RETIREE HEALTH CARE TRUST FUND
BOARD CALENDAR SHEET
Board Meeting of April 30, 2018

TO: Retiree Health Care Trust Fund Board

THROUGH: Caryn Bortnick CB
SFERS Deputy Executive Director

From: William Coaker
SFERS Chief Investment Officer

DATE: April 30, 2018

Agenda Item

Approve recommendation to invest up to $15.27 million in GoldenTree's Multi-Sector Credit Fund.

Background

The newly adopted asset allocation policy for the Trust includes an allocation to High Yield/Bank Loans of 6%.

Meketa recommends that the RHCTF retain GoldenTree to manage the High Yield/Bank Loans strategy. Investment staff has reviewed Meketa's materials which describe its due diligence process and analysis and concur with their recommendation to hire GoldenTree.

Recommendation

Approve recommendation to invest up to $15.27 million in GoldenTree's Multi-Sector Credit Fund.

Attachments

Meketa Investment Group's summary of its opportunistic credit manager search.

San Francisco Retiree Health Care Trust Fund

Opportunistic Credit Manager Search

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Background

- The newly adopted asset allocation policy for the Trust includes an allocation to High Yield/Bank Loans of 6%.
- This document provides a summary of the search process and highlights three strategies for the Board's consideration. We also highlight other managers who received the RFP for this search, and a summary of reasons for managers being excluded from the finalist pool. The three finalists we considered are:
  - Beach Point
  - GoldenTree
  - Oak Hill
- The approximate allocation from each of the portfolios to High Yield/Bank Loans, based on March 31 Market Values, is:
  - San Francisco Retiree Health Care Trust Fund: $14.44 mm
  - San Francisco Community College District Health Care Trust Fund: $0.83 mm
- Pending contract negotiations, Meketa would plan to fully fund the high yield/bank loans allocation in two tranches, with completion targeted before the end of the third quarter 2018.

Manager Due Diligence Process Introduction

- Selecting strong and appropriate investment managers is a key determinant of the overall success of the Fund. While they are expected to operate within a client's investment guidelines, investment managers are given a large degree of latitude to achieve the investment objectives.
- Manager selection is a nuanced process and requires extensive due diligence. When selecting prospective active managers, Meketa Investment Group evaluates the following areas:
  - Organization
  - Investment team
  - Investment philosophy
  - Investment process
  - Investment performance
  - Management fees
- In addition, all managers are evaluated within the context of the Fund's overall investment policy.

Manager Evaluation Criteria

Organization

- While there is no single “correct” way to organize an asset management effort, we believe that the ideal investment management organization possesses most of the following elements:
  - Focused on a single investment style or a focused team within a larger organization
  - Appropriately sized for the firm’s assets under management, with a reasonable growth plan and a willingness to close capacity-constrained strategies
  - Stable, investment driven, independent, and employee-owned (or majority employee-owned)
  - Performance driven with a team-oriented, supportive culture
  - Organized in such a way to ensure that information flows efficiently so that investment decisions can be made easily and, if necessary, quickly
  - Financially and operationally sound

Manager Evaluation Criteria (continued)

Investment Team

- Members of the investment team responsible for managing the strategy are evaluated in order to assess their competitive "edge" and to determine if they will be able to add value in the future. In a profession where intellectual capital is the greatest differentiator between managers, an investment strategy is only as good as the people behind it.
- During the course of our due diligence, we review the background of each member of the team. We want to know what motivated these individuals to work in the high yield market, what experience they bring, and how long they have been in the industry.
- Specific qualities that we believe make a good high yield investor are intelligence, inquisitiveness, analytical ability, and natural skepticism. A command of the details and an ability to assimilate lots of information, yet tie the information together and make a decision, are valued. Through the interview process, we seek to understand how a manager thinks about bonds, the bond market, and their portfolio.
- In credit strategies, it is important that investment teams have sufficient resources allocated to evaluating the legal documents and covenants of each bond. Managers will either have lawyers on their teams, retain outside counsel, or train their analyst teams to complete a legal review.
- Significant time is spent evaluating how the investment team interacts, their tenure together and their depth. Although some firms have been successful using the generalist model, we prefer specialization. Our belief is that there is value in having analysts with specific sector expertise who have followed an industry through multiple credit cycles.
- Compensation structure and incentives are also analyzed. The investment team should be incented to place the interests of the client first and to maximize performance while assuming an appropriate level of risk.

Manager Evaluation Criteria (continued)

Investment Philosophy

- An investment philosophy is a set of beliefs about what factors drive changes in bond prices, what factors cause securities to be mispriced, and how security mispricing can be exploited through active management. A manager's investment philosophy also incorporates their beliefs about what their competitive edge is and how they distinguish themselves from their peers.
- We try to find managers who have a clear investment philosophy, and who can articulate how they are able to identify undervalued bonds and take advantage of the opportunities they uncover. Understanding where this philosophy comes from, how it has evolved over time, and how the manager identifies and selects attractive investments using their research process are very important. Some managers may not have formally thought about their philosophy, and are therefore not able to articulate what they believe. Their philosophy often becomes evident when they explain their investment process and discuss the bonds they own in their portfolio.
- Another element of a manager's philosophy is how they think about the benchmark they are evaluated against. Most managers we recommend are either benchmark aware or believe in managing portfolios in a benchmark-agnostic manner. We are biased toward managers who have conviction in their ideas and reflect that conviction by establishing relatively large positions in their portfolios.

Manager Evaluation Criteria (continued)

Investment Process

- Every analysis of an investment manager must entail an examination of how they pick bonds for their portfolio, why they sell bonds from the portfolio, and how their portfolio is constructed. We like investment processes that are straightforward and easy to understand. Although we want to see consistency in the process, there is considerable art to investing. A repeatable process, in and of itself, does not guarantee good investment results. It is in the execution of the process where managers differentiate themselves and add value.
- In our analysis, we determine whether the portfolio is bottom-up driven, or if there is a significant top-down element to the process. Themes can also play a role in how portfolios are managed.
- With this information as a backdrop, our analysis of the investment process initially focuses on how new ideas are generated and how these ideas find their way into the portfolio. Once the opportunity set has been identified, we seek to understand what kind of fundamental research a manager performs. Superior managers generally perform intensive due diligence and their level of understanding of the businesses in which they invest often gives them an edge. We want to make sure they know what they own in their portfolios.
- Once the research on an idea has been completed, an investment decision must be made. Ultimately, successful active fixed income management requires exercising good judgment. We always want to know how managers make investment decisions and who makes them. It is important to us that investment ideas are thoroughly vetted. We also want the decision-making process to be efficient and responsive to changing dynamics in the market. How managers construct their portfolios, and think about, as well as control, risk is also evaluated.

Manager Evaluation Criteria (continued)

Investment Performance

- Just because a manager has performed well in the past does not guarantee they will be able to continue to do so in the future. We do feel that if we can find strong organizations with bright, motivated, knowledgeable, and experienced people, combined with a history of long-term, consistent success, we significantly increase the chances that managers we recommend to clients will add value in the future. If we are correct in our assessment of the quality of the organization and the people, then the performance should follow.
- Portfolio performance over multiple time horizons is evaluated. We review calendar-year results over as long a period as possible. We also examine rolling time periods to eliminate the impact of end point bias. We do not expect a manager to outperform the relevant index every year, but we do believe they should outperform over a full market cycle. What we are looking for is consistency. In addition, we analyze each manager's risk-adjusted returns. We want to make sure that our clients are being compensated for the risk the manager is taking. For each manager, we also look at the standard deviation, beta, tracking error, and correlation with the benchmark. Our analysis of upside and downside capture gives us a sense of which managers can be expected to perform well in up and down markets. We have a bias toward fixed income managers who protect their clients on the downside because of the compounding effect of returns over time.
- We review the portfolio holdings of each manager to verify their investment style, to assess where their biases are, and to determine where they have been able to add value. This analysis tells us what helped and hurt the portfolio, and in which industries a manager is particularly adept. We also look at the distribution of returns within the portfolio. Avoiding bad credits and credit downgrades, or minimizing their impact, is an important part of successfully managing a diversified portfolio.

Manager Evaluation Criteria (continued)

Management Fees

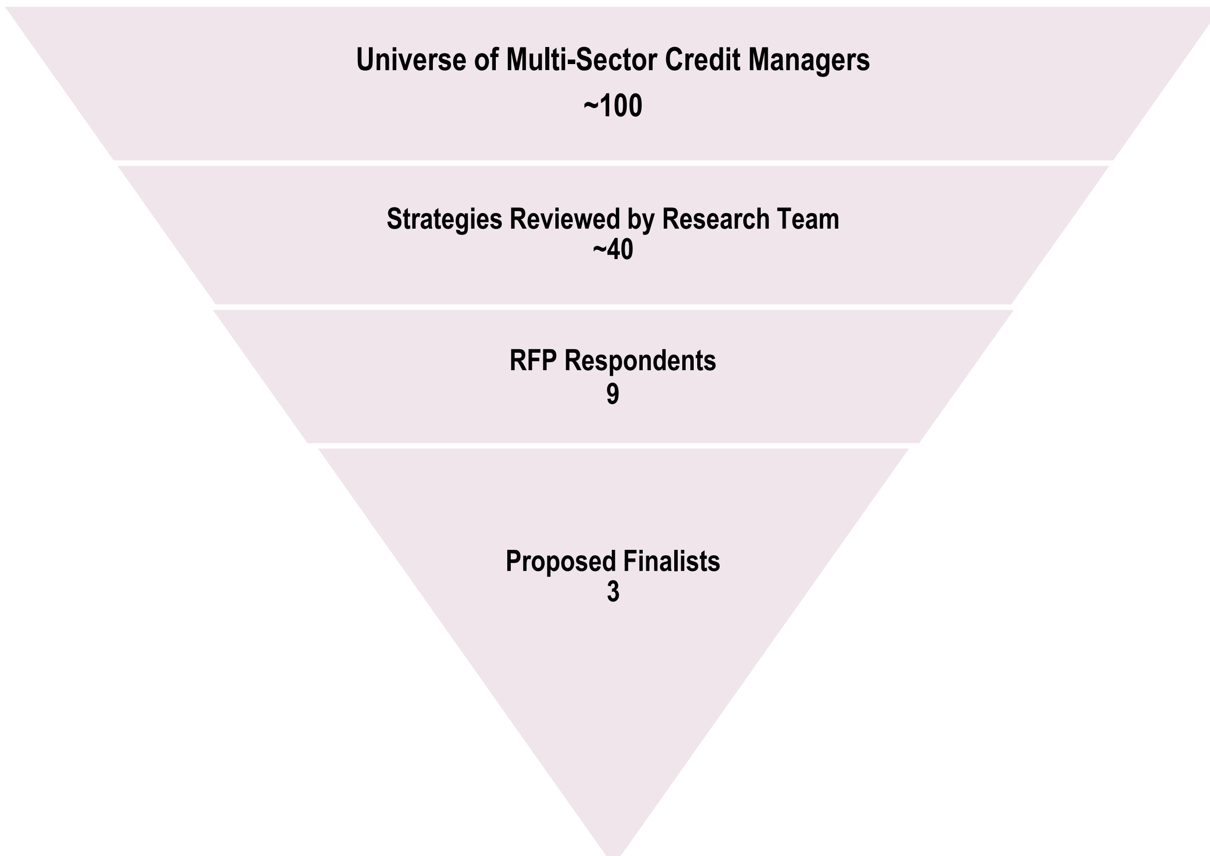
- The final step in our analysis is evaluating an investment manager's fees and the expenses they incur in managing the portfolio. Minimizing fees and expenses is important because these costs reduce the return to our clients. This effect can be very pronounced over time, so we seek to negotiate lower fees whenever possible.
- Trading costs are another hidden expense to investors and must also be evaluated. In general, portfolio managers with high turnover trading less liquid bonds will incur the highest trading costs.

Overview of Search

- Meketa Investment Group conducts research on opportunistic credit investment managers on an ongoing basis. External research resources, such as eVestment Alliance and Morningstar, are used to screen the universe of credit strategies. Meketa research professionals also draw on their experience and knowledge from past meetings with investment managers.
- Meketa Investment Group continually monitors a wide range of credit strategies with frequent calls and/or onsite visits.
- On behalf of the RHCTF, Meketa Investment Group issued a Request for Proposal ("RFP") from nine credit managers. Each of the responses was evaluated in detail to determine the most appropriate fit for the Trust and Community College District. The results of our review are listed on the following pages. Finalists were selected based on manager-specific attributes, as well as the current positioning of the Trust Fund.

Credit Universe – Meketa Investment Group Research Process

While Meketa maintains a short list of managers in each asset class that have gone through our multi-stage vetting process, every manager search we conduct is customized based on the needs of the client. We continuously monitor the asset class and review candidates, as outlined in the chart below. This graphic represents work done on active managers during the past five years.



RFP Respondents

Manager	Headquarters	Strategy
Bain Credit	Boston, MA	Multi-Sector Credit
Barings	Charlotte, NC	Multi-Sector Credit
Beach Point	Los Angeles, CA	Multi-Sector Credit
Brigade	New York, NY	Multi-Sector Credit
GoldenTree	New York, NY	Multi-Sector Credit
HPS	New York, NY	Multi-Sector Credit
KKR	San Francisco, CA	Multi-Sector Credit
Oak Hill	New York, NY	Multi-Sector Credit
Voya	New York, NY	Multi-Sector Credit

- To narrow the list to finalist candidates, managers were removed for the following reasons:
  - Material personnel turnover
  - Excessive fees
  - Organizational changes
  - Strategy fit within the Funds' investment objectives
  - Poor risk-adjusted performance

Finalists Overview

- The three strategies presented employ different styles of Opportunistic Credit investing, each with its own benefits and risks:
  - **Beach Point Dynamic Income**: Beach Point is a credit focused asset manager with strategies that span from performing public to private distressed credit. The liquid performing strategies, of which Dynamic Income is a part of, are relatively small and use their size shift actively between bonds and loans and also to invest in smaller debt issuers. The strategy will be focused on high yield and loans, and while it does not have a dedicated allocation to structured credit, it can opportunistically invest in those assets, distressed, and other equity-like securities (e.g. convertibles and preferreds).
  - **GoldenTree Multi-Sector Credit**: GoldenTree is a large asset management firm that is based in New York and focused on managing credit-oriented strategies. The Multi-Sector strategy is co-managed by the CIO and founder, and the other long-only strategy PMs that manage the dedicated high yield, bank loan, and structured products strategies. Multi-Sector is a long-only strategy that tends to be fully invested and focused on those three credit sectors. Within structured products, the strategy will allocate to CLOs, ABS, CMBS and CDOs.
  - **Oak Hill Diversified Credit**: Oak Hill is a large credit-focused asset management firm that manages both public and private markets strategies. The firm, which was founded in 1991, has long successful track records managing high yield and bank loan strategies. The Diversified Credit strategy was formed in 2012 and invests in those asset classes, as well as structured products and distressed credit.

RFI Respondents Summary

- A Request for Information was sent to nine managers with multi-sector strategies that Meketa Investment Group and staff identified as potentially attractive.

	Relative Strengths	Relative Weaknesses
Bain Credit	• Stable product portfolio management team for product	• Weak performance and risk-adjusted characteristics • Higher fees
Barings	• Strong returns	• High level of team turnover and recent organizational changes
Beach Point	• Very strong absolute and risk-adjusted returns	• Strategy focuses almost exclusively on high yield and bank loans
Brigade	• Strongest absolute performance	• Highest volatility of returns • Poor downside capture
GoldenTree	• Strong Multi-Sector returns as well as returns in stand-alone high yield and bank loan strategies	• Relatively short track record for multi-sector strategy
HPS	• Attractive risk-adjusted returns • Significant rotation between credit sectors	• Relatively short track record managing strategy.
KKR	• Long tenured multi-sector manager with good results.	• Relatively short track record of relevant strategy
Oak Hill	• Strong risk-adjusted returns	• Weaker absolute returns
Voya	• Strategy incorporates unique mortgage allocation	• Weakest returns over common period • Strategy will use leverage

- Beach Point, GoldenTree and Oak Hill were identified as offering the most advantageous strategies to the Trust and were advanced as finalists. The sections of the document provide further information and compare the strategies.

Beach Point Overview

Organization

- Beach Point was founded in 2009 by Carl Goldsmith and Scott Klein and is based in Los Angeles, CA with additional offices in New York, NY and London, UK. The firm is 100% employee-owned.
- Prior to Beach Point, Goldsmith and Klein had worked together since 1997 on the alternative credit team at Post Advisory. The firm is focused on the management of high yield and bank loan portfolios from liquid performing credit strategies to distressed and alternative credit strategies. Total firm assets are over $12 billion. The Dynamic Income fund was started in 2013 and has over $300 million in assets under management.

Investment Team:

- Co-Founders Scott Klein and Carl Goldsmith are also Co-CIOs and oversee all of the firm's investment strategies. In addition to Klein and Goldsmith, two portfolio managers oversee the Dynamic Income strategy on a day-to-day basis. These individuals are supported by the broader Beach Point investment team.
- An investment team of 20 supports the portfolio managers on all firm strategies. Nearly all members of Beach Point's investment team came from Post Advisory with Messrs. Goldsmith and Klein. Approximately one-third of the research staff has a legal background, a benefit in analyzing credit documents and structures.

Beach Point Overview, continued

Investment Strategy & Process:

- Beach Point takes a very opportunistic approach to investing and augments it with a relative value strategy that is constantly assessing the risk-adjusted return potential of their portfolio versus the overall opportunity set. The firm believes that risk is often misunderstood and mispriced in smaller off-the run bond and loan issues. As a result their portfolios tend to be overweight to smaller and middle market issuers. The team also evaluates debtor-in-possession ("DIP"), bridge loans and other unique private transactions.
- The Dynamic Income strategy will allocate to both high yield bonds and bank loans. While the majority of the portfolio tends to be allocated to high yield, the bank loan allocation has historically fluctuated between 8% and 35%. The portfolio does not allocate to structured credit, but can invest opportunistically in distressed debt, equities or equity-like securities.
- Investment ideas are generated by both portfolio managers and analysts based on their extensive industry experience, close relationships with companies, and contacts on the sell side. The credit research process is extremely thorough and involves an in-depth analysis of the capital structure, covenants, asset coverage, and liquidation value. Loans are evaluated using a proprietary Value Scoring Model developed by the team while at Post. Potential investments are reviewed by the team and scrutinized by the portfolio managers.
- The portfolio will generally consist of 100 to 150 issuers and be concentrated in the team's best investment ideas. Industry exposure is loosely constrained to allow for portfolio over-weights in sectors that offer the most attractive opportunities.

GoldenTree Overview

Firm Overview

- GoldenTree was founded in 2000 by Steve Tananbaum and is based in New York City, with an additional office in London. The firm currently manages approximately $25 billion in credit strategies and is 100% employee owned by 26 partners.
- The firm's flagship strategy is a multi-sector hedge fund with over $6 billion in assets. The firm also manages separate stand-alone strategies in the high yield, bank loan, structured credit, and distressed debt asset classes. The Multi-Sector strategy was started in 2015 and currently has over $1.5 billion in assets under management. The Multi-Sector commingled fund has over $460 million in assets under management.

Investment Team

- The investment team is led by Steve Tananbaum who has nearly 30 years of investment experience. Four senior portfolio managers, Joe Naggar, Lee Kruter, Pierre de Chillaz and Fred Haddad, oversee investments in structured credit, high yield and bank loans, Europe, and CLOs, respectively.
- The portfolio managers are supported by an investment team of over 30 individuals. The team is divided into industry, structured credit, and distressed analysts, as well as capital markets and trading teams.
- CIO Steve Tananbaum oversees all strategies at the firm but works very closely with the portfolio managers on portfolio construction and risk management. Further, the investment team is comprised of very senior analysts who will drive the credit selection in their areas of expertise. The decision making process at GoldenTree is very team-oriented and collaborative.

GoldenTree Overview, continued

Investment Strategy & Process

- The Multi-Sector strategy seeks to generate mid-to-high single digit returns, net of fees, by allocating to the bank loan, high yield, and structured credit markets. The portfolio is long-only and will not incorporate any hedging. Risk will be managed by both rotating credit sectors as well as adjusting the allocations within the sectors. Also, GoldenTree can grow the cash allocation if they feel the need to be more risk averse.
- While GoldenTree seeks to add value through credit sector rotation, they believe that bottom-up issue selection will be the key driver of value and risk management for the strategy. The portfolio will not be managed within strict minimum credit sector weights.
- GoldenTree's credit analysis focuses on a robust evaluation of a company or security's enterprise value, and investing with a significant margin of safety defined most often by asset coverage. The Multi-Sector strategy is able to leverage GoldenTree's analysis across a capital structure to find the most attractive security to invest in.
- The investment team will also take a total return approach to finding investment opportunities, seeking to identify catalysts at the company or security level that will lead to a return in excess of its cash yield.
- The key decision makers for the strategy are CIO Steven Tananbaum, high yield and bank loan portfolio manager Lee Kruter, and structured credit portfolio manager Joe Naggar. These three hold regular portfolio management meetings throughout the week, as well as informal discussions regarding individual positons and portfolio risks.

Oak Hill Overview

Firm Overview

- Oak Hill Advisors was formed in 1991 by Glen August and currently has over $30 billion in assets. The firm has seven offices in the U.S., Europe and Asia that support their credit-oriented investment strategies. The Diversified Credit Strategy has over $11 billion in assets across separate accounts and funds.
- The firm is majority owned by twelve employees and has select minority owners. Private equity firm General Atlantic sold a minority interest in the firm in 2018 to Wafra, a global investment firm owned by Kuwait's Public Institution for Social Security.

Investment Team

- The strategy is overseen by a large group of Oak Hill's senior investors including Mr. August, the lead bank loan high yield portfolio managers, and other strategy heads of the firm. Adam Kertzner oversees the day-to-day management of the Diversified Credit and High Yield strategies and works with three other portfolio managers. Robert Okun, who has worked at Oak Hill for over 15 years and was a senior portfolio manager for Diversified Credit, announced his retirement and transition to a senior advisor role in 2018.
- The Oak Hill Team is composed of five high yield and bank loan portfolio managers and four structured product portfolio managers. In addition there is a team of over 30 investment analysts who lead the individual credit research on potential investments.

Oak Hill Overview, continued

Investment Strategy & Process

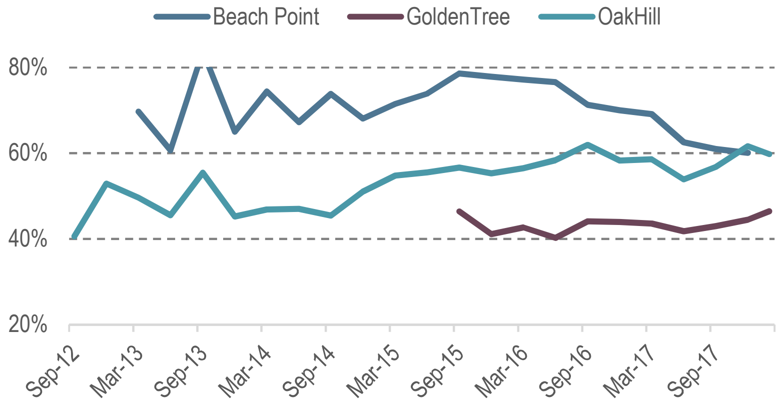
- The Diversified Credit Strategy was formed in 2012 to invest across bank loan, high yield, structured products and distressed assets. The team seeks to add value through both individual security selection as well as credit sector rotation. The strategy will also opportunistically invest in European securities.
- Analysts focus on event driven opportunities seeking to identify company or security-specific catalysts that will lead to positive total return. Capital preservation is emphasized during the fundamental credit research process as the team evaluates investments by their expected risk-return ratio.
- After analysts identify a security believed to be attractively priced, portfolio managers will determine relative value versus the securities in other credit sectors. The portfolio is built security by security from the bottom up. The portfolio can allocate 0-100% in either high yield or bank loans and there is a 25% limit on structured credit. The portfolio will be fairly diversified with an issuer concentration limit of 3% and industry limit of 20%.

Portfolio Characteristics

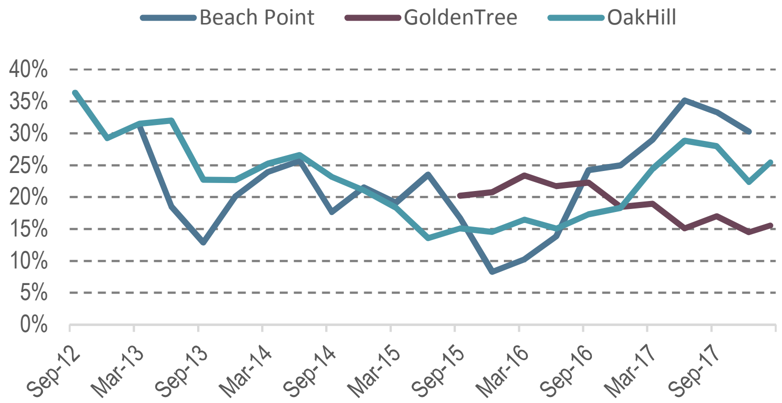
As of December 31, 2017	Beach Point	GoldenTree	Oak Hill	*Barclays High Yield*
Duration & Yield:				
Average Duration	3.0 years	1.6 years	2.2 years	*3.8 years*
Average Coupon	6.1%	7.0%	6.2%	*6.4%*
Average Dollar Price	$100.1	$98.6	$102.8	*$100.9*
Yield to Worst	6.2%	6.1%	5.4%	*5.7%*
Quality Structure:				
AAA, AA, and A	0%	6%	0%	*0%*
BBB	1	8	0	*0*
BB	33	23	30	*44*
B	56	34	50	*40*
CCC and below	9	9	19	*15*
Not Rated	1	9	2	*0*
Sector Allocation:				
US Treasury and Agency	0%	0%	0%	*0%*
Corporate High Yield	60	46	62	*100*
Bank Debt	30	15	23	*0*
Structured Credit	0	25	6	*0*
Converts/Preferreds/Equity	0	0	0	*0*
Cash Equivalents	10	12	8	*0*
Other	-	3	2	*0*
Number of Issuers	116	212	99	*1,010*
Percent Portfolio in Top 10 Issuers (%)	17	14	29	*11*

Historical Credit Sector Allocations

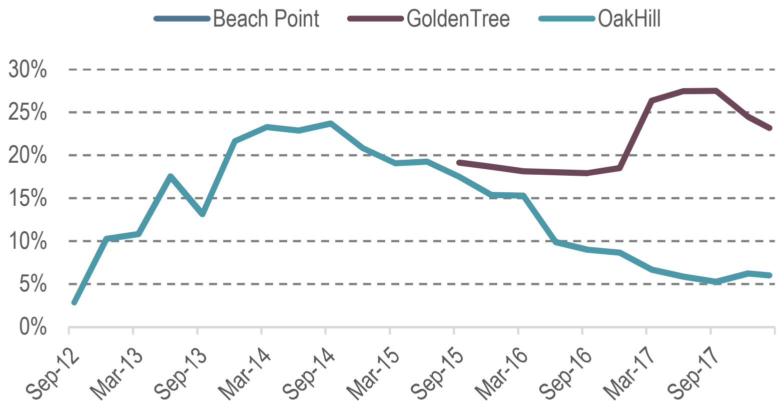
High Yield



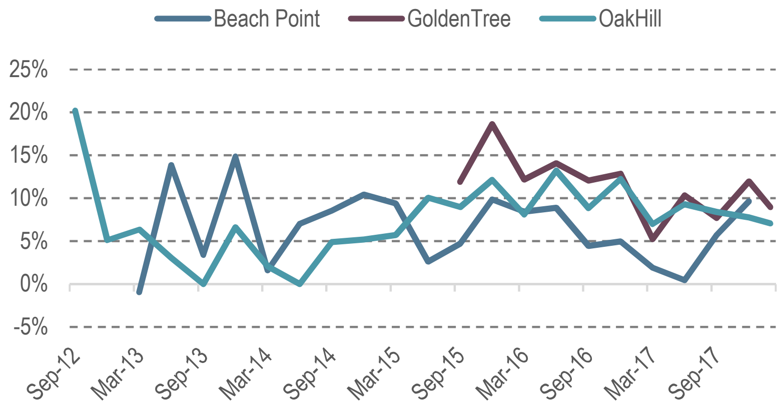
Bank Loans



Structured Credit



Cash



Common Period Performance

Gross of fees	Beach Point (%)	GoldenTree (%)	Oak Hill (%)	*50% Bloomberg Barclays High Yield / 50% CSFB Lev. Loan index (%)*	*Bloomberg Barclays High Yield Index (%)*
Performance					
YTD through February 28, 2018	0.1	1.3	0.5	*0.5*	*-0.3*
2017	8.1	8.1	6.8	*5.9*	*7.5*
2016	14.8	12.3	14.6	*17.1*	*17.1*
2015	2.9	NA	-2.1	*-4.5*	*-4.5*
2014	3.8	NA	3.7	*2.5*	*2.5*
Risk Statistics[1] (Aug. 2015-February 2018)					
Annualized Return (%)	8.1	7.5	6.0	*5.6*	*6.5*
Standard Deviation (%)	4.2	3.0	5.2	*4.4*	*6.2*
Tracking Error (%)	1.5	1.6	1.0	*NA*	*NA*
Sharpe Ratio	1.80	2.28	1.04	*1.14*	*0.96*
Beta	0.87	0.66	1.17	*NA*	*NA*
Correlation	0.93	0.97	0.99	*NA*	*NA*
Upside/Downside Capture (%)	116/65	94/26	110/111	*74/65*	*100/100*
Max Drawdown (%)	-4.1	-2.4	-4.6	*-3.9*	*-5.3*
% Months Outperformed	77	74	48	*NA*	*NA*

- The common period is relatively short because performance track record of the GoldenTree Multi-Sector Fund begins in August 2015.

1 Risk statistics are relative to the 50% high yield/ 50% bank loan blended index.

Manager Individual Strategy Historical Performance

As of December 2017 Gross of fees	Beach Point High Yield[1] (%)	GoldenTree High Yield (%)	Oak Hill High Yield (%)	*Barclays High Yield Index (%)*	Beach Point Bank Loan (%)	GoldenTree Bank Loan (%)	Oak Hill Bank Loan (%)	CSFB Leveraged Loan (%)
1-Year	4.2	7.3	8.5	*7.5*	3.3	5.4	4.8	4.2
3-Year	5.4	5.9	7.5	*6.4*	4.4	5.7	6.1	4.5
5-Year	5.5	6.4	6.6	*5.8*	4.9	5.2	5.5	4.3
5-Yr Ann. Standard Deviation	1.9	3.4	4.9	*5.2*	1.6	2.3	2.5	2.3
Calendar Year Results								
2017	4.2	7.3	8.5	*7.5*	3.3	5.4	4.8	4.2
2016	8.4	10.6	15.1	*17.1*	6.6	10.6	12.0	9.9
2015	3.5	0.1	-0.6	*-4.5*	3.4	1.3	1.8	-0.4
2014	3.1	4.9	2.4	*2.5*	3.3	2.5	2.4	2.1
2013	8.1	9.5	8.5	*7.4*	7.9	6.3	7.0	6.2
2012	19.0	14.6	16.7	*15.8*	13.8	11.5	11.0	9.4
2011	2.5	2.5	6.2	*5.0*	4.4	3.6	3.4	1.8
2010	15.8	19.5	19.6	*15.1*	12.7	12.3	11.3	10.0
2009	52.4	70.1	66.2	*58.2*	46.8	48.3	50.7	44.9
2008	-27.3	-27.1	-29.9	*-26.2*	-32.1	-26.7	-26.2	-28.8

- Beach Point, GoldenTree and Oak Hill manage separate strategies in each of the sleeves of their opportunistic portfolios.

[1] Beach Point High Yield includes the High Yield composite from December 2012 to September 2017 and the Opportunistic composite for prior periods.

Investment Vehicle & Terms

	Beach Point	GoldenTree	Oak Hill
Fund Name	Beach Point Dynamic Income Fund	GoldenTree Multi-Sector Fund	OHA Diversified Credit Strategies Fund
Liquidity	Subscriptions: Monthly / Redemptions: Monthly with 60 days' notice	Subscriptions: Monthly / Redemptions: Quarterly with 90 days' notice	Subscriptions: Monthly / Redemptions: Monthly with 45 days' notice, 1 year soft lock
Minimum Investment	$1 million	$1 million	$10 million
Management Fee	0.65%	0.75%	0.65%
Performance Fee	None	None	15% over L+4.0% (1.0% fee cap)
Fund Expenses	~0.15%	0.25% expense cap[1]	~15%

1 The expense cap was recently negotiated by Meketa and will either be implemented fund-wide or through a client-specific side letter.

Recommendation

- Meketa Investment Group believes that all three finalist strategies are suitable for the Trusts to provide below investment grade credit exposure to their portfolios.
- We recommend investing in GoldenTree Multi-Sector Credit due to our high level of conviction in the investment team, the structure of the strategy, the diversified portfolio construction, and track record of attractive risk-adjusted returns.