take advantage of periods of muni outflow cycles, when forced selling within traditional muni strategies may drive yields up.

Pimco has designed this interval fund with a quarterly repurchase window and an expected limit of 10% of assets; if the fund exceeds that limit, investors may receive a pro rata share of their request. As such, this vehicle may be best suited for investors with longer-term investment horizons. Most bonds in this portfolio have been considered liquid since its inception and, through June 2025, the firm has never had to prorate redemptions.

The fund's performance has been strong. From April 1, 2019 (its first full month), through July 31, 2025, the institutional shares' 3.1% annualized gain topped almost all national muni investment-grade and high-yield muni Morningstar Category funds, regardless of structure.

Process

The team's approach to building this portfolio is thoughtful and repeatable and adeptly incorporates complex quantitative and risk analytics systems. It merits an Above Average Process rating.

The team continues to evolve its toolkit and has tailored many of the firm's sophisticated analytics to better assess the municipal market. Lead manager and muni team head David Hammer and comanager Kyle Christine follow the macro cues from Pimco's investment committee, which sets guidelines on the appropriate levels of interest rate and credit risk in all Pimco funds. They work closely with 11 dedicated muni credit analysts and four quant specialists whose research leads to solid recommendations for purchase. While the managers ultimately make the final decisions, it's very much a team effort. Hammer and Christine collaborate with taxable credit manager Amit Arora and Pimco's numerous corporate analysts, who help with bonds whose guarantors are banks or corporations; these are most often industrial companies and airlines. That, and the firm's growing ability to participate in the tax-exempt housing market, helps define an edge here.

This strategy takes a flexible, tax-efficient investment approach to capitalize on some of the inherent illiquidity found in the muni market. It isn't managed to a specific benchmark, yet the portfolio recognizes guardrails, including allocation limits around leverage (up to 42.5% of assets), below-investment-grade bonds (up to 40%), taxable securities (up to 20%), and closed-end funds (up to 5%). That, and the team's attentive regard for credit and interest rate risk, enhances portfolio liquidity, which may be tapped during quarterly share repurchase offers, expected to equal 10% of shares as of mid-2025.

Portfolio

The team actively shifts this portfolio to align with where it finds the most value in the muni market, remaining cognizant of liquidity needed to meet the strategy's expected quarterly 10% repurchase limit. Indeed, this portfolio has eschewed significant amounts of illiquid credit and interest rate risk and instead has focused on relatively liquid investment-grade muni bonds since its March 2019 inception; that's resulted in a more moderate profile compared with other interval funds. The team employs thorough bottom-up research to find mispriced pockets of the muni market and thoughtfully uses financial leverage, usually through RVMTP securities, to take advantage of periods of muni market outflow cycles, when forced selling within traditional muni strategies may drive yields up. While leverage can include other structures and reach up to 42.5% of assets, the portfolio has featured preferreds that have averaged a roughly 21% allocation through mid-2025 (26% in June 2025), as the team argues these may offer more stability compared with other options.

The portfolio's below-investment-grade exposure has averaged roughly 33% over the past five years through June 2025. Together with BBB rated bonds, that allocation has ranged from roughly 62% of assets (mid-2020) to 45% (mid-2025), decreasing through 2025 as credit spreads tightened. Private placements, which can be less liquid than publicly offered bonds, soaked up 19% of assets at the end of 2025's second quarter, which appears reasonable for the interval fund structure, while AAA and AA rated bonds totaled nearly 30% of assets. The managers continue to like revenue-backed bonds in the muni housing (17% of assets as of June 30, 2025), industrial development (14%), and hospital (11.5%) sectors, where they feel they have an analytic edge (such as mortgage pass-throughs and certain real estate-related debt and select special tax structures), and while maintaining cash and equivalents near 14%. Effective duration, a measure of interest rate sensitivity, has lengthened over the past two years, landing at 8.2 years in July 2025 as the muni yield curve steepened.

People

Pimco's municipal team is a blend of seasoned veterans and impressive, emerging talent. It earns an Above Average People rating.

Manager David Hammer rejoined Pimco in 2015 and has been a source of stability on this team since taking over Pimco's muni effort in 2016. His relatively small crew grew by roughly 20 people when Pimco acquired Gurtin Municipal Bond Management in 2019. The now blended team's portfolio managers run various muni open-end mutual funds, separate accounts, closed-end funds, and interval funds and handle trading. Hammer also often taps the firm's broader credit and policy resources for input on issues affecting munis.

Whatever the cause, though, several portfolio managers and credit analysts, including some who preceded the Gurtin buyout, have since left. In 2020 through 2022, much of that change was merger-related. In 2023, Hammer's comanager on this strategy since its 2019 inception, Rachel Betton, departed, as did a senior credit analyst responsible for high-yield credit and other sectors. In response, the team in April 2023 named Kyle Christine as a manager on this strategy and several others in the muni suite. Christine, who worked as a muni-bond trader at Morgan Stanley with Hammer from 2014 to 2015, joined Pimco in 2017, and is building a formal long-term public track record as a portfolio

manager with the firm. Amit Arora rounds out this strategy's management roster, collaborating with Hammer and Christine on potential financial leverage opportunities. Arora focuses on investment-grade and long taxable credit strategies, so his day-to-day impact has been modest so far.

The team currently includes 10 managers, 11 credit analysts, and four quant specialists. Five members of that cohort joined since early 2023, and the team continues to carry open positions, which it plans to fill with more experienced hires. This team remains robust, particularly given Pimco's other strengths, including access to numerous taxable analysts who help with bonds whose guarantors overlap with their specialties. Hammer invests at least USD 500,000 in this strategy and Christine between USD 50,000 and USD 100,000.

Parent

Some concerns notwithstanding, Pimco's massive resources—both capital and human—and its laser focus on excellence, merit an Above Average Parent rating.

True, Pimco could be better on pricing. Shareholders, particularly in Europe, haven't enjoyed the economies of scale that they could given Pimco's massive asset base. The firm, however, believes its pricing is fair based on what it delivers for investors, and it's hard to argue that's not the case. Pimco has generally enjoyed great success with its intense working culture, even if departures are a byproduct of that intensity and can sometimes dim the near-term outlook on strategies. Yet, more often than not, Pimco draws on its legion of skilled people and positions the next generation to thrive. CIO Dan Ivascyn and CEO Manny Roman represent that next generation and have built on the organizational strengths they inherited. An experienced and critical-thinking investor, Ivascyn has sought to curate an elite staff and capable investment culture since he assumed his current role in 2014 and since Roman joined him in 2016. They have significantly grown the firm's pool of investment professionals and supported them by spending massively on technology and technologists to spur persistent outperformance while keeping risk in check. There are few others in Pimco's league.

Performance

Patient investors have been well-served here. Lead portfolio manager David Hammer has steered this fund to a strong record since its March 2019 inception. Indeed, despite its higher price tag compared with muni-focused mutual funds and relatively moderate losses through the first half of 2025, the fund's institutional shares' 3.1% annualized return from April 1, 2019, through July 31, 2025, topped almost all strategies in the muni national long, intermediate, and short Morningstar Categories as well as those in the high-yield muni Morningstar Category, regardless of fund structure (mutual, exchange-traded, or closed-end). Although it isn't managed to a specific benchmark, the fund also handily beat the Bloomberg High Yield Municipal Index and the Bloomberg Municipal Index by 18 basis points and 161 basis points, respectively, over the same time period. The team's thoughtful security selection, sector allocation, and deployment of "dry powder" from portfolio leverage into dislocated muni markets have contributed to its robust relative returns in choppy and surging markets alike.

Volatility defined the muni market through the first half of 2025, marked by macroeconomic uncertainty, a historic April selloff, and record-setting new issuance. The muni yield curve steepened significantly, and that, along with higher absolute yields and cheap relative valuations, led to a

longer duration. Revenue-backed munis and private placements served as headwinds, and in response to tight lower-quality spreads, the fund moved into higher-quality bonds.

Price

This strategy features reasonable expenses that rank among the cheapest third of semiliquid fixed-income strategies across its four share classes. Pimco has opted not to complicate overall expenses with less transparent costs, such as performance incentive fees, and aims to keep the costs of financial leverage and acquired fund fees moderate. Each share class has a 102-basis-point management fee on net assets managed, which is reasonable for an interval fund but elevated compared with open-end mutual funds. Overall, annual fund operation expenses amounted to 114 basis points in 2024 for the Institutional shares, which held just under half of the strategy's assets. Investors should read the prospectus for a detailed breakdown of expenses across all share classes, though, as distribution-related 12b-1 fees and "other expenses" vary.

Capital Group KKR Core Plus+ **Neutral**

Fund Analysis | Paul Olmsted

Morningstar Category	Inception Date	Repurchase Frequency	Repurchase Withdrawal Min	Fund Size (USD Mil)	Medalist Rating Process	Medalist Rating People	Medalist Rating Parent
Intermediate Core-Plus Bond	April 29, 2025	Quarterly	5%	205	Average	Average	High

Exhibit 11 Share Class Details

Share Class Name	Ticker	Morningstar Medalist Rating	Prospectus Adj Expense Ratio (%)	Prospectus Net Expense Ratio (%)	Fee Tercile
Capital Group KKR Core Plus+ A	CPPKX	Neutral	1.27	1.27	Cheapest
Capital Group KKR Core Plus+ A-2	CPPIX	Neutral	1.54	1.54	Cheapest
Capital Group KKR Core Plus+ F-2	CPPLX	Neutral	0.98	0.98	Cheapest
Capital Group KKR Core Plus+ F-3	CPPMX	Neutral	0.84	0.84	Cheapest
Capital Group KKR Core Plus+ R-6	RCPPX	Neutral	0.84	0.84	Cheapest

Source: Morningstar Direct. Data as of Nov. 12, 2025.

Capital Group KKR Core Plus+ is one of two strategies borne from Capital Group's first foray into semiliquid strategies in partnership with KKR. It is a suitable entry-level offering for accessing private debt markets, but it doesn't take full advantage of the interval fund vehicle's latitude. Morningstar is initiating coverage of this strategy with Average People and Process ratings, resulting in Morningstar Medalist Ratings of Neutral across all share classes.

The strategy's much-anticipated partnership between Capital Group and KKR brings together two top managers within their respective areas of public and private fixed income. Capital Group's experienced team and vast supporting resources are among the industry's deepest, while KKR has decades of experience managing all areas of private markets, including private credit. However, as the fund's investment advisor in charge of the whole strategy, Capital Group is still in the early stages of navigating how to combine public and private assets in the less liquid interval fund vehicle structure.

While the portfolio's contours don't take full advantage of interval fund's structure compared with peers, like larger allocations to private debt or wider use of leverage, the fund's risk profile and liquidity provisions make this a natural first step into semiliquid funds, which was Capital Group's aim. The strategy's neutral allocations of 60% of assets to a core-plus mandate and 40% to private credit make it unique among both open-end and semiliquid fund rivals. Capital Group's core-plus public debt allocation will be broadly the same diversified approach as its open-end funds with similar mandates. The KKR private credit sleeve will include a diversified portfolio of loans to middle-market companies and asset-based finance deals. Duration, a measure of interest rate sensitivity, will stay within 2.0 years of the Bloomberg US Aggregate Bond Index's.

Each firm features four experienced portfolio managers, supported by well-resourced research and risk management teams, for the fund's sleeves. Capital Group's John Queen, a bond veteran who heads the

overall fund as its principal investment officer, brings more than three decades of fixed-income experience; however, his understanding of private credit dynamics is still growing.

The partnership takes advantage of each firm's personnel and process strengths. Capital Group's three other seasoned bond managers have specialties across investment-grade credit, high-yield, and securitized debt. KKR's crew brings broad private debt experience with niche expertise in direct middle-market lending and asset-based finance. Each manager will apply robust research and risk management capabilities to build their individual portfolios. It's up to Queen to monitor overall risk in conjunction with KKR and ensure ample liquidity to meet redemptions, when necessary. And while the fund has some leeway around these neutral targets, any differences are likely to be small.

The interval fund's late April 2025 inception doesn't give it a meaningful performance history, and as such, it's difficult to evaluate active portfolio decisions, effective liquidity management, or performance during volatile periods. Capital Group expects the fund to deliver a yield advantage of 250-300 basis points above the Bloomberg US Aggregate Bond Index and to generate excess returns of 300-350 basis points over a market cycle.

If it can meet those performance expectations, with its ample fund-level liquidity, larger than normal 10% quarterly redemption cap, and simple fee structure, this strategy should serve investors well, even with a relatively tame risk profile compared with semiliquid rivals.

Process

Capital Group's first attempt at bringing access to private credit assets to retail investors is a tamer option compared with semiliquid peers; the fund features large liquidity sleeves, capped private credit investments, no leverage, and higher redemption limits. Those features make it an easier choice for investors accustomed to open-fund attributes but also constrain the strategy's potential to take advantage of private market opportunities. It earns an Average Process rating.

The interval fund structure limits investor redemptions to enable managers to take more illiquidity risk than an open-end offering. With a 60% public debt sleeve overseen by Capital Group and a 40% private credit allocation run by KKR, this fund's design nearly splits the difference between these vehicles. Its private asset weighting—essentially financing provided by a nonbank lender—entails more liquidity risk than a typical core-plus open-end fund but less risk compared with most semiliquid credit rivals. Its muted risk profile versus the latter group makes it challenging to match their level of private or illiquid investments. That should be an advantage in a credit selloff, especially one that disproportionately affects private markets, but it could be a headwind across a full market cycle.

Capital Group's core-plus sleeve uses the same in-depth research process that has served the firm well across other open-end fixed-income offerings such as American Funds Bond Fund of America. Its multimanager approach allows each manager to run their respective sleeves of the overall portfolio separately and gauge their broad results versus the Bloomberg US Aggregate Bond Index.

KKR's experience and strong reputation across most areas of private markets is well documented. The private credit investments will consist of a diversified portfolio of loans to middle-market companies

and asset-based finance deals. As this type of lending goes, KKR takes a relatively conservative approach, aiming for high income and return of principal at maturity. Its expertise in finding deals that meet its stringent underwriting standards will be key to limiting distress or defaults in the portfolio. Even if those efforts prove largely successful, private credit positions are relatively illiquid and may take longer for an investment thesis to play out, especially after periods of credit stress.

This team-based approach relies on effective communication between the two firms. That's accomplished in part through regular credit advisor group meetings in which the eight named portfolio managers discuss trends affecting public and private markets, positioning, and overall risk.

The sizable core-plus sleeve gives investors more fund-level liquidity than most other interval funds, as does the fund's quarterly repurchase limit of 10% of outstanding shares, which is double the 5% interval fund norm.

Portfolio

Portfolio construction here leans on more liquidity than other semiliquid offerings, which facilitates meeting the strategy's 10% repurchase limit. The portfolio's neutral allocations of 60% core-plus public debt and 40% private credit, without fund-level leverage, also result in a fairly tame profile compared with other interval funds.

Given the strategy's recent inception date, its core-plus allocation is still evolving. In this sleeve, investors can expect a diversified portfolio of Treasuries, investment-grade corporate bonds, and securitized debt. The Capital Group team will also opportunistically add edgier high-yield corporate bonds. Duration, a measure of interest rate sensitivity, should be similar to the Bloomberg US Aggregate Bond Index's—around 6.0 years currently—but can differ by as much as 2.0 years.

KKR's private credit sleeve combines middle-market direct loans with asset-based finance deals. Middle-market direct loans are typically senior secured loans to small or midsize companies with less than USD 500 million in earnings before interest, taxes, depreciation, and amortization and below-investment-grade credit profiles. Private asset-based finance deals are backed by loans such as auto finance or student loans; these will be broadly lower-investment-grade and middle of the seniority stack. KKR prohibits lending to companies for which it is the private equity sponsor, but the firm's allocation policy ensures this portfolio has the same access to deals as other KKR private credit funds.

While the strategy has some leeway around its target split of 60% public debt and 40% private, differences from this neutral weighting are likely to be small and may depend on the availability of private investments that meet KKR's stringent underwriting standards or broad liquidity considerations.

Since Capital Group's core-plus allocation will be similar to exposures in its more liquid and cheaper open-end and exchange-traded funds, investors here are paying a premium to access KKR's less liquid private credit allocation.

People

Capital Group and KKR each feature a foursome of capable investors and an army of supporting resources for their respective sleeves. However, Capital Group, as the fund's investment advisor, is still in the early stages of navigating how to combine public and private assets in the less liquid interval fund vehicle structure. The strategy merits an Average People rating.

As the principal investment officer, bond veteran John Queen heads the overall fund and Capital Group's core-plus management team. While his experience managing liquid strategies is extensive, Queen's private credit experience is not, and he is still learning that aspect of the portfolio, a key to managing the fund's overall risk. The three other veteran core-plus sleeve managers are Robert Caldwell (investment-grade corporates), Sandro Lazzarini (high-yield), and Xavier Goss (securitized debt).

KKR's seasoned team brings relevant private market experience and effectively leverages its deep relationships to buy private loans, whether through direct (middle-market) lending or asset-based finance. The firm has overseen private credit assets for about two decades in less-liquid vehicles, including a credit interval fund strategy since 2020. Dan Pietrzak, the firm's private credit manager, leads this sleeve with Rony Ma (middle-market), Chris Mellia (ABF), and Ryan Wilson.

The larger question here is Capital Group's ability to effectively oversee the broader portfolio. This will rely on the strength of the collaboration between the two firms to manage overall portfolio risk and liquidity, when needed.

While it's too soon to report on managers' investments in the fund, the firms have seeded it with USD 75 million, ensuring alignment with investors in the early stages of asset gathering and forming the portfolio's expected contours.

Parent

Capital Group's adaptability while staying true to its identity maintains its High Parent rating.

The firm is in the early stages of new but familiar leadership. Mike Gitlin, previously the head of fixed income and global trading, took over as CEO in October 2023. He replaced Tim Armour, who had been chairman and CEO since 2015. Rob Lovelace, the firm's vice chair and president, also stepped off the management committee to pave the way for new leadership. Martin Romo and Jody Jonsson, who both head up an investment subsidiary, became chairman and CIO, and vice chair, respectively. The transition demonstrated a considered succession plan and a commitment to keeping the leadership team-oriented and investor-heavy.

Meanwhile, the firm has been thoughtful about other changes. Recognizing investor preferences, since early 2022, Capital has launched 24 exchange-traded funds—13 equity, 10 fixed income, and one allocation. Most of the new funds, branded under the Capital Group name, are distinct from but rhyme with some of the legacy American Funds mutual funds. The firm also launched active/passive models and public/private interval funds with industry peers that leverage its lineup. For its active/passive models, it partnered with well-respected firms such as Vanguard, BlackRock, and Schwab. For its foray into alternative investments, it teamed up with global private investment giant KKR. All these new

investment options employ Capital's time-tested investment philosophy, use its hallmark multimanager system, and draw from its huge pool of seasoned investors.

Performance

With its late April 2025 inception, the fund has yet to build a meaningful track record. As such, it's challenging to report on active decisions, liquidity management, or how the assets perform in periods of heightened volatility.

According to Capital Group, it expects the fund to deliver a yield advantage of 250-300 basis points versus the Bloomberg US Aggregate Bond Index and to generate 300-350 basis points of excess return over a market cycle. And while it cites the Agg as the strategy's reference benchmark, it is not a gauge for overall fund positioning aside from a few metrics like duration.

Capital Group has designed this interval fund with a quarterly repurchase window and a limit of 10% of assets; if the fund exceeds that limit, investors may receive a pro rata share of their request. Investors in interval funds should understand not only the illiquidity of the underlying assets but also the ability to redeem shares quarterly and the potential for redemptions to be capped. As such, this vehicle is best suited for investors with longer-term investment horizons. That said, over rolling three-month periods, cumulative outflows relative to average fund assets exceeded 10% only once and just barely over the past 25 years at Capital Group flagship American Funds Bond Fund of America. If flow patterns are similar for this strategy, investors have a good chance of redeeming all their shares at quarterly redemption windows should they need to.

Price

Capital Group KKR Core Plus+ features reasonable expenses that rank among the cheapest third of semiliquid fixed-income strategies across its five share classes. In line with its aim to keep this offering investor-friendly, Capital Group has opted not to complicate overall expenses with less transparent costs, such as performance incentive fees, leverage, or acquired fund fees. Each share class has a 61-basis-point management fee, which is competitive for an interval fund but elevated compared with open-end funds. Overall, annual fund operation expenses after a 30-basis-point fee waiver amount to 84 basis points for the F3 and R6 shares, which together hold about four-fifths of the strategy's assets. Investors should read the prospectus for a detailed breakdown of expenses across all five share classes, though, as distribution-related 12b-1 fees and "other expenses" vary.

Capital Group KKR Multi-Sector+ **Neutral**

Fund Analysis | Paul Olmsted

Morningstar Category	Inception Date	Repurchase Frequency	Repurchase Withdrawal Min	Fund Size (USD Mil)	Medalist Rating Process	Medalist Rating People	Medalist Rating Parent
Multisector Bond	April 29, 2025	Quarterly	5%	277	Average	Average	High

Exhibit 12 Share Class Details

Share Class Name	Ticker	Morningstar Medalist Rating	Prospectus Adj Expense Ratio (%)	Prospectus Net Expense Ratio (%)	Fee Tercile
Capital Group KKR Core Multi-Sector+ A	MSPPX	Neutral	1.32	1.32	Cheapest
Capital Group KKR Core Multi-Sector+ A-2	MSPUX	Neutral	1.59	1.59	Cheapest
Capital Group KKR Core Multi-Sector+ F-2	MSPEX	Neutral	1.03	1.03	Cheapest
Capital Group KKR Core Multi-Sector+ F-3	MSPFX	Neutral	0.89	0.89	Cheapest
Capital Group KKR Core Multi-Sector+ R-6	RMSPX	Neutral	0.89	0.89	Cheapest

Source: Morningstar Direct. Data as of Nov. 12, 2025.

Capital Group KKR Multi-Sector+ is one of two strategies borne from Capital Group's first foray into semiliquid strategies in partnership with KKR. It is a suitable entry-level offering for accessing private debt markets, but it doesn't take full advantage of the interval fund vehicle's latitude. Morningstar is initiating coverage of this strategy with Average People and Process ratings, resulting in Morningstar Medalist Ratings of Neutral across all share classes.

The strategy's much-anticipated partnership between Capital Group and KKR brings together two top managers within their respective areas of public and private fixed income. Capital Group's experienced team and vast supporting resources are among the industry's deepest, while KKR has decades of experience managing all areas of private markets, including private credit. However, as the fund's investment advisor in charge of the whole strategy, Capital Group is still in the early stages of navigating how to combine public and private assets in the less liquid interval fund vehicle structure.

While the portfolio's contours don't take full advantage of interval fund's structure compared with peers, like larger allocations to private debt or wider use of leverage, the fund's risk profile and liquidity provisions make this a natural first step into semiliquid funds, which was Capital Group's aim. The strategy's neutral allocations of 60% of assets to a multisector mandate and 40% to private credit make it unique among both open-end and semiliquid fund rivals. Capital Group's multisector public debt allocation will be broadly the same diversified approach as its open-end funds with similar mandates. The KKR private credit sleeve will include a diversified portfolio of loans to middle-market companies and asset-based finance deals. Duration, a measure of interest rate sensitivity, will typically range between 2.0 and 4.0 years.

Each firm features four experienced portfolio managers, supported by well-resourced research and risk management teams, for the fund's sleeves. Capital Group's Robert Caldwell, a bond veteran and corporate bond specialist who heads the overall fund as its principal investment officer, brings more

than two decades of fixed-income experience, all with Capital Group; however, his experience with private credit dynamics is still growing.

The partnership takes advantage of each firm's personnel and process strengths. Capital Group's three other seasoned bond managers have specialties across core bonds, high-yield, and securitized debt. KKR's crew brings broad private debt experience with niche expertise in direct middle-market lending and asset-based finance. Each manager will apply robust research and risk management capabilities to build their individual portfolios. It's up to Caldwell to monitor overall risk in conjunction with KKR and ensure ample liquidity to meet redemptions, when necessary. And while the fund has some leeway around these neutral targets, any differences are likely to be small.

The interval fund's late April 2025 inception doesn't give it a meaningful performance history, and as such, it's difficult to evaluate active portfolio decisions, effective liquidity management, or performance during volatile periods. Capital Group expects the fund to deliver a yield advantage of 350-400 basis points above the Bloomberg US Aggregate Bond Index and to generate excess returns of 450-500 basis points over a market cycle.

If it can meet those performance expectations, with its ample fund-level liquidity, larger than normal 10% quarterly redemption cap, and simple fee structure, this strategy should serve investors well, even with a relatively tame risk profile compared with semiliquid rivals.

Process

Capital Group's first attempt at bringing access to private credit assets to retail investors is a tamer option compared with semiliquid peers; the fund features large liquidity sleeves, capped private credit investments, no leverage, and higher redemption limits. Those features make it an easier choice for investors accustomed to open-fund attributes but also constrain the strategy's potential to take advantage of private market opportunities. It earns an Average Process rating.

The interval fund structure limits investor redemptions to enable managers to take more illiquidity risk than an open-end offering. With a 60% public debt sleeve overseen by Capital Group and a 40% private credit allocation run by KKR, this fund's design nearly splits the difference between these vehicles. Its private asset weighting—essentially financing provided by a nonbank lender—entails more liquidity risk than a typical multisector open-end fund but less risk compared with most semiliquid credit rivals. Its muted risk profile versus the latter group makes it challenging to match their level of private or illiquid investments. That should be an advantage in a credit selloff, especially one that disproportionately affects private markets, but it could be a headwind across a full market cycle.

Capital Group's multisector sleeve uses the same in-depth research process that has served the firm well across other open-end fixed-income offerings such as American Funds Multi-Sector Income. Its multimanager approach allows each manager to run their respective sleeves of the overall portfolio separately and gauge their broad results versus the Bloomberg US Aggregate Bond Index.

KKR's experience and strong reputation across most areas of private markets is well documented. The private credit investments will consist of a diversified portfolio of loans to middle-market companies

and asset-based finance deals. As this type of lending goes, KKR takes a relatively conservative approach, aiming for high income and return of principal at maturity. Its expertise in finding deals that meet its stringent underwriting standards will be key to limiting distress or defaults in the portfolio. Even if those efforts prove largely successful, private credit positions are relatively illiquid and may take longer for an investment thesis to play out, especially after periods of credit stress.

This team-based approach relies on effective communication between the two firms. That's accomplished in part through regular credit advisor group meetings in which the eight named portfolio managers discuss trends affecting public and private markets, positioning, and overall risk.

The sizable multisector sleeve gives investors more fund-level liquidity than most other interval funds, as does the fund's quarterly repurchase limit of 10% of outstanding shares, which is double the 5% interval fund norm.

Portfolio

Portfolio construction here leans on more liquidity than other semiliquid offerings, which facilitates meeting the strategy's 10% repurchase limit. The portfolio's neutral allocations of 60% multisector public debt and 40% private credit, without fund-level leverage, also results in a fairly tame profile compared with other interval funds.

Given the strategy's recent inception date, its multisector allocation is still evolving. In this sleeve, investors can expect a diversified portfolio of Treasuries, investment-grade corporate bonds, and securitized debt. The Capital Group team will also opportunistically add edgier high-yield corporate bonds. Duration, a measure of interest rate sensitivity, is not guided by a benchmark but rather will typically be between 2.0 and 4.0 years.

KKR's private credit sleeve combines middle-market direct loans with asset-based finance deals. Middle-market direct loans are typically senior secured loans to small or midsize companies with less than USD 500 million in earnings before interest, taxes, depreciation, and amortization and below-investment-grade credit profiles. Private asset-based finance deals are backed by loans such as auto finance or student loans; these will be broadly lower-investment-grade and middle of the seniority stack. KKR prohibits lending to companies for which it is the private equity sponsor, but the firm's allocation policy ensures this portfolio has the same access to deals as other KKR private credit funds.

While the strategy has some leeway around its target split of 60% public debt and 40% private, differences from this neutral weighting are likely to be small and may depend on the availability of private investments that meet KKR's stringent underwriting standards or broad liquidity considerations.

Since Capital Group's multisector allocation will be similar to exposures in its more liquid and cheaper open-end and exchange-traded funds, investors here are paying a premium to access KKR's less liquid private credit allocation.

People

Capital Group and KKR each feature a foursome of capable investors and an army of supporting resources for their respective sleeves. However, Capital Group, as the fund's investment advisor, is still in the early stages of navigating how to combine public and private assets in the less liquid interval fund vehicle structure. The strategy merits an Average People rating.

As the principal investment officer, bond veteran Robert Caldwell is an investment-grade bond specialist and portfolio manager. While his experience managing liquid strategies is extensive, Caldwell's private credit experience is not, and he is still understanding that aspect of the portfolio, a key to managing the fund's overall risk. The three other veteran multisector sleeve managers are John Queen (core bonds), Sandro Lazzarini (high-yield), and Xavier Goss (securitized debt).

KKR's seasoned team brings relevant private market experience and effectively leverages its deep relationships to buy private loans, whether through direct (middle-market) lending or asset-based finance. The firm has overseen private credit assets for about two decades in less-liquid vehicles, including a credit interval fund strategy since 2020. Dan Pietrzak, the firm's private credit manager, leads this sleeve, while Rony Ma (middle-market), Chris Mellia (ABF), and Ryan Wilson round out the group.

The larger question here is Capital Group's ability to effectively oversee the broader portfolio. This will rely on the strength of the collaboration between the two firms to manage overall portfolio risk and liquidity, when needed.

While it's too soon to report on managers' investments in the fund, the firms have seeded it with USD 75 million, ensuring alignment with investors in the early stages of asset gathering and forming the portfolio's expected contours.

Parent

Capital Group's adaptability while staying true to its identity maintains its High Parent rating.

The firm is in the early stages of new but familiar leadership. Mike Gitlin, previously the head of fixed income and global trading, took over as CEO in October 2023. He replaced Tim Armour, who had been chairman and CEO since 2015. Rob Lovelace, the firm's vice chair and president, also stepped off the management committee to pave the way for new leadership. Martin Romo and Jody Jonsson, who both head up an investment subsidiary, became chairman and CIO, and vice chair, respectively. The transition demonstrated a considered succession plan and a commitment to keeping the leadership team-oriented and investor-heavy.

Meanwhile, the firm has been thoughtful about other changes. Recognizing investor preferences, since early 2022, Capital has launched 24 exchange-traded funds—13 equity, 10 fixed income, and one allocation. Most of the new funds, branded under the Capital Group name, are distinct from but rhyme with some of the legacy American Funds mutual funds. The firm also launched active/passive models and public/private interval funds with industry peers that leverage its lineup. For its active/passive models, it partnered with well-respected firms such as Vanguard, BlackRock, and Schwab. For its foray

into alternative investments, it teamed up with global private investment giant KKR. All these new investment options employ Capital's time-tested investment philosophy, use its hallmark multimanager system, and draw from its huge pool of seasoned investors.

Performance

With its late April 2025 inception, the fund has yet to build a meaningful track record. As such, it's challenging to report on active decisions, liquidity management, or how the assets perform in periods of heightened volatility.

According to Capital Group, it expects the fund to deliver a yield advantage of 350-400 basis points versus the Bloomberg US Aggregate Bond Index and to generate 450-500 basis points of excess return over a market cycle. And while it cites the Agg as the strategy's reference benchmark, it is not a gauge for overall fund positioning.

Capital Group has designed this interval fund with a quarterly repurchase window and a limit of 10% of assets; if the fund exceeds that limit, investors may receive a pro rata share of their request. Investors in interval funds should understand not only the illiquidity of the underlying assets but also the ability to redeem shares quarterly and the potential for redemptions to be capped. As such, this vehicle is best suited for investors with longer-term investment horizons. That said, over rolling three-month periods, cumulative outflows relative to average fund assets exceeded 10% only once and just barely over the past 25 years at Capital Group flagship American Funds Bond Fund of America. If flow patterns are similar for this strategy, investors have a good chance of redeeming all their shares at quarterly redemption windows should they need to.

Price

Capital Group KKR Multi-Sector+ features reasonable expenses that rank among the cheapest third of semiliquid fixed-income strategies across its five share classes. In line with its aim to keep this offering investor-friendly, Capital Group has opted not to complicate overall expenses with less transparent costs, such as performance incentive fees, leverage, or acquired fund fees. Each share class has a 66-basis-point management fee, which is competitive for an interval fund but elevated compared with open-end funds. Overall, annual fund operation expenses after a 30-basis-point fee waiver amount to 89 basis points for the F3 and R6 shares, which together hold about four-fifths of the strategy's assets. Investors should read the prospectus for a detailed breakdown of expenses across all five share classes, though, as distribution-related 12b-1 fees and "other expenses" vary.

TCW Private Asset Income **Neutral**

Fund Analysis | Eric Jacobson

Morningstar Category	Inception Date	Repurchase Frequency	Repurchase Withdrawal Min	Fund Size (USD Mil)	Medalist Rating Process	Medalist Rating People	Medalist Rating Parent
Nontraditional Bond	April 1, 2025	Quarterly	5%	316	Average	Above Average	Average

Exhibit 13 Share Class Details

Share Class Name	Ticker	Morningstar Medalist Rating	Prospectus Adj Expense Ratio (%)	Prospectus Net Expense Ratio (%)	Fee Tercile
TCW Private Asset Income I	TPYTX	Neutral	1.48	1.48	Cheapest
TCW Private Asset Income A	TPAYX	Neutral	2.04	2.04	Middle

Source: Morningstar Direct. Data as of Nov. 12, 2025.

TCW Private Asset Income's April 2025 launch doesn't give it much of a record yet to judge, but this interval fund has compelling traits, nonetheless.

Its three named managers, Peter Van Gelderen, Dylan Ross, and Max Scherr, are a mix of veterans well known to Morningstar and seasoned specialists in private asset-backed finance. Van Gelderen co-heads a 19-member-strong global securitized team that's part of TCW's broad and deep fixed-income group run by Chief Investment Officer and Head of Fixed Income Bryan Whalen. Van Gelderen and Whalen, who have both managed successful funds under Morningstar's coverage for several years, work closely with the dedicated seven-person private team that Ross and Scherr lead. That's important because this team is relatively new to TCW and lacks its own public record to consider. Morningstar is initiating coverage of the strategy with an Above Average People Pillar rating.

The fund's process is appealing, as well. It's focused on private asset-based holdings that generate higher returns in exchange for some mix of complexity, difficulty of execution, and lower liquidity. That dovetails with a structure distinct from peers linked to large, private debt specialists with their own origination platforms and private equity mandates, whose selling point is access to loan deals. By contrast, TCW's value proposition is analytical rigor in choosing debt from a broader menu of sources, without the expectation that the fund will buy in-house-generated debt deals. That selectivity is critical, given the strategy's focus on less-liquid mezzanine debt tranches with more return potential than higher-rated slices of a deal, but less risk than highly leveraged bottom-level tranches.

Yet, the firm shares a key advantage with big private debt competitors managing large pools of insurance company assets: TCW also manages a sizable insurance portfolio for part-owner Nippon. That helps when vying to participate in large, complex deals that can elude smaller players. As long as they pass TCW's analytical muster, the fund can buy midlevel mezzanine tranches, consistent with its aggressive style, while the firm's insurance portfolio invests in larger, higher-level tranches more consistent with its mandate.

TCW has been selective in its choices thus far, though, which means that as of mid-2025, income-rich private deals comprised only a portion of the fund, while higher-quality debt and a sleeve of cash totaling nearly a third of its assets comprised the rest. Morningstar is therefore initiating coverage with an Average Process Pillar rating, which will likely remain until the fund proves its value proposition.

Like all interval funds, investors' ability to withdraw their money is limited. TCW currently offers quarterly redemptions up to a 5% limit, which means investors, as a whole, cannot withdraw more than 5% in any given quarter. If the redemptions exceed that limit, investors may receive a pro rata share of their request. The redemption frequency and amount can be changed by the fund's board of directors.

Process

The fund's process is appealing. It's focused on private asset-based holdings that generate higher returns in exchange for some mix of complexity, difficulty of execution, and lower liquidity. That dovetails with a structure distinct from peers linked to large, private debt specialists with their own origination platforms and private equity mandates, whose selling point is access to loan deals. By contrast, TCW's value proposition is analytical rigor in choosing debt from a broader menu of sources, without the expectation that the fund will buy in-house-generated debt deals. That selectivity is important, given the strategy's focus on less-liquid mezzanine debt tranches with more return potential than higher-rated slices of a deal but less risk than highly leveraged bottom-level tranches. That arguably "goldilocks" level of risk is also behind the fund's decision to forgo financial leverage as a cornerstone of the strategy.

TCW has been selective in its choices thus far, though, which means that as of mid-2025, income-rich private deals comprised only a portion of the fund, while higher-quality debt and a sleeve of cash totaling nearly a third of its assets comprised the rest. The bright side is that the firm is providing a fee discount to compensate investors for their patience. Morningstar is therefore initiating coverage with an Average Process Pillar rating that will likely remain until the fund proves the value of its proposition.

Portfolio

The firm shares a key advantage with big private debt competitors managing large pools of insurance company assets: TCW also manages a sizable insurance portfolio for part-owner Nippon. That helps when vying to participate in large, complex deals that can elude smaller players. As long as they pass TCW's analytical muster, the fund can buy midlevel mezzanine tranches, consistent with its aggressive style, while the firm's insurance portfolio invests in larger, higher-level tranches, more consistent with its mandate.

The portfolio was still in a ramp-up phase as of mid-2025 and still had a risk profile more consistent with high-quality investment-grade debt. So far, that has meant an unusual level of exposure to conventional public deals. The management team isn't looking to build an overly risky portfolio, though, expecting it to carry the profile of short-duration (less interest-rate-sensitive) but illiquid assets. When fully up and running, the team expects truly private deals to comprise 90% of the portfolio, with half of the issuers backing those holdings also borrowing in public markets. That's not meant to be a fixed ratio, though. It could drop to 70%, for example, if the team finds sufficiently attractive public

market debt with commensurately short-enough amortization profiles to provide the level of protection their process demands.

People

A seven-person team dedicated to private asset-backed finance oversees this fund. TCW purpose-built the group, which includes comanagers Dylan Ross and Max Scherr, who previously worked in senior roles at Brigade Capital Management, a smaller credit-focused firm. They chose to move to TCW in part because of the advantages in structuring deals it gets from running a large pool of insurance assets.

The private team works closely with TCW's broad and deep fixed-income team run by Chief Investment Officer and Head of Fixed Income, Bryan Whalen. That includes contributions from fund comanager Peter Van Gelderen, who co-heads TCW's 19-member-strong global securitized group, with which the private team has daily calls and shares ideas. Van Gelderen and Whalen have both managed successful funds under Morningstar's coverage for several years, providing further confidence in the overall management of the fund. The private team's integration with the broader securitized group is important, given that it lacks its own public record and joined TCW fairly recently. Morningstar is initiating coverage of the strategy with an Above Average People Pillar rating.

The fund had not yet filed a Statement of Additional Information with the Securities and Exchange Commission describing the managers' level of ownership in the fund at the time of publishing.

Parent

TCW enters 2023 with a new CEO and the potential for big changes across its franchise, underpinning an Average Parent rating.

Katie Koch stepped into the CEO role in early 2023 following the retirement of David Lippman, who had been in that seat since TCW management, and The Carlyle Group partnered to buy the firm from Société Générale in 2013. Koch joined from Goldman Sachs, where she spent 20 years and most recently was CIO of Goldman's USD 300 billion public equity business. While TCW's decision to hire an outsider with an equity background was a surprise, it's clear that Koch was chosen for her vision for the firm and experience at running an investment business. It's unlikely that there will be major changes to the investment teams, especially the standout fixed-income group that oversees roughly 90% of the firm's USD 205 billion in assets.

Carlyle owns 31% of TCW, while employees own 44%. The remaining 25% is owned by Nippon Life, which entered the picture in 2017 when it bought its stake from Carlyle. The two outside owners have been largely hands-off, and, except for a brief foray into liquid alternatives, TCW has hewed close to its core competencies. The ownership structure has been at a standstill since 2017, though going forward there is the potential for change to that makeup, which brings its own attendant risks and opportunities.

Performance

Given the fund's April 2025 launch, it has too short a record to judge the efficacy of its strategy. The fund is still in a ramp-up stage, as well, so basic expectations based on its most recent allocations are also difficult to shape. Overall, though, the management team plans to hold roughly 90% of the portfolio in

private, lower-quality mezzanine-level debt tranches, with annualized yields in the range of 500 to 900 basis points.

It's also likely that, despite the inherent risks of investing in lower-quality, lighter-liquidity holdings, those features may also keep the fund's day-to-day level of price volatility somewhat muted. The management team does not plan to use financial leverage either, which should also temper the fund's volatility relative to those making generous use of the technique. By contrast, portfolios with a higher-quality focus on public deals can use that segment of the market's more active trading as a basis for more precise, frequent pricing but will normally display a higher level of day-to-day price volatility as a result.

Price

The bulk of the fund's assets are in the institutional share class, which charges a prospectus-adjusted expense ratio of 1.5%, placing it in the cheapest third of semiliquid funds. The largest component is the 1% management fee. However, that 1.5% does not include a 50-basis-point fee waiver, an investor-friendly decision TCW made while it ramps up the portfolio. The fee waiver will likely expire in April 2026.

First Trust Alternative Opportunities **Negative**

Fund Analysis | Jason Kephart

Morningstar Category	Inception Date	Repurchase Frequency	Repurchase Withdrawal Min	Fund Size (USD Mil)	Medalist Rating Process	Medalist Rating People	Medalist Rating Parent
Multistrategy	June 12, 2017	Quarterly	5%	2,954	Average	Average	Average

Exhibit 14 Share Class Details

Share Class Name	Ticker	Morningstar Medalist Rating	Prospectus Adj Expense Ratio (%)	Prospectus Net Expense Ratio (%)	Fee Tercile
First Trust Alternative Opportunities I	VFLEX	Negative	3.25	3.30	Middle
First Trust Alternative Opportunities A	VFLAX	Negative	4.01	4.06	Middle

Source: Morningstar Direct. Data as of Nov. 12, 2025.

First Trust Alternative Opportunities offers an all-in-one solution for investing in an extensive mix of private markets and hedge funds. However, investors should proceed with caution because the fund is complex and values its portfolio in a way that may make the fund appear less risky than reality. Its fees also set a high hurdle that requires a meaningful edge, which this fund lacks, to reliably contend with its category index.

This interval fund targets a 7% annual distribution of income paid monthly by investing in an extensive mix of private markets and hedge funds. Like all interval funds, investors' ability to withdraw their money is limited. First Trust currently offers quarterly redemptions up to a 5% limit, which means investors, as a whole, cannot withdraw more than 5% in any given quarter, unless the fund's board of directors approves. In the third quarter of 2022, investors redeemed 5.31% of the fund. It's the only quarter where redemption requests surpassed 5% through June 2025.

The managers bring extensive experience to the strategy. Co-chief investment officers Michael Peck and Brian Murphy have overseen it since its 2014 inception, when it primarily focused on hedge fund strategies rather than private markets. In 2018, First Trust added a dedicated operational due diligence team, led by Nick Lotysz, which enabled the managers to broaden the fund's mandate to include more private fund investments. By the end of June 2025, the portfolio included over 35 subadvisors across mutual funds, separate accounts, and private funds with limited liquidity. It is a complex portfolio that includes private equity, private credit, real estate, and a mix of long-short and arbitrage hedge fund strategies.

The fund's recent performance has been impressive. Over the three years ended July 2025, it returned more than 8.5% annually with a standard deviation of less than 2.0%, far below the managers' own expectation of a risk profile closer to the Bloomberg US Aggregate Bond Index, which had a less than 2.0% return and 7.0% standard deviation annualized over the same period.

A coinvestment lets an investor put money directly into a specific deal alongside a private equity or credit fund, usually on the same terms as the fund and without the higher fees of the full fund. These

opportunities are generally only offered to existing fund shareholders. Because each coinvestment is unique, there's no regular market to trade it, so the investor typically stays invested until the asset is sold or matures. As a result, the stated valuation may not reflect the discount that would be required to sell it quickly. The same is true for 13% of the portfolio invested in private funds.

Investors looking for a simple way to invest in a broad mix of alternatives, with experienced managers and a good track record, may find this an appealing option. However, its complexity, limited liquidity, and limited mark-to-market require investors to carefully weigh the risks alongside potential rewards.

Process

This portfolio holds a diverse range of investments and subadvisors that manage them, leading to complexity and a lack of transparency. Coinvestments offer a cost-effective way to access deals but cede control of the originator. The fund earns an Average Process Pillar rating.

The managers aim to deliver a 7% annual distribution of income paid monthly and volatility in line with the Bloomberg US Aggregate Bond Index. They allocate to managers across private equity, private credit, real estate, and hedge fund strategies. To gain exposure, they use a variety of vehicles, including mutual funds, separately managed accounts, semiliquid funds, and private funds, which have no set redemption schedule.

Hedge fund strategies played a large role early in the fund's life but began to shrink in 2019 when the mandate expanded to include more private asset funds and coinvestments; they are now expected to account for up to 20% of the portfolio.

Private equity, private credit, and real estate are expected to account for the bulk of the portfolio, up to 60% combined. That exposure can come through funds or coinvestments, the latter of which has been a growing focus and can account for up to 45% of assets.

Liquidity is managed carefully to support the 5% that investors can redeem each quarter. About 20% of the portfolio is held in assets that can be sold within days, such as mutual funds and listed closed-end funds, with another 45% in assets that can be sold within one to three months. The rest of the portfolio is in assets that could take more than one year to sell. The managers don't use leverage, which is a positive, though many underlying private funds do.

Portfolio

At the end of June 2025, the portfolio was near its max 45% allocation to coinvestments. These included 18% of the portfolio in systematic risk transfers, a popular trade with European banks that lets the bank raise capital by using part of its balance sheet as collateral for a rate above the secured overnight financing rate. Another 16% was in both equity and debt tranches of collateralized loan obligations. The remainder included direct lending and asset-backed lending. These deals are unique investments without a market where they regularly trade.

Hedge fund strategies were the next largest allocation, with 16% of assets. These strategies are generally more liquid since they typically trade public securities, but they can take short positions to

hedge out market exposure. This bucket also includes a closed-end fund arbitrage strategy that seeks to take advantage of narrowing discounts for listed closed-end funds.

About 13% of the portfolio was in funds that invest in private equity, private credit, or real estate. These funds tend to offer limited liquidity, typically quarterly or even less frequently, and should be considered an illiquid part of this portfolio.

The managers make sure the fund is broadly diversified across its subadvisors, which helps mitigate the risk of any one subadvisor causing performance or liquidity issues. For example, private credit subadvisor Palmer Square has a 5% allocation, the largest of any subadvisor.

People

This fund is managed by an experienced and stable team that has the advantage of being one of the first multistrategy interval funds. While the team is well-staffed, it's not clear if it has a competitive advantage as more established multistrategy teams launch similar vehicles. It earns an Average People Pillar rating.

Michael Peck and Brian Murphy are the lead portfolio managers and co-chief investment officers of First Trust Capital Management L.P., a subsidiary of First Trust. They have been managing the fund since its 2014 inception, when it was focused primarily on hedge fund strategies, like long-short equity and closed-end fund arbitrage. In 2018, the team added a dedicated operational due diligence team led by Nick Lotysz.

They are supported by a nearly 20-person research team, with plans to expand in 2025. Roughly two-thirds of the team focuses on investment due diligence and one-third on operational due diligence. Analysts operate as generalists, while more senior team members lead coverage for specific relationships. All investment analysts contribute to sourcing new managers through meetings and industry conferences.

Senior team members typically manage 15–20 relationships each, often for a single asset class, like private equity. Across the platform, the team maintains approximately 60 underlying fund manager relationships, more than 35 of which were subadvisors for this fund as of June 30, 2025. Manager investment in the strategy could be better. Murphy invests at least USD 50,000 of his own money in the fund, while Peck invests less than USD 10,000.

Parent

First Trust meets the industry standard for stewardship, but it could do more to align itself with investors. It earns an Average Parent rating.

This is a team-oriented organization that eschews star managers. While exchange-traded funds represent the bulk of the firm's assets, First Trust bypasses the competitive market for low-cost beta funds, instead opting for complex strategies with higher management fees. However, the firm's focus on ETFs for future product development underpins its commitment to tax efficiency and transparency. Some of its thematic strategies appear trendy, but it stands behind them and rarely liquidates funds.

The firm is a private partnership, controlled by Jim Bowen, the CEO. Many senior managers are limited partners. This ownership structure helps the firm stay focused on the long term and promotes retention, which has been strong for the investment team. The firm has grown considerably over the past decade and is among the largest providers of actively managed ETFs, as well as unit investment trusts. As it has grown, the firm has expanded its investment team and beefed up its technology infrastructure.

First Trust's focus is on educating advisors and providing them with solutions. This may benefit investors indirectly, but First Trust could do more to directly align with investors by cutting fees and limiting trendy strategies.

Performance

The managers have built an impressive track record. Since the fund expanded its mandate in January 2019 through July 2025, its institutional shares returned over 8% annualized, with a standard deviation under 5%. By comparison, the Bloomberg US Aggregate Bond Index, which the managers expect the fund's volatility to roughly match, returned less than 2% annualized, with a standard deviation of nearly 6% over the same period. A key driver of this performance has been the growing allocation to coinvestment deals. According to the attribution provided by First Trust, this coinvestment sleeve gained 14% annualized from February 2019 through June 2025.

However, the fund's low volatility is not a reflection of true risk but rather the result of holdings whose prices are not marked to market. This means neither an asset's intrinsic risk nor its sensitivity to the market is reflected in its price.

The fund's increased exposure to credit since its revamp has generally benefited from a favorable credit market, with March 2020 as the main exception. That month, the fund experienced a nearly 13% drawdown—about half of which was due to credit write-downs—that more than doubled the drawdown of the Bloomberg US Aggregate Bond Index. Similar credit market disruptions could have a material negative impact on performance in the future.

Like most semiliquid funds (or interval funds), liquidity is a key risk. While the managers have successfully navigated higher periods of redemption activity, such as in 2022, sustained outflows could force them to sell illiquid assets at a discount. This would hurt performance and potentially lead to more outflows, creating a negative feedback loop.

Price

Both of this strategy's share classes are expensive but are in line with other semiliquid alternative and allocation funds. The fund's institutional share class has a prospectus-adjusted expense ratio of 3.25%, which falls in the middle third of semiliquid alternative and allocation funds. The main cost comes from 2.25% in acquired fund fees from its ownership of private funds. The acquired fees stated in the prospectus may not reflect the incentive fees charged by those funds, which come directly out of returns. ■■

Appendix

Pillar Ratings		Fee Tercile Relative to Fee-Comparison Group		
People/Parent*	Process	Cheapest	Middle	Costliest
High/High	High	Gold	Gold	Silver
High/Above Average	High	Gold	Silver	Bronze
Both Above Average	High	Silver	Silver	Bronze
Above Average/Average	High	Silver	Bronze	Neutral
Both Average	High	Bronze	Bronze	Neutral
Average/Below Average	High	Neutral	Neutral	Neutral
Both Below Average	High	Neutral	Neutral	Negative
Below Average/Low	High	Neutral	Neutral	Negative
Both Low	High	Neutral	Negative	Negative
High/High	Above Average	Silver	Silver	Bronze
High/Above Average	Above Average	Silver	Bronze	Neutral
Both Above Average	Above Average	Bronze	Bronze	Neutral
Above Average/Average	Above Average	Bronze	Neutral	Neutral
Both Average	Above Average	Neutral	Neutral	Negative
Average/Below Average	Above Average	Neutral	Neutral	Negative
Both Below Average	Above Average	Neutral	Negative	Negative
Below Average/Low	Above Average	Negative	Negative	Negative
Both Low	Above Average	Negative	Negative	Negative
High/High	Average	Bronze	Bronze	Neutral
High/Above Average	Average	Bronze	Neutral	Neutral
Both Above Average	Average	Neutral	Neutral	Negative
Above Average/Average	Average	Neutral	Neutral	Negative
Both Average	Average	Neutral	Negative	Negative
Average/Below Average	Average	Negative	Negative	Negative
Both Below Average	Average	Negative	Negative	Negative
Below Average/Low	Average	Negative	Negative	Negative
Both Low	Average	Negative	Negative	Negative
High/High	Below Average	Neutral	Neutral	Negative
High/Above Average	Below Average	Neutral	Neutral	Negative
Both Above Average	Below Average	Neutral	Negative	Negative

Above Average/Average	Below Average	Negative	Negative	Negative
Both Average	Below Average	Negative	Negative	Negative
Average/Below Average	Below Average	Negative	Negative	Negative
Both Below Average	Below Average	Negative	Negative	Negative
Below Average/Low	Below Average	Negative	Negative	Negative
Both Low	Below Average	Negative	Negative	Negative
High/High	Low	Neutral	Negative	Negative
High/Above Average	Low	Negative	Negative	Negative
Both Above Average	Low	Negative	Negative	Negative
Above Average/Average	Low	Negative	Negative	Negative
Both Average	Low	Negative	Negative	Negative
Average/Below Average	Low	Negative	Negative	Negative
Both Below Average	Low	Negative	Negative	Negative
Below Average/Low	Low	Negative	Negative	Negative
Both Low	Low	Negative	Negative	Negative

*The People and Parent Pillars are equal-weighted in Morningstar's semiliquid rating system. As such, the order of pillar ratings in any given row in the first column is not material.

Corrections and Clarifications

Correction

A previous version of this paper misspelled Max Scherr's name in the text for [TCW Private Asset Income](#).

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