OWL ROCK

Owl Rock BDC Investor Day
Webcast Transcript

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Company Participants

Adam Casella – Principal, Head of Financials and Insurance Underwriting

Adam Forchheimer – Managing Director, Head of Portfolio Management

Alexis Maged – Managing Director, Head of Credit

Brian Finkelstein – Managing Director, Head of Workouts

Craig Packer – Co-Founder & Co-President, Blue Owl; CEO, Owl Rock BDCs

Dana Sclafani – Managing Director, Head of BDC Investor Relations

Erik Bissonnette – Managing Director, Co-Portfolio Manager, Technology

Jeff Walwyn – Managing Director, Co-Head of Underwriting

Jerry Devito – Managing Director, Head of Structured Products and Fund Finance

Jonathan Lamm – Chief Financial Officer, Owl Rock

Kaitlin Howard – Managing Director, Head of Unsecured Funding

Luna McKeon – Principal, Head of Healthcare Underwriting

Machal Karim – Head of ESG

Marc Lipschultz – Co-Founder & Co-CEO, Blue Owl

Meenal Mehta – Managing Director, Co-Head of Diversified Underwriting

Nicole Drapkin – Managing Director

Sean Connor – President, Global Private Wealth

Other Participants

Carolyn Wintner – Charlesbank Capital Partners LLC - MD & Head of Capital Markets

Casey Alexander – Compass Point Research & Trading LLC - Senior VP, Research Analyst

David Musicant – American Securities LLC - MD of Investment Development

Derek Hewett – BofA Securities, Research Division - Senior Equity Research Analyst

Erik Zwick – Hovde Group - Senior Equity Research Analyst

James Bonetti – GTCR LLC - MD & Head of the Capital Markets

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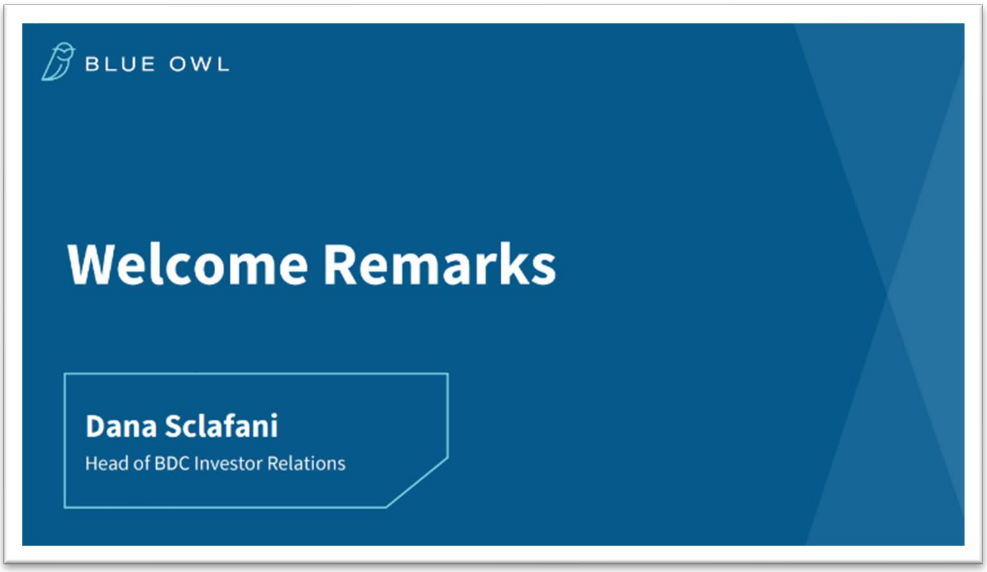
Richard Lee – 1832 Asset Management LP - VP & Portfolio Manager

Robert Dodd – Raymond James & Associates, Inc. - Director & Research Analyst

Presentation

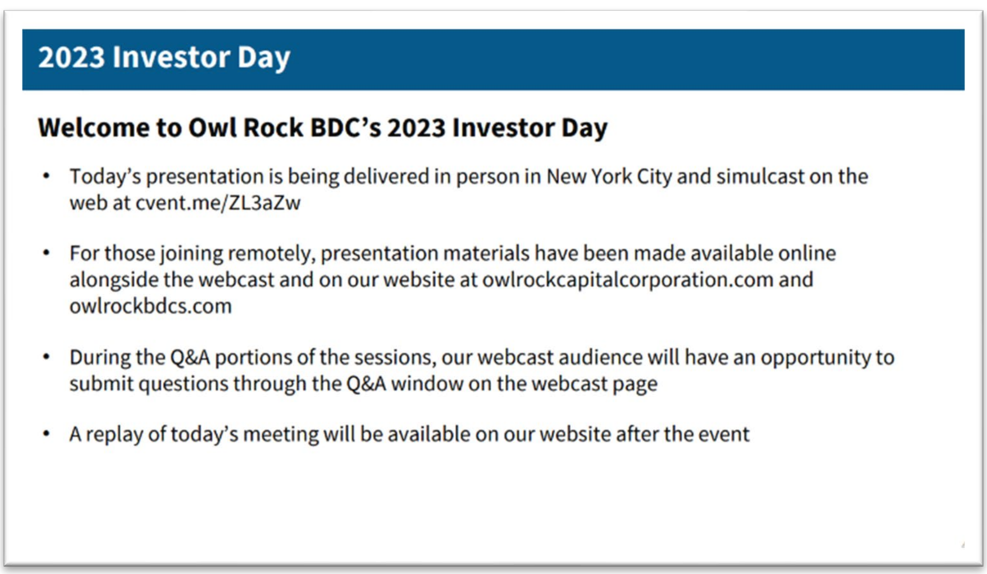
Welcome & Blue Owl Overview

Marc Lipshultz – Co-Founder & Co-CEO, Blue Owl
Dana Sclafani – Managing Director, Head of BDC Investor Relations
Machal Karim – Head of ESG



Dana Sclafani

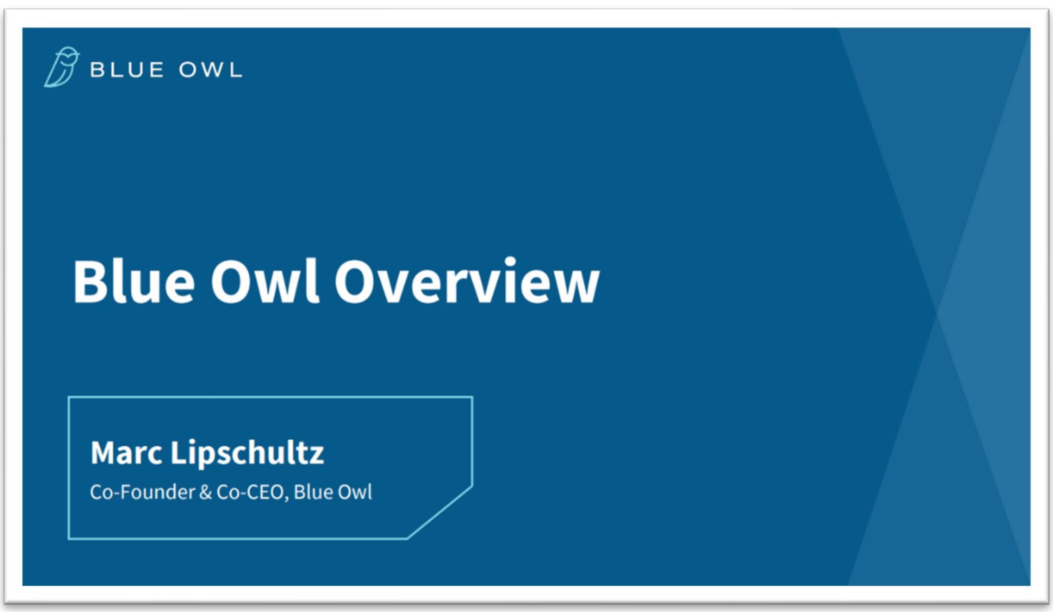
Thank you so much for joining us. I'm Dana Sclafani, Head of BDC Investor Relations. On behalf of our entire team and everyone who made this event today possible, it's my great pleasure to welcome you to our BDC Investor Day. As you can see, we have a packed agenda today.

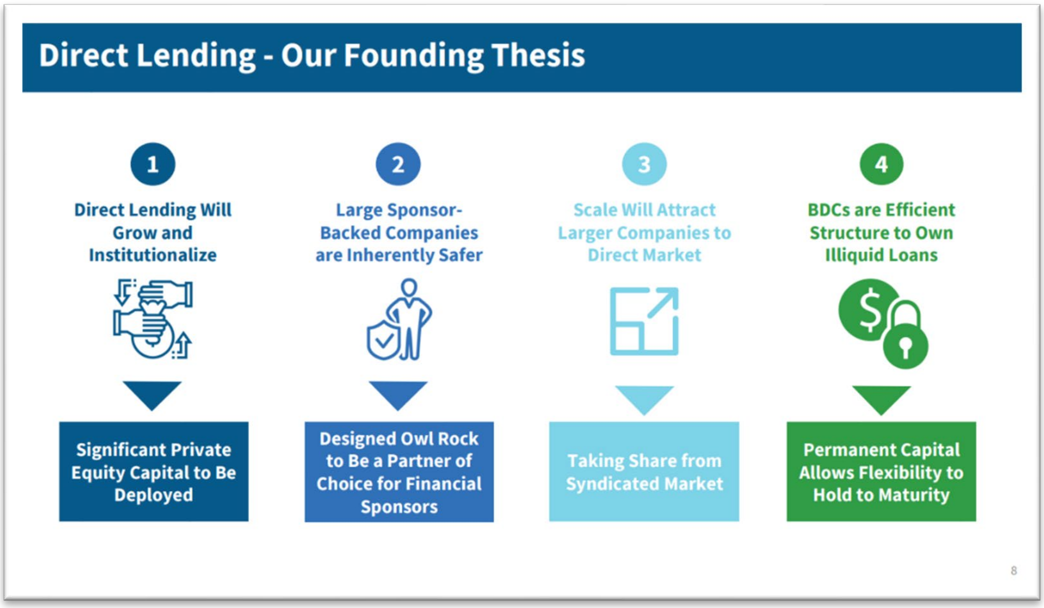


You'll get a chance to hear from and interact with our deep bench of senior leaders who have built our direct lending business and run it day to day. Throughout the day, you'll have the opportunity to ask questions at the end of certain sessions. For those of you joining us virtually, who want to ask a question, please use the Q&A box on the portal.

We'll do our best to get to as many questions as possible. But to the extent we run out of time, someone on the IR team will follow up with you after the day.

Now to get things started, I want to share a short video on the Blue Owl origins before I sit down with Marc Lipschultz, Co-Founder and Co-CEO of Blue Owl; and Machal Karim, our Head of ESG.





Great. Well, thank you so much for being here with us today.

Marc Lipschultz

Thank you. Excited to be here. Thanks, everybody, for allowing us to spend time with you.

Dana Sclafani

So just to kick it off, Marc, you had an incredible career before starting Owl Rock and now Blue Owl. Can you just give us a little insight on how that came to be? And what experience has shaped your forming of Blue Owl?

Marc Lipschultz

Sure. Thank you. So, look, a long time ago, it really was a long time ago, I started then in what was not called alternatives, but alternatives. Nearly 30 years ago at KKR, and I think as we just referred to in the video, in 1995 I joined the firm, already, of course, an incredibly established franchise. But if I picture back to that time, that we had 20 total professionals, front, mid and back office included at KKR, and we had one large fund. To be clear that large fund was a $3 billion mega fund. There are only 2 large private equity firms to speak of in the world at that time.

There was KKR and Forstmann Little, other firms that we all know today, obviously, as extraordinary giants, largely startups at that time. TPG started '94, I think. So, it was a very different world. And at that time, we have this little niche of a thing called LBOs, which we call private equity, and we did financings in the way that we all kind of probably remember or remember from the movies, which is you go to banks and you actually get the money and the banks are the lender and they're counterparty.

And over the next 20-plus years, 21 years that I was at KKR, I had the good fortune of being a part of actually doing private equity, the very transactions we finance today and growing up with the people that we mostly work with today. I started the infrastructure business and a chance to create a direct assets business. I served on the management committee, we went from a private business to a large public business.

And then ultimately from that place, in 2015, we decided with Craig and Doug to launch Owl Rock. We saw really a very different landscape that had gone from that niche of a couple of private equity firms, again, not called private equity, to really a whole industry, a multitrillion dollar industry that's only gotten bigger. And really an opportunity from now a platform in KKR that had 1,200 people and really at every product in every market to see an opportunity to sort of do in private credit, what people had done so well, so successfully in private equity over the decades prior to that.

Dana Sclafani

Great. And what were the founding principles that you guys wanted to set in motion when you started Owl Rock in 2015?

Marc Lipschultz

So, I think there's a few core principles that I would focus on, most importantly, is building a culture around delivering for our investors and understanding what it is that we're going to be really distinctive at. And when I say we're going to be distinctive at, I think you really have to know your DNA to ultimately deliver a superior result.

And the DNA that we've set up in Blue Owl and starting with Owl Rock was building a business that's centered on capital preservation, capital certainty, sort of protecting credit which at the time was the product. Obviously, there are other products that have the same attributes that are important which is principal preservation, stability, predictability with a strong component of current yield. And that really is kind of the DNA of the suite that we set up and then what we wanted to do was make sure we build an organization with the very best people. We've been incredibly lucky in attracting the best and retaining the best.

And then having everyone understand, look, we have a singular job. Our job is to deliver on that promise on those outstanding results. That is to say that principal preservation, the most strong, predictable outcomes for our investors, whatever that takes. Everybody in the firm understands. Nobody works on one product, one thing, one area. Everybody, whether it's front, mid, back-office operations, investing, everybody here today, everybody understands the job is to deliver a great result for anybody that trust us with their capital.

Dana Sclafani

Great. And can you just walk us through — a lot's happened since 2015, can you walk us through the evolution of the business and how we got to where we are today?

Marc Lipschultz

Sure. So, in 2015, we started with, of course, then an aspiration and idea. And the journey is never over, so I'm going to talk in ways about where we are, but of course, where we're going will ultimately prove more important. But in 2015, we thought about what we wanted to build.

What we said is we saw marketplace and park it back to what I described about that evolution over the 20 years prior to that in, then called, private equity. So, we've gone from a couple of firms to 1,000 firms — thousands of firms, gone from a very much cottage business through a true global industry. And all of it has been built around this notion that private equity has a long-term investor with a long view could be in many instances, a superior owner of businesses.

And by taking that view and that structure, that private structure, the ability to take a view that looks past quarters, looks past years, one could actually deliver superior, risk-adjusted returns. And I think private equity has absolutely done that and done it well. The analog that we saw at the start of this journey was well, wait, that's what we want to do in private credit, in direct lending. And direct lending, and many of you will remember this, but if we try to sort of harken back to roughly 10 years ago, just before we launched this, private credit, direct lending really was a lender of last resort model.

It was relatively small pools of capital, where you would go — if you couldn't finance something in the sort of traditional mainstream sense of the word. And I say that contextualized to having been at KKR for 21 years, until 2015, I don't think we ever used a direct lender. Sure, there's exceptions inside that vast complex. But I don't think we ever used a direct lender. And the real key point was direct lenders were for the smaller companies, the companies that just — they had issues, had challenges. No one else really wanted to finance them so that's where you went.

Our idea in starting the business and the journey we started in 2015, as I said, was most importantly, how do we deliver an outstanding risk result for our investors. But of course, how do you do that? You have to have a business model. And the business model that we set upon was to take private credit direct lending and say we want to become the lender of first resort—lender first of choice for the best companies, the biggest companies with the best sponsors.

And I would dare say that part has happened. And so, the journey has, and that's not to say we don't keep fighting that fight, and we have more — much more ambition to go, as I said. But in 2015, the capital when we started 2016, we started with a large pool of capital by direct lending standards. That was quite on purpose because we wanted to target those very big companies or bigger companies, better companies.

Now big then and big now looks very different. Back then, someone can provide $100 million, ourselves and maybe 1 or 2 other firms, that was big. Today, obviously, to be big, relevant, impactful to the kinds of high-quality companies we finance, now you need to be able to provide $1 billion. And otherwise, you're not really in the dialogue in terms of the lead conversation and the real structuring of the very best deals.

And when I say best, really important part of this evolution, you're going to continue to see as we talk about it. Best for us is a very simple metric, best credit quality. We want companies where we are not going to have problems. If we have a problem and a rare one at that, thankfully, we're going to get our money back. And that has been the sort of narrative from day 1. It is all about capital protection and preservation.

And while that seems maybe obvious now, if you kind of harken back to that time in 2016, that actually wasn't a lot of what drove the direct lending market. Direct lending market was a lot about, well, I'm going to try to get paid more to kind of go out into these cuspy edgy areas. And our view was that was not what we want, kind of antithetical to what we wanted. We want to build a large cap solution base again, for one reason only, they're better credits.

And I can say this with strong conviction now, $75-plus billion into doing loans, the bigger companies are more durable. You got to pick them right. We looked at 8,000, and Craig is going to talk a lot more about this, 8,000 to make the 400 loans that we've made. But the pattern is undeniable. The larger, bigger businesses with more lines or product lines, more people, more sophistication, all of those areas more facilities, just more degrees of freedom to deal with changes.

And that is all about protecting capital. And that became the sort of evolution of the firm, which is let's build the big, large pool, let's invest heavily, always invest ahead in the people, have more people, higher quality people, operations team and infrastructure that was world class from day one and always build ahead of ourselves in that way and then invest in these larger companies.

And then as we evolve the business, we said, well, what else could we do, should we do with that? So direct lending is, was, and remains our core. It's our largest business. But that ethos can be found and indeed, we did find in two more partners. So Dyal, now the GP Stakes business at Blue Owl, was doing the very same thing providing private financing solutions for the GPs themselves, right? So, taking that same lens, how can we make really safe investments in really high-quality businesses. In this case, it was investing in Silver Lake, in Veritas, in HIG. It was, as opposed to financing portfolio of companies, but to put those two together, we wanted an ecosystem.

It's a very powerful ecosystem because for any large cap, any GP, we cover probably 700 today. They can come to us and say, "Listen, we need a capital solution. Maybe it's something we're doing at our own firm level, maybe it's something at the portfolio level. But if we talk to Blue Owl, we have all those solutions on offer. And then you start to get the flywheel that comes with that.

Think about people — everyone in this room would build relationships. And everyone in this room is trying to earn the respect and the trust of the people they do business with, and that's critical. Like, trust and respect, I think, is often the attributes of the people we all like to work with. But building those proprietary partnerships, some were talking about proprietary sourcing. So, one of the things that we saw in this combination, in the ecosystem was what better partnership could we have than being an owner of the very GP who we're talking to about financing a portfolio company.

I want to be crystal clear. These are minority interests, we don't control them. We would never expect or ask a partner manager to do something that's not in their interest. However, as a financing source and as really one of the leading financing sources to come and say, listen, we love that company, and we'd like to be the financier for that business. That's not that hard to do. If you say, well, of course, I mean this is the group I trust. This is the group I know and point of fact, they're an owner of ours.

They're a partner of ours. So, we said, there's a way to create a really powerful flywheel that serves everyone's interests. Most take our lens here today from a direct lending point of view, it really just means we can do something better in terms of origination, getting that first call, that last look. Getting at that sort of 'tie goes to the runner', it's pretty valuable. And that was part of that first step in the ecosystem.

And then to accelerate forward, we said, well, where else are the financing solutions that have these similar attributes, all about durability, predictability and current returns. And it turns out that Marc Zahr and Oak Street, now Blue Owl Real Estate had architected without question the leading product in this area. Triple net lease, and I know we're not here to dwell on that, but triple net lease is a financing solution. It's taking an asset, a real asset, a distribution warehouse for Amazon and then leasing it back to them. And what is a long-term lease, 15, 20 years. It's a financing.

So, here's another place where in point of fact, financings are happening on this very durable kind, and we can add that to now we have a real estate-based financing capability. Now that's not CRE financing. We don't finance real estate in the sense we're doing mortgages. Quite the opposite, we're really financing Amazon. We're really financing Walgreens, but we're doing it by buying a noncore asset of theirs and leasing it back. So that's really been this continuing arc. So, I think what you can see, and I'll leave it at this, is a metaphor I like to picture.

Think of Blue Owl as there's a lot of firms out there that have gone the direction of being all things to all people and very successfully, global footprints with $1 trillion and they're really good at what they do. But they do everything. On the other hand, there's sort of the very narrow gauge idea of well just stay in your lane. And I think that's too narrow in interpretation to end up delivering an optimal result for our investors, and that's what this is all about.

So, the way to picture our business throughout, I think, kind of where is direct lending in the Blue Owl context, is we're on a highway. Our highway points one direction. We know what that direction is. We point north, and it has a set of attributes around capital preservation, principal protection and generally current yield and it has a direction around being a financing source. We're the picks and shovels to the gold miners.

This giant multitrillion dollar Alts industry, we serve that, and we know what our job is and our role is. So, it's not a lane, but it is a highway with multiple lanes. And what we can do successfully is by occupying adjacent lanes do a better job for everyone. Now the biggest lane for sure is direct lending and that's what we're here to talk about today.

Dana Sclafani

Great. Thank you. So, you mentioned our investors, and I think our scale is such an important competitive advantage. Can you talk about how we work with different various investor types and why they like to partner with us?

Marc Lipschultz

Absolutely. So, I mentioned the words like, trust and respect. And I really believe and it applies much more broadly into our business that's pretty good set of attributes to aspire to. And I think it is in no small part, how we go to market, so to speak. Again, and coming to this industry with a very different approach starting in 2016, which we want to win the right to finance your favorite companies, your best companies not, hey, you're stuck with us, so get used to it.

And that was kind of where, again, the industry more was than it wasn't. To do that, you have to come to market with a very different approach. You have to come and again, you have to earn the right to deliver that solution. And you have to earn the right to get paid to deliver that solution. So, remember, something — and I'll say this intentionally in this kind of provocative way to start. When we go to someone and offer a loan, we are going to charge them more.

And we're going to have a much more restrictive document. I might even argue that's more valuable than the first in terms of credit and delivering results for our shareholders here. And we're going to do much more invasive due diligence. Now if I stopped my conversation there, we probably wouldn't get a lot of takers right? Look around the room and say, "Well, who would want that." And it's always the sanity check like how is it that we can deliver so much superior in the way of results with really, really low risk. How?

We have to have a value proposition, and this is the go-to-market point. The value proposition we've created, we call the 3Ps, predictability, privacy and partnership. And I'm not going to dive into all of it because again, there's going to be a lot more in-depth work on direct lending today. But what that's all about is becoming a reliable, predictable partner. You tell us today, we're going to agree on them out, we're going to agree on a set of terms, and we will be there. That has value. And sitting here today, it's probably intuitively obvious to everyone why predictability has value in an unpredictable world.

Privacy. Well, that's just private equity meets private debt. Yes, it's kind of intuitive, but wasn't apparent or frankly didn't exist in the decade that I experienced in prior to this now evolution of private credit. This idea that, well, wait a minute, if I want to truly have a private company, I can't then also have bonds. I can't then also have syndicated loans, I'm back reporting on a quarterly basis. I'm back in the world of reporting to rating agencies. So, it isn't just about what I want to accomplish over the next 3 to 5 years. It's actually what happens this quarter and what do people think of it.

So going and closing that loop, part of the value proposition. So, we have to go to people and say, "Look, we are going to be your one-stop private partner, that's it you talk to us and other financing source that's part of that loan. And that's it, keep it private." And most importantly, partnership. And that has been the root of our business in every regard. Partnership with our investors, partnership with our shareholders. It will sound like a throwaway comment.

We view absolutely everyone in this room, everyone that we're lucky enough to have on the stream, everyone we work with internal, external as our partners. And we mean that as a 2-way street idea. We're here to help each other. And the partnership idea, it kind of really imbues everything we do with these potential users of capital. And with Craig and the team that has done just an extraordinary job going out and getting in front of these sponsors and in front of the companies and earning that right to be their trusted partner then they come back, and I will speak when we get to it to the evolution of the market.

Now what that meant is also for us delivering these solutions as both a public access point, ORCC, private BDC access points for individual investors and equally for institutional investors. In fact, we've always built our products and our platform to serve institutions and individuals as absolute peers. And of course, you couldn't see that more than on display in ORCC. ORCC from its first day and today is a fantastic mix of the smallest individual investor, all the way up to the very biggest institutions.

And that's because we're trying to create that experience, that result that works for everybody. We're not trying to say, well, this is what would be good for an individual's loan book. This is what's good for an institution. Everyone wants the same thing, the best credits and the best results. So, the beauty for us is we've been able to attract to the Blue Owl platform. People like on the slide you all see, institutions of the highest quality, some of the very biggest, in fact I think we have all of the biggest pension funds in the U.S. and the top few and really great institutions, great endowments, great universities, sovereign wealth funds and wonderful institutions and platforms and partners, and we view those as equally important.

And what comes with that, I think, is, importantly, the vetting, so early on and today, remember, we're being vetted continuously by the most sophisticated institutions in the world who are likewise choosing to invest in the same loans with the same origination function, the same underwriting, back to this point, we have one big funnel that is to say all of those 8,000 loans started at one place and they went through this system where we have well over 100 investment professionals just doing direct lending.

And when we deem them good, those 400 out of the 8,000, any vehicle that was relevant participated in those loans. So, every time one of these new…, say CalSTRS becomes a multibillion-dollar partner of ours, they're signing up for the same credit experience that everyone in this room is signing up for. And I think that is sort of another layer of view. There's another group of people that are continuously vetting everything about our investment process and our operations and our infrastructure. So, I think that's been really about building, like, trust and respect with institutions and individuals and most importantly, building out of all that durable partnerships that people are willing to pay for because we offer them value for what they pay.

Dana Sclafani

That's a good segue to the team. I'd love for you to talk a little bit about the team and how the business culture has evolved and how important collaboration is.

Marc Lipschultz

Collaboration is everything. Collaboration is everything. The benefit of having both the scale of people we have dedicated to direct lending. We've got one of the largest teams in the world dedicated to direct lending. But beyond that, the team we have dedicated to these perfectly adjacent spaces. So, we've got to think about the people that are spending all their day thinking about the GP Stakes. I mean that is the same ecosystem. It is the same, sponsors. It's the same people.

So, the synergy comes from having all of those people pointed down this northern highway in lanes driving together. I'm guessing, if I work a Peloton into this, like a bike, so we can all draft behind each other. So, I had to modify my imagery a little bit, but somewhere in there is this idea that we can really pull each other forward by working together. And we do have intellectual capital that genuinely applies across the groups.

We have different companies who will know from different perspectives. We'll have different GPs, we'll know from different perspectives. And so that is all about collaboration and the key to making collaboration work, of course, is having an incentive system to flex that, and we do. Everyone in this firm gets rewarded for the ultimate aggregate performance of the firm. And very importantly, is culture. It is the absolute expectation that if you got an e-mail, a call that said, "Hey, something just came up overnight. It's on insurance brokers firm, we know you've worked on 6 of them. It has to do with something we're working on over here. I need your help in London." The person is going. There's no question about, well, is that my group, that’s not my thing. We don't talk with *my*, it's *our*. And that can only work if you constantly push for collaboration.

Dana Sclafani

And I think we talked a lot about infrastructure as you built the firm and you knew the growth is coming. So, can you talk about the importance of centralized functions like legal, compliance, accounting operations?

Marc Lipschultz

So, this I don't know if this will sound surprising to people or not. But from the beginning and today, I would argue and believe that getting operations to the point of excellence is actually absolutely as important as bringing investing to that same point of excellence. That is to say, you can't be great at one and not at the other and deliver the great result. You can't.

Investors are counting on us to not just do a great job but make sure they get what they need. They get the information. It's accurate. It's precise that we've thought through every element of risk. And we manage a complex, they're counting on us to manage these pools of capital in perpetuity. So, building that durability isn't just about often the way these firms — I think many firms, the star power seems to show up on the investment side. I don't believe that to be true, and I don't think we've built our firm that way. Everything has to be equally strong. You're only as strong, like overstated point, as your weakest link. But it's really true, especially in businesses that are about capital preservation, protection, safety, security in uncertain times and think about those attributes back to what I talked about our highway being. That's true. And it is true for us.

That means everything has to rise to that standard. Everything has to be durable when COVID hits. And it did. COVID hit, and we were on our front foot doing business. 2022 and all the commotion in the market on our front foot. That's not just about investing. That's about the infrastructure to serve thousands of investors in the case of individual shareholders or maybe it's hundreds of investors or $1 billion investor. It all takes infrastructure to be predictable. We put compliance on the absolute highest pedestal. We have an incredible legal and compliance group led by Neena and Karen and kind of get that right every day. So, I don't want to miss — try to misstate this, but I don't think I'm overstating to say operations and investing just like individuals and institutions are true peers in our organization, and we've got to get it all right and equally right.

Dana Sclafani

So, switching gears a little. I want to talk about the shared values that we've created as you built Blue Owl. Can you talk a little bit about those and how corporate sustainability fits into that?

Marc Lipschultz

Yes. So, our business is built around four core values, and this will lead right to this. Really, I like the idea of this image because the umbrella of corporate sustainability sits over all of this. So, for us, mutual respect. And I'm not going to dive into all these now, so I can get into get into sustainability.

Mutual respect, constructive dialogue. We must talk about things. Anyone that has an opinion, there are so many good people to work at our firm. There is no monopoly on knowledge amongst the senior people. There's no monopoly on knowledge amongst the people on the investment committee. I think we bring experience that's useful. But there's people today I would proffer, there are people that are probably 23 that are going to be much more agile on the topic of AI, as much time as I've tried to thinking about it, than I am, right?

And that view is critical to an intelligent conversation when you're trying to avoid making a mistake on a loan or anything in a defensive kind of protect your capital model. So constructive dialogue. Excellence. And this came through, I hope. Maybe what I was just saying maybe over — went on too long on topic of operations. Anything we do, we want to do with excellence.

We're not going to do it that standard. We just shouldn't do it that should apply to every product we have, every decision we make, everything we do. This event should be excellent. I hope afterwards, people say this worked really, really well. I know how hard you have worked in particular, to put this together. That doesn't mean perfect. We have people learning, back to the point of constructive dialogue; we share your thoughts.

But we want to do it really well, or we shouldn't do it. So that's excellence and then one team, which is really encapsulates the collaboration point. We are one team, and we have one set of clients, and that is any investor that's counting on us, always work for that person. So those are our values. The umbrella over that is, okay, great. How do you do that in a way that is going to be enduring and works for your stakeholders, go back to my first comment, mutual respect. I would say mutual respect is a probably a very simplified word for what does corporate sustainability look like. What does it mean to be mutually respectful with the stakeholders you work with.

So, in a way, our first value actually evolved in this much bigger proposition that kind of sits over everything of corporate sustainability. And how do we be a good corporate citizen and a sustainable part of this landscape since we're planning to manage capital in perpetuity.

Dana Sclafani

Great. Well, Machal, thanks so much for being with us today. Just to start, could you give us your background and what drew you to Blue Owl?

Machal Karim

Yes, sure. Thank you, and good morning, everyone.

So, my background, a little bit different, is purely in sustainability. So that's basically what I've been doing my professional career. However, a big part of that was in what does that mean capital. What does that mean for providers of capital. So, I've worked historically with different asset classes in the private markets and really understanding what does — how do you incorporate these values of sustainability into the cycle.

Dana Sclafani

Great. And corporate sustainability and ESG have been in the spotlight recently. Can you talk a little bit about what it is and how it's evolved over time?

Machal Karim

Yes. So, I mean one thing that's quite funny actually. Marc and I did not preplan this. And it's quite funny that he was saying a lot of things that I was actually going to touch on the sense that what is — what drives this and what is corporate sustainability. It's been an evolving definition for a long time. One thing that I think Blue Owl has really done is really put some effort into really understanding what do we want it to mean for us.

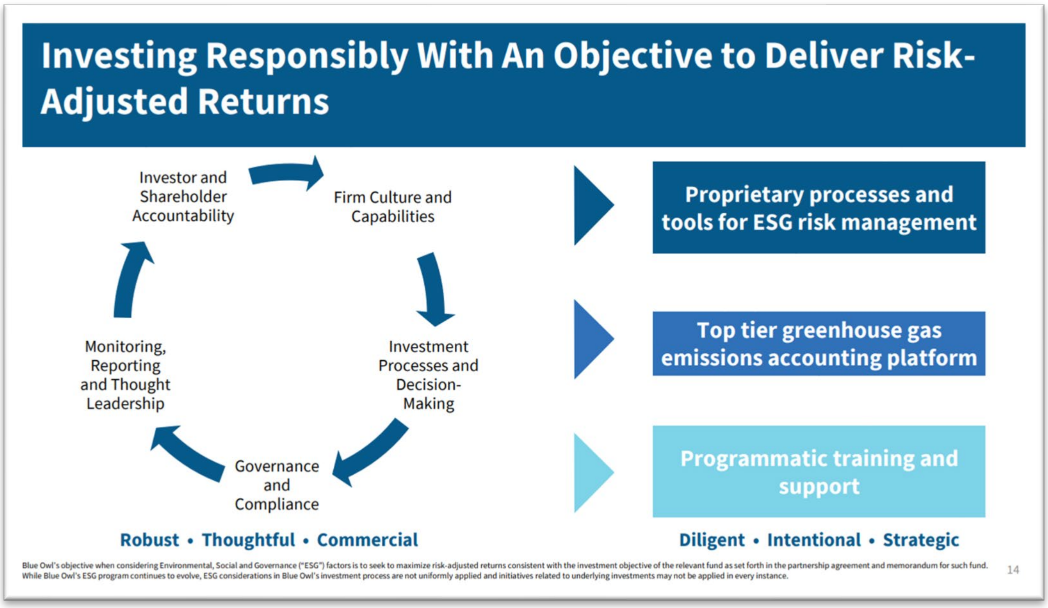
And that was a big part of my decision actually to join. That's what drew me in. It's this idea that, okay, we want to be excellent in everything we do. And this particular topic is hard. It's really hard to understand. So, if we're going to do it, and Marc basically took words out of my mouth, that if we're going to do it, we're going to do it well, right? So, we have to figure out what that means and all the components that comes with.

So, I'm going to try to put this in simple terms. Corporate sustainability of where it's evolved today, I think the basic, simplest way to think about it is how does the firm really try to better understand its relationships with its stakeholders and in the ecosystem in which it operates. So, we as a firm, particularly as an asset manager, we rely on our relationships. These are the people we employ. These are the businesses that we finance. These are the communities in which we work.

But we have to understand what our role is in that. Importantly, I think what we do see is the nature of corporate sustainability of investing responsibly as an asset manager. It's become an imperative to take these considerations into mind. So, we have to think about to the extent this applies to what is our fiduciary obligation to our investors. We really need to understand. Are there risks? Are there opportunities embedded in these relationships? And how do we optimize that as we're just deploying our capital. We want to know what that spectrum looks like because we have a role to play in it.

Dana Sclafani

Great. And can you talk a little bit about how we've incorporated that into our business today and any achievements you'd like to highlight?



Machal Karim

Yes, for sure. I think it's been a journey. So, it's been about a year since we've been doing this and trying our best to build up from the bottom up. I think the focus very similar to on the investment side, it's really the fundamentals. It's really starting with those fundamentals. A big part, I am equally just as much huge fan of legal and compliance, they give me a huge amount of their time because it is very important to get those mechanics right like we're saying it's a tricky space, and you have to be able to understand what is core to the business, what's fundamental, how can we stand by what we say. It's becoming more imperative than ever before to be able to demonstrate that you are doing what you say you're doing. And what does it take operationally to get there. So, we're — our kind of mantra philosophy on corporate sustainability and being an investment — responsible investment practitioner is really saying, okay, we need to embed this. It needs to be firm-wide. It needs to be part of our culture.

Everybody should have the ability and feel equipped to navigate the space even if it is complex. So, one thing we did earlier this year, we rolled out a firm-wide online training on corporate sustainability, responsible investment. Very proud to say we hit a completion rate of 84% across the firm.

And that just really tells — that's indicative of like people actually want to understand and they care about this and they need to understand how this affects their business. So hopefully, everyone is a little more equipped to actually deal with the complexity of it. And that's really important. And another big thing that we've been thinking about is climate risk management. What does that mean for us? That's probably a topic that a lot of you hear. It's very kind of a big thing that a lot of people have views on.

But for us, it's understanding what does it mean for our business. It is a form of risk management that we have to think about, and we have to be very practical about how to incorporate that right?

Dana Sclafani

Maybe spend a minute just how it's incorporated in the direct lending business specifically.

Machal Karim

Yes. So, moving on from that big picture, then a very core part of what corporate sustainability is for an asset manager is necessarily this idea that how do you demonstrate as an investor, how do you demonstrate that you're taking specific considerations as part of that decision making. A lot of it is this idea of what we refer to ESG analysis, which is the consideration of environmental, social or governance factors when we're making those investment decisions. So, the way we've approached it at Blue Owl is we have a centralized matrix and framework that really captures how do we want to practically apply this kind of analysis and this lends on to investments.

So, it absolutely needs to be about enhancing our investment decision process. It absolutely needs to be about being complementary to our deal teams and the business they need to do and really making sure that, that's weaved through the process. So, we have a centralized framework, but we also acknowledge we have this multilane highway and then there's various ways to get to that end goal in all these different groups and asset classes need a more customized tools, around processes, around support.

So, we developed that. And for direct lending, specifically, I mean, you all have a QR code on the other side of your little box there. We have a very specific set of steps how that incorporates and that paper and the QR code actually articulates that.

Dana Sclafani

Great. Well, you've accomplished a lot already in a year, but I know you have more things you want to do. So, can you give us some insight in what you hope to accomplish in the next 12 months?

Machal Karim

So, our focus, I think, as true to our style and a lot of what Marc said as well as just like head down focused fundamentals, like it's something we have to build. And it's a journey, and it takes time. I think the market is aware of that. I think our investors and our shareholders are quite understanding of that journey. We have to show them that progress, but also that it will be in steps and there's incremental value to taking a process, not just I'd like to use this phrase a lot is we don't like to throw spaghetti at a wall.

So, I think the focus. A few key things will be continuing to build out the internal processes around being able to back what we say, being able to demonstrate being in line with compliance and legal around our requirements, making sure, to the extent that we can, sharing visibility and information with our shareholders, understanding full well that these products can be complex and getting data and information from them is sometimes difficult. Really scaling up the tools and processes, making them seamless, making sure these synergies across the business are being leveraged and being available so that teams are really accountable in owning for this.

And then lastly, it's a fast-changing environment. And I think it's really important for us to just be fully kind of aware of what's happening and really like tapped into the direction of travel. I mean, lastly, I think it's really important. The leadership of Blue Owl is very supportive of this. And since my arrival it's been extremely clear that this is part of our DNA, and we need to figure out what works for our best. So, where we are today in direction of travel is very important.

Dana Sclafani

Great. Well, thank you so much again. Marc, just before we wrap up, I want to just talk quickly about the future of Blue Owl. How should investors think about the growth of the credit business and the evolution of that?

Marc Lipschultz

Well, that ties nicely this question sustainability. And first, I want to say, Machal, thank you for all Machal's done to take this methodical journey. And again, I think themes you'll see through today is, we like to do things pretty methodically like we are in the risk management business. And being a good partner also means being a thoughtful partner. It doesn't mean lurching left and lurching right and lurching forward and back. And Machal has and this will speak to this kind of credit business helped us develop in credit a framework that works is different from the framework that you can use in equity. If you're a control equity investor, you have a different role with the company. And so really tailoring some of the sort of thinking around ESG into direct lending framework is something we want to help lead.

We want to help keep part of as this industry evolves. So as this industry evolves. So where are we today? So, I talked about where we started. The aspiration to be that lender first choice for the biggest companies with the best sponsors, again, for credit reasons not because that sounds great because it means better results. And today, you look back at 2022. And in 2022, if you look at the largest take-privates in the marketplace, about 50% of them were done with private lenders.

And actually, we were one of the lead in 85% of those. So, occupying this space amongst these outstanding high-quality, large-cap companies, has become a reality as opposed to an aspiration app. Every single day, we have to come back and figure how do we keep innovating, how do we keep developing the right pools of capital that are tailored to meet the evolving needs of this multitrillion dollar industry.

Sitting here today, we don't have enough capital. We as an industry and we all do not have enough capital. The private equity industry has probably $1.5 trillion of dry powder and well times were a little bit quieter to begin the year with SVB and all the chaos. That money is going to get invested and that money is going to get invested with an ever-larger share of it being supported by direct lending. Now importantly, direct lending is not here to replace the syndicated market. Everybody likes to sort of put on the banks versus the direct lenders. It really is a false dichotomy.

We fundamentally deliver something different, and the banks fundamentally deliver something different. The banks can deliver very large, scaled syndicated distributed solutions to markets when markets are receptive to owning that kind of paper. We deliver and focus on one thing. How are we going to make a great loan to a great company and 3, 5, 7 years now have got our coupons getting paid back. That is our calculation. The sort of dynamics, technicals of the market at a given moment aren't part of that calculus. But to have a healthy capital market system we need both.

I mean the capital markets are trillions of dollars. We, private lenders will never have trillions of dollars as ambitious as we all may be. We're still a minority part of this marketplace. There's times when we are the marketplace. And by the way, that's really good, really healthy for the economy, right? In 2022, if Blue Owl and a handful of other large lenders weren’t around, there would be a capital marketplace. So, it's a very stabilized influence. I think we'll continue to play that stabilizing role. Most important thing we do is to continue to make good credit decisions. That means delivering on predictability, privacy and partnership, scaling the pools of capital to meet this very large demand from private equity firms or other private borrowers.

And if we do that and keep doing it well and do it with that set of values front of line, I think we can continue to deliver very, very durable capital with very strong returns for the investors that have been kind enough to share time with us today.

Dana Sclafani

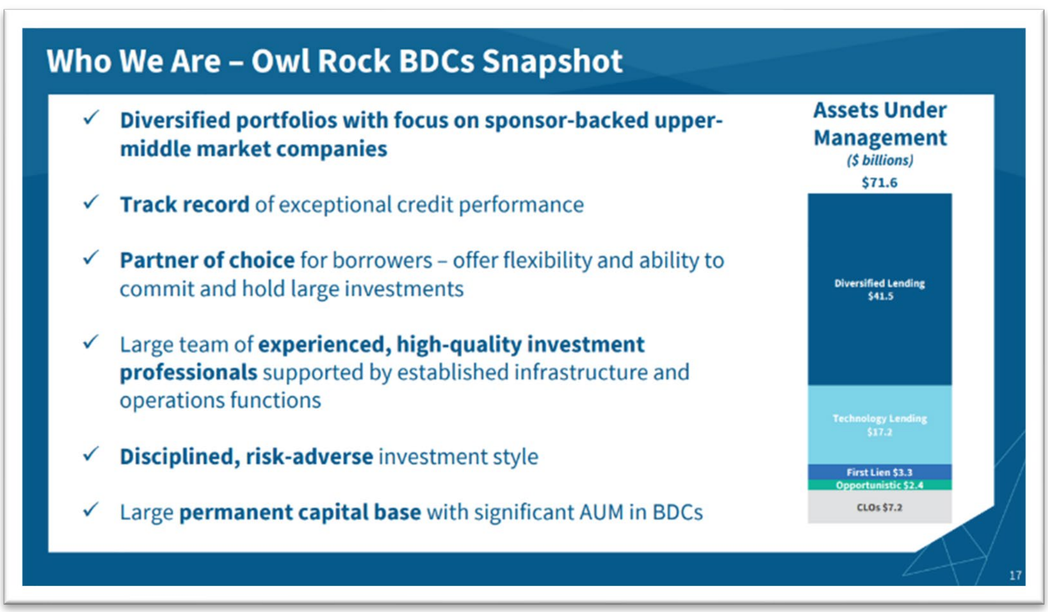
Thank you so much. I think that's all we have time for. Thank you for kicking off a great – what we hope will be a great event. Now it is my pleasure to introduce Craig Packer, Co-President and Co-Founder of Blue Owl and CEO of the Owl Rock BDCs.

Direct Lending Platform Overview

Craig Packer – Co-Founder & Co-President, Blue Owl; CEO, Owl Rock BDCs

Craig Packer

Thanks, good morning. Thanks everyone for being here. I'm really excited to have you all here. There's only so much you can get to understand our business by listening to our quarterly earnings or reading our disclosure.



So, what we really hope to today is to give you a much deeper understanding of our team, what makes us tick, the way we do business. I really hope you come away with a greater understanding of our investment approach and the quality of our portfolio. But most of all, I really hope you come away with a much deeper appreciation for the quality of our team and how much of a collaborative approach that we take in working together.

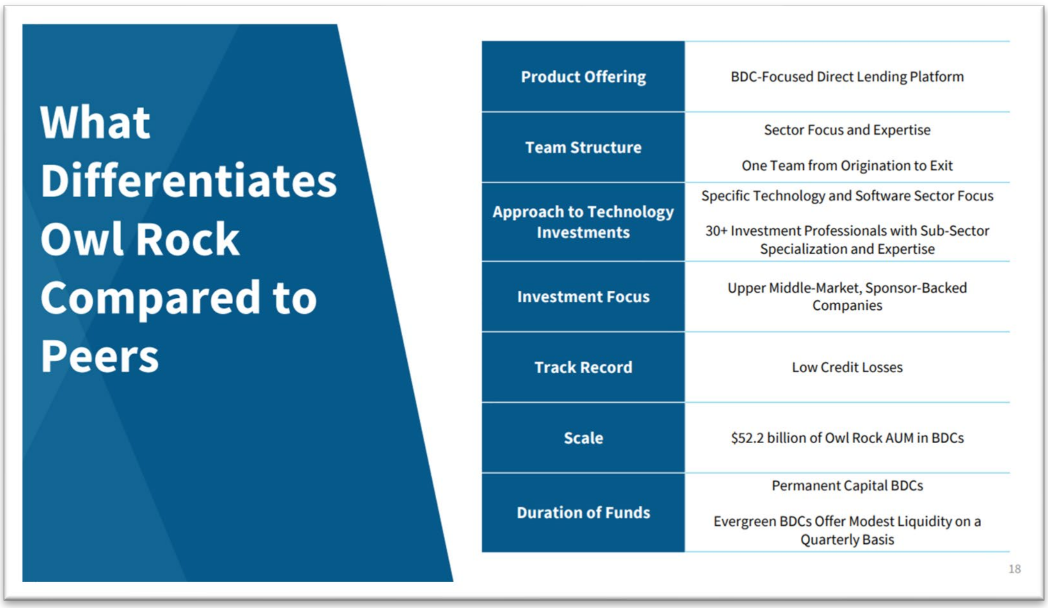
We built this business from scratch seven years ago. We handpicked every single person on this team. And I'm highly biased. I really think it's the best team in the industry. Each person on our team shares our common goal of terrific investment performance and great returns to our investors.

At your seats, there's a little packet of bios of the team. Don't look at it right now. But take a look at it later. I think you'll be really impressed with the quality of the team. So now I'll pick up where my partner, Marc left off. You just heard a brief intro to who we are and how we got here. And now I want to paint a full picture of our direct lending business in our BDC.

Our direct lending business is $71 billion of AUM, which is about half of all Blue Owl's AUM. The largest piece of our direct lending business is what we call diversified direct lending. It simply means our generalist BDCs like ORCC. After that, we have our technology investing business. We have a small first lien only fund. We have an opportunistic fund, and we have a modest CLO business that we acquired about a year ago called Wellfleet.

Our goal, Marc talked about this a lot, is to build a market-leading institutional quality direct-lending platform with distinct competitive advantages. Scale is very important in this business. It was important when we started seven years ago; it's even more important now. Our scale allows us to be a partner of choice for the private equity firms that we work with. It allows us to find the very best investment opportunities.

You heard about the 8,000 deals we've looked at. It allows us to attract the highest quality team. And I'm not just talking about the investment team, the whole team. They are choosing to join us because they see the size and strength and stability of our platform and our future, and they are excited to be a part of it. You're going to hear a lot more today about our sponsor relationships, our team and our investment process.



Now everyone in the room and everyone who's watching is here because in some way you're part of the BDC universe— can be an analyst, equity investor, bondholder. We think we're a little different than many of the other BDC managers. When we began the business, we felt BDCs where the ideal structure to use to implement a direct lending strategy. When I think back on it, I don't know that, that was the most obvious choice in 2016. It might seem obvious now. But I wouldn't have said in 2016 that BDCs were some in-favor structure that would be obvious to build a business around.

Most managers that you're familiar with, like we, have one BDC but they have many other funds that they manage. The BDC may be a small portion of their assets under management. We took a different approach. We focus primarily on BDCs, they comprise 70% of our assets. We believe that makes us a better financing source for our borrowers, given our platform and base of significant permanent capital. It also gives us a tremendous strength to build our business around. As a result of this approach, we manage seven BDCs.

Overview of Owl Rock BDCs

We Meet Investors Where They Live

	Business Development Company (Commencement of Strategy)	FV of Portfolio ($bn)	BDC Structure	Primary Fundraising Universe: Institutional	Primary Fundraising Universe: Private Wealth
Diversified	Owl Rock Capital Corporation (2016)	$13.2	Public	✓	-
Diversified	Owl Rock Capital Corporation II (2017)	$2.2	Private	-	✓
Diversified	Owl Rock Capital Corporation III (2020)	$3.5	Private	✓	-
Diversified	Owl Rock Core Income Corp. (2020)	$11.6	Evergreen	-	✓
Technology	Owl Rock Technology Finance Corp. (2018)	$6.5	Private	✓	-
Technology	Owl Rock Technology Finance Corp. II (2021)	$2.8	Private	✓	-
Technology	Owl Rock Technology Income Corp. (2021)	$2.1	Evergreen	-	✓

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Now to be clear, most managers of our size manage many more funds than we do. We're just not aware of them all because they're private funds. They typically manage 30-or-more funds. These funds are structured in what would be called a co-mingled format, not BDCs. You might hear the phrase GP/LP co-mingled fund as the traditional format in the private credit and the private equity industry.

The issue is those co-mingled funds have a finite life and that can create friction for borrowers and for investors when you come to the end of that finite life. BDCs are permanent capital and avoid this friction. Now, we fully appreciate having seven BDCs can cause a little confusion. That has been mentioned to us. So one of the things we wanted to do today is help you understand why we did it. How to better think about how all these various BDCs relate to each other. I'm going to talk more about this later today.

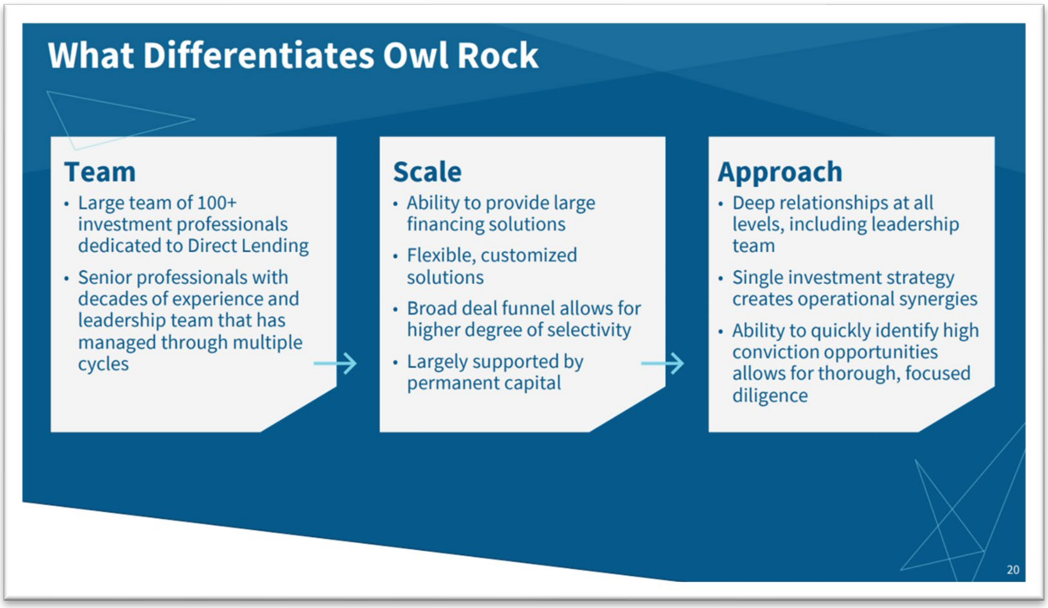
But a central premise that we believe and we have found over the last seven years, and this is core to what we do and how we do it is by designing funds with different structures, we are able to appeal to a much broader set of investors who invest in different ways. That's why we did it, broadened the universe of folks that could work with us. Institutional investors and retail investors invest in many different ways, and they have different priorities of what's important to them when they make investment decisions.

Some investors, liquidity is really important. Some investors, it's really not important. They have a much longer time horizon. Some investors have a tolerance for market volatility. Some investors, and I think some of them are in this room don't like market volatility. By having different structures, we meet investors where they live and broaden our investor base. So let me walk you through our BDC and how we think about them.

Two broad categories, diversified and technology. Again, I mentioned this a second ago. And our diversified funds, these are all industry groups as opposed to our tech, which is just tech. For investors that prioritize daily liquidity, we've got ORCC, our publicly traded BDC, which many of you may be most familiar with.

Lots of institutional investors and retail investors are capable and prefer to invest in a private fund and they have the ability to do draw down capital, which many retail investors don't have the ability to make a commitment and have that commitment drawn over time. So, for those investors, we have ORCC II and ORCC III.

Many high net worth investors, they don't make their own investment decisions, they're not comfortable doing that. They prefer to work with wealth management platforms that help them make decisions. So for those clients, we've designed our nontraded funds, such as ORCIC for those channels. We have the same construct on the tech side. We have two private BDCs and one evergreen BDC. Later on, I'm going to use this to try to keep you here for the full day. I'm going to comment on how all that might evolve over time, if you got to stay to the end or watch it on video later.

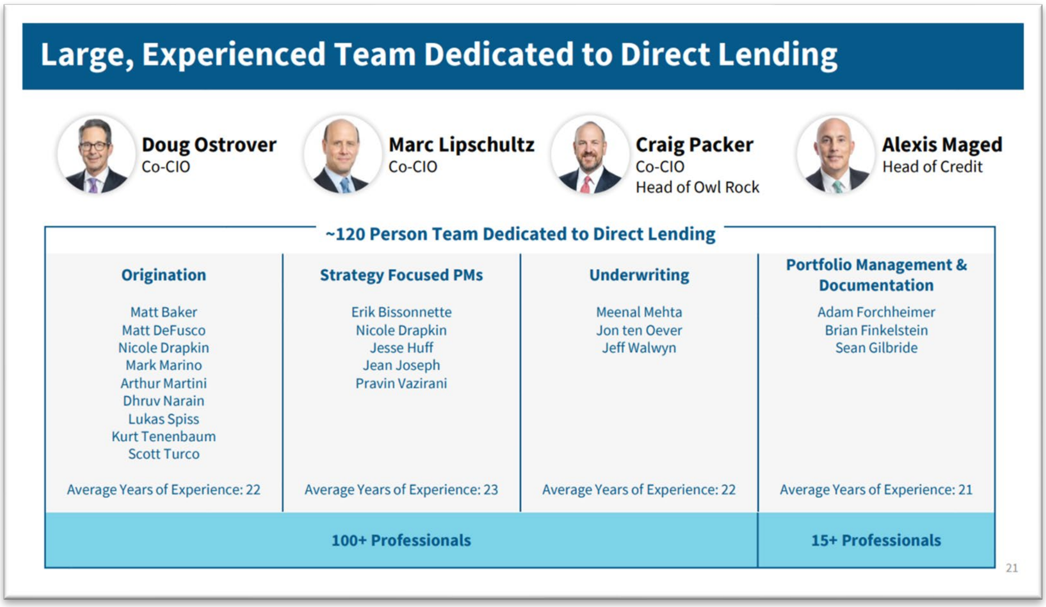


So, just talking about what differentiates us. We believe it's really simple. Our team, our scale and our approach. We talked about this and we keep talking about scale is very important in this business. One of the greatest differentiating factors a direct lender can have is the ability to commit and hold large amounts of first lien, second lien and unitranche. First lien, second lien, and unitranche, all three, chocolate, vanilla, strawberry. They do all three. When you to go to ice cream shop for one flavor. There are big direct lenders say that can only do one flavor. And that's what's hurting them.

Our ability to do all those flavors really invites the discussion with the private equity firms. When they're looking at an opportunity, they don't know what the best solution is. They want to talk to a financing partner that can offer all the options to them. So that's very distinctive. How we cover the sponsors, I think, is very distinctive. Doug, Marc, myself, we know the heads of the private equity firms. We have worked with them for 30 years. There are peers.

As we started the business, they welcomed the opportunity to get to know us, see what we had built and wanted to do business with us based on that history. When we acquired the Dyal business, we brought on Michael Rees to our leadership team. They own stakes in 40 of the leading private equity firms. It's an extraordinary set of relationships. But Doug, Marc, Mike and I can't cover 600 private equity firms. So we've built a substantial team covering those firms on a day-to-day basis, covering the deal captains that are making the individual decisions on financing for deals.

That combination, in my opinion, is differentiated. And there are very few firms that do that well. We're not unique, but I would say it's very limited to the ones that do that well. And then the last thing I would say and Nicole will talk about all this, how we do business. We have a high bar on credit. But we are very clear where we are. We're very efficient in the questions that we ask. We're very reliable. If we say something, you can count on it. We're very predictable, no late surprises. And that matters a lot in this business. So, we'll get really — the sponsor panel, I think you guys will really, really enjoy and hear that in great detail.



The team. again, I think we've built the direct best team in the direct lending industry. Our IC is led by myself and my two partners, Doug and Marc, as well as Alexis Maged. You'll hear from Alexis a little bit later today, he is our Head of Credit. There are additional members of the IC depending upon which fund, but the four of us are the core.

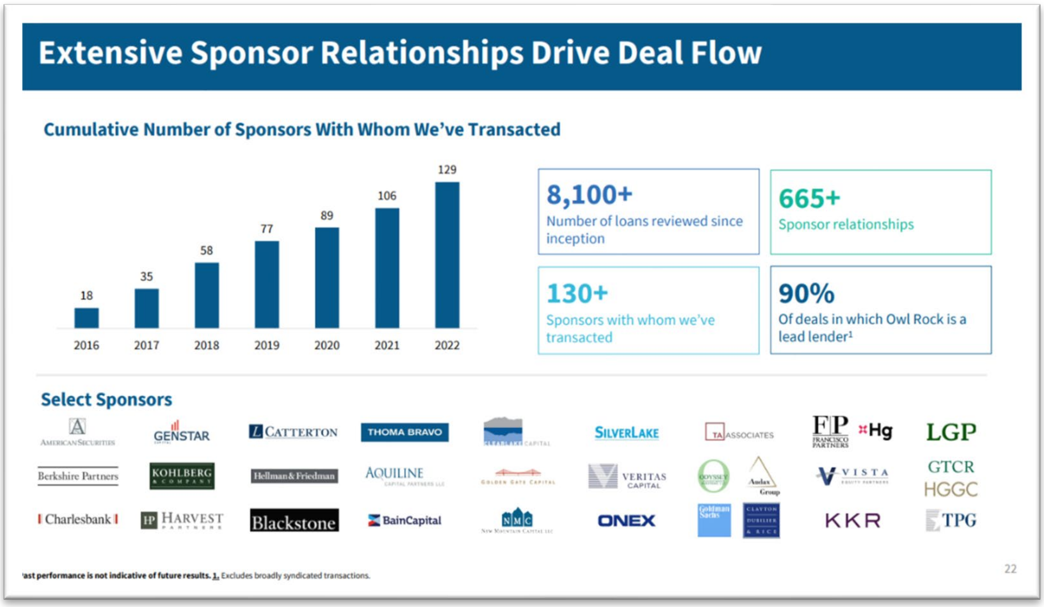
We have a large team that's more than 100 people. That allows us to have deep expertise in every aspect of the investing process from origination, underwriting, portfolio management, all through exit. We have invested significantly on the origination side. I have nine senior originators covering primarily sponsors but also on the sponsor origination I think this is one of the largest in the industry. We continue to invest on it to this day. I literally have hired a managing Director two months ago, despite a pretty modest deal environment coming from another direct lender, who I will not name, because I know that this is the lifeblood of our business, and we're going to keep investing in it because I'm building a business that's going to be successful for the next 20 years. We also have for each fund strategy focused portfolio managers.

We've invested heavily in our underwriting team. Alexis, as I mentioned, heads credit. We have three heads of underwriting that are at an intermediary level, sitting on top of our underwriting team. So we made a heavy investment. So that means every deal comes through.

There's a team working on it or there’s an underwriting captain and there's Alexis and then eventually me. I mean think about the level of detailed work and thought that’s going through every credit. And if it doesn't check four boxes along the way, we're just not going to do it.

You're going to hear from all these folks later today. We've hired from lots of places, but I will tell you, and I think this is important that there are a number of folks on the team where we have worked together previously at other firms for many years. I ran the leveraged finance business at Goldman Sachs. A number of folks who are here worked for me at Goldman. And that history, I think, is really important. Yes, we've been around seven years. There are many of us who have worked together for 15 years.

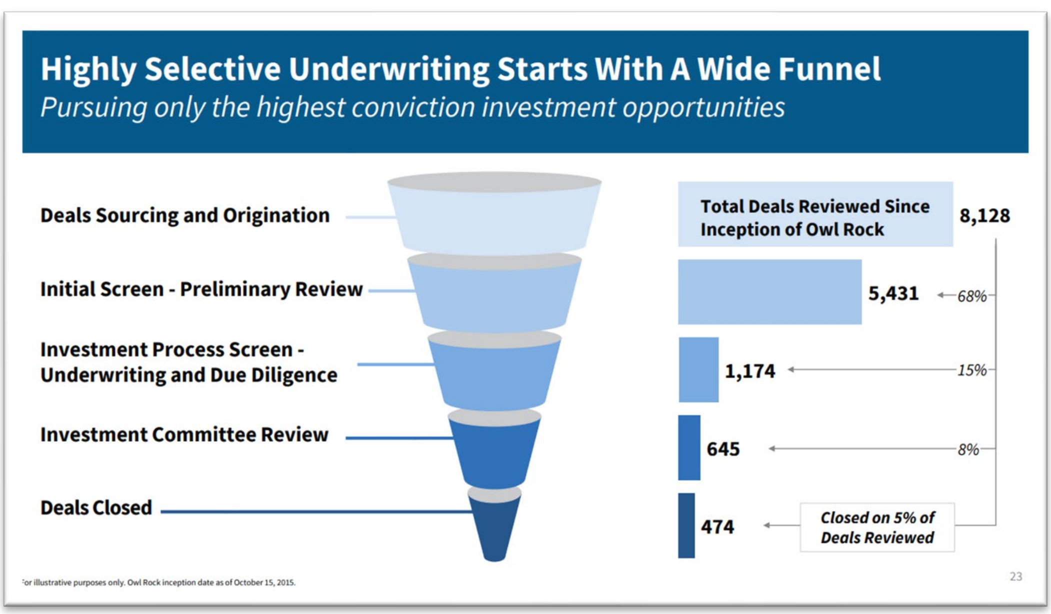
Alexis and I have worked together for 20 too many — So Alexis has been my partner, Credit Suisse, Goldman and building Blue Owl. And that partnership is critical to our success. So you'll hear more from the team.



Sponsor relationships, we'll go talk about this. We believe sponsored deals are the most attractive. We really like having commitment from a private equity firm beneath us. The commitment they make in dollars, in resources and caring about the business, being able to change the strategic direction of the business, change out a management team that's not performing well. They're the first line of defense.

I really think it's the best place to be in direct lending. But it's very important to cover a large group of sponsors. If you are a small platform and you cover a small group of sponsors, maybe it's obvious, but you feel pressure to do all the deals of those smaller number of relationships because those relationships are critical to your business. So when you get that marginal deal for a sponsor, it's very important to you, you kind of want to try to find a way to do it. We don't have to do that. And we don't do it. We just do the deals we like because we cover so many. We can afford to just say no, and we do all the time.

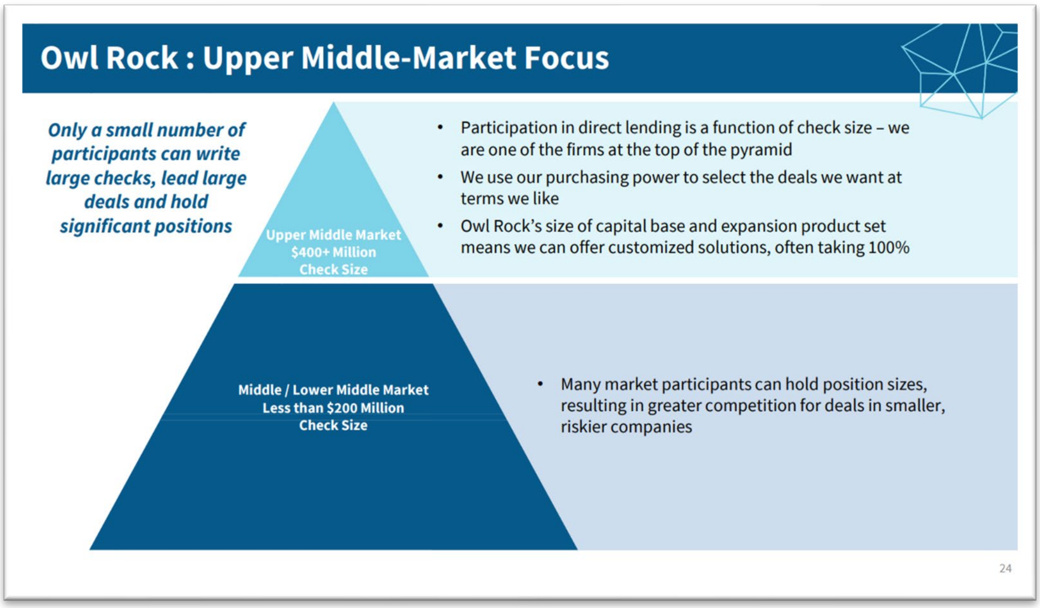
We cover today 665 sponsors. I'm not going to pretend that the last 140 of those bring the same rigor as the first 140 but we have a wide net. We've done deals with more than 130 and that number is growing each year and creating a great incumbency base. You're going to hear this on the sponsor panel. But we believe strongly, as I said a minute ago, the sponsors want to work with us. They tell us that. I believe it, and that gives us the flexibility to try to pick and choose the deals we want. We don't have to go chase them. They call if they want to work with us.



Funnel, more than 8,000 deals. This is an outcome directly of that origination effort, the scale, the capital, Marc touched on this. I think it's very important. There's one funnel at Owl Rock. Any deal — anyone on our team is working on goes through one process, one committee process, one mindset. We really don't even talk about what fund it's going into until very late in our process when we decide we want to do it.

And importantly, any investment that we make anywhere in Owl Rock, if that investment is appropriate for a fund that we manage, we will put a piece of that investment in that fund. Basically based on available capital and building each portfolio's construction priorities. So you don't have to ever worry if you're in this fund, am I getting a good stuff, it's all getting shared across the funds.

Alexis will talk more about the funnel.



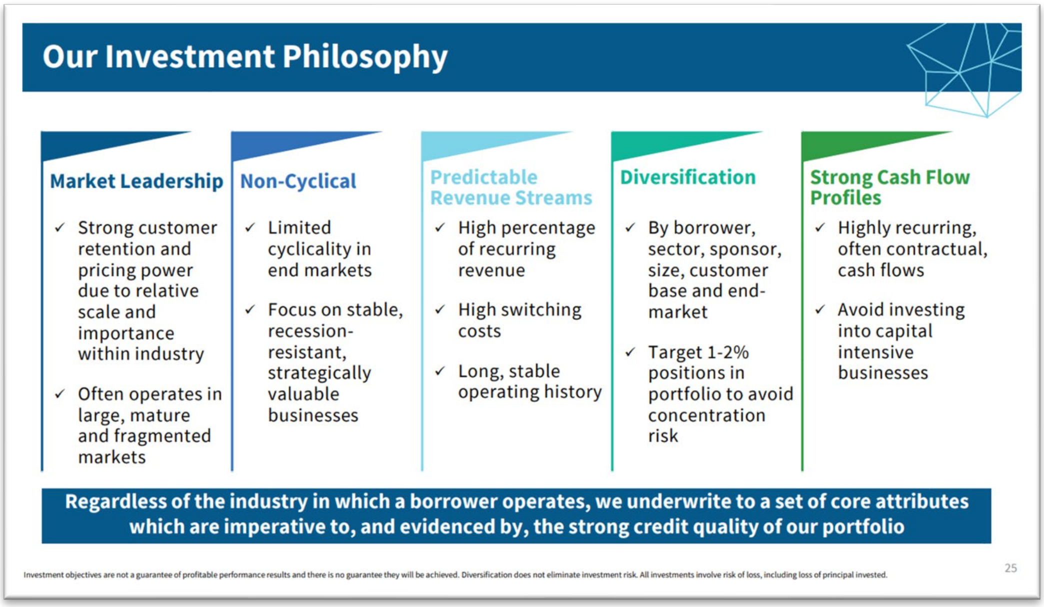
This is a simple chart. We're an upper middle market lender. Marc talked about this. I just want to make it clear. We can invest in every deal out there. We get called on the middle market deals. We get called on the lower middle market deals. We have plenty of capital. And believe me, every private equity firm would be delighted if we would invest in their $18 million EBITDA business. We are choosing to say no because the credits are not as strong. And by the way, you do not get any additional economics. It's actually worse economics. The documents are no better.

So, I believe strongly that the upper middle market offers the best adjusted risk return. Upper middle markets are more resilient. Marc talked about this, to serve the upper middle market, you have to commit and hold a very large check. This has been a transformation. When we started the business, we could write a bigger check than anyone, but that bigger check was $150 million, maybe $200 million. And that was a game changer. And we said we could hold $150 million, $200 million, that was mind-blowing because at that time, most firms couldn't hold more than $100.

Today, to really do this well, you've got to be able to hold $400 million, $500 million per name and more is better. And there's really very few firms that can do that. And you should ask them. And then when they say, I can hold $500 million and say, how many times have you actually done that? And you're going to get mumbling because very few firms can do that. But that's what makes us a great partner.

Now I'm not talking about the multibillion-dollar unitranches that you're reading. I'm not talking about the $2 billion or $3 billion deals. For those, even if you hold $400 million, $500 million, you still need a large group. I'm talking about the bread and butter $750 million, $800 million deals that you're not reading about in the newspapers, but they're the lifeblood of the direct lending firms right now.

If you're a financial sponsor and you're trying to raise $800 million, you don't want to talk to someone that can only hold $100 million or $200 million, just think about it. If you do that, you have to line up 8 different firms at the same set of terms. It's not efficient. So, they want to talk to us because we can do $500 million or $800 million. We can set the terms. They can work with us and then they can fill it in with these smaller folks, huge competitive advantage.



I just want to make one more point here because I've been asked this a lot in the last six months or so. We love the multibillion-dollar unitranche. These are some of the most important companies in America. They have massive equity cushions. They have the ability to withstand whatever recession is coming our way. And we will do them, and we will do them all day long.

But that is a small portion of our portfolio. I just looked at this the other day. 90% of our portfolio are companies that are financing $1 billion or less, where we own 50-plus percent of the loan with two or three other lenders. So we do the bigger deals, they get spread around. There is some overlap toward the bigger lenders. But if you look at our portfolio, the core of it is those $750 million unitranche deals we control. We own half of it, and we are $400 million of the exposure.

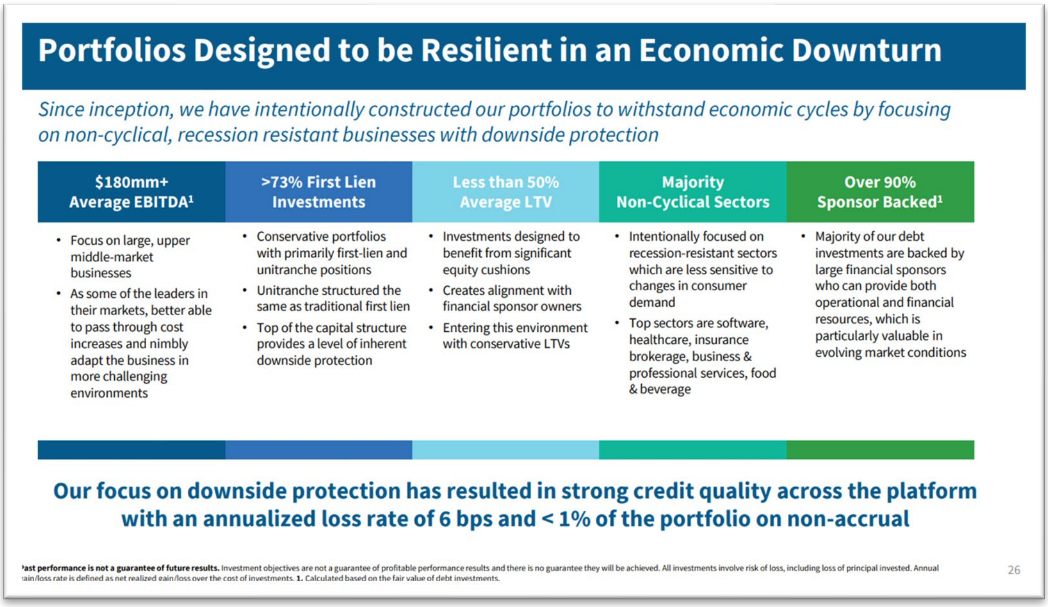
I hope that there's lots of multibillion-dollar deals. I think they're terrific, but we're a long way away from ever being at a point where all the lenders are in the same deals and there's complete overlap. It's not even close. Our investment philosophy, we'll talk more about this later on the underwriting platform, like lending into good businesses. I know that sounds simple. When you look at 8,000 companies, you see a lot of businesses that just aren't terrific. The team will go through this.

We like noncyclical businesses, we want predictable revenue streams and won't steal the team's thunder, they're going to go in deep. But we also want diversified portfolios. We do all the work in the world, and we do more work. I wish you could see — I hope you get a sense of the amount of work. Sometimes my biggest concern is the team does too much work, right? But things happen to companies, things happen. There's industry changes. So, there is no substitution for diversification, no matter how much you like a deal or a sector.

We'll sacrifice economics to invest in a good business. There's not one deal in our history that we really loved it, but 25 basis points made a difference. We'll give the 25 basis points.

But we won't go in the other direction, there's really no price that we'll put on a deal where we think the credit is going to have some issues, like we're just not interested in that proposition. That's been our philosophy from the beginning. If you've been hearing us, it's a broken record. We're not going to change. This is what we do. It served us well and we're going to keep doing it. We don't consider ourselves top-down macro investors. People ask me what's our house view, there's no house view. Our house view is we underwrite bottoms up, and we plan for the worst case. We’re never making a bet on, oh, we think the economy is going to get better, let's zig in the cyclicals. We're just going to assume it's going to be a lousy economy, and we want to have companies that are going to prosper in that environment. And yes, we're going to give up some opportunities.

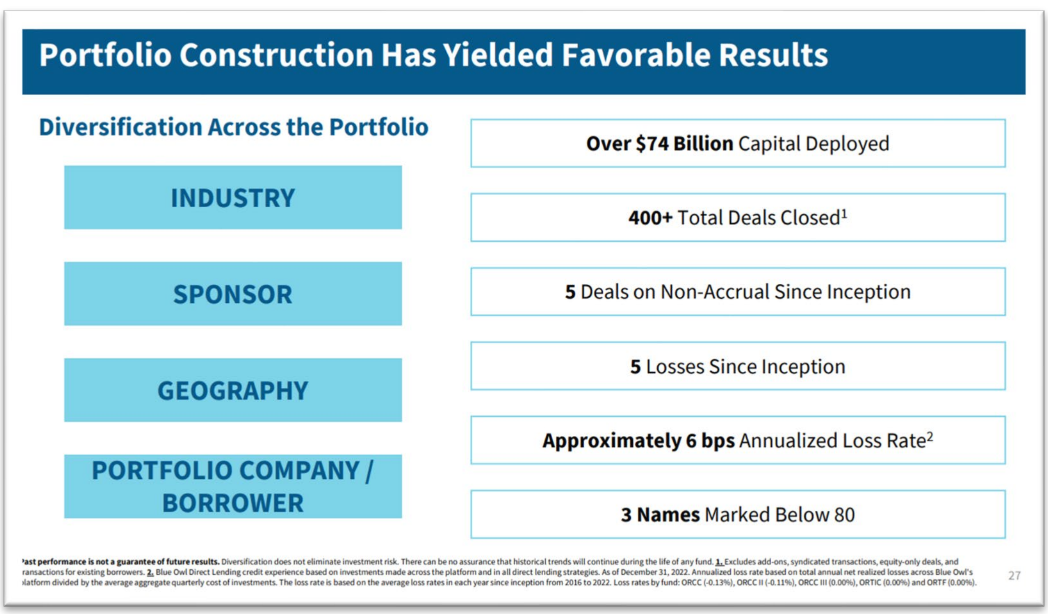
There's probably some great — if you're willing to take a contrarian view on where commodity prices are going, you could probably earn some extra premium. That's not our business. That's not we're into.



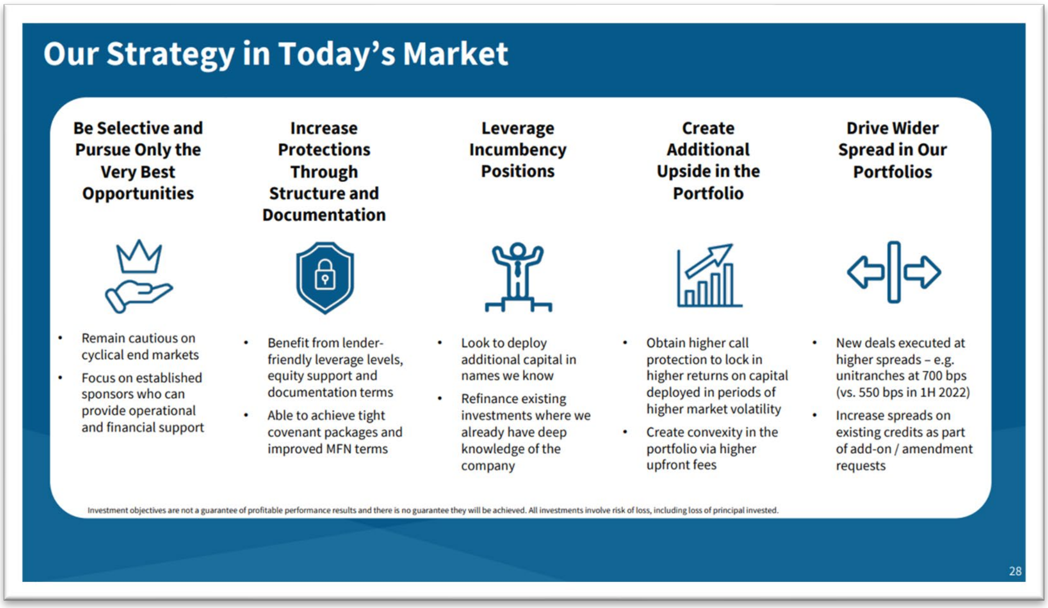
Very consistent approach, companies we like. Upper Middle-Market, $180 million of EBITDA, primarily First Lien. Most of that's unitranche, most of that sponsor-backed. If I would pick one number, we got to walk one number, what describes what we do, loan to value, 45%. 45% loan to value, that should be an impressive number to you. That means that the private equity firms have written a check bigger than our check, drew to us.

And if we don't get all our money back, they get 0. It's really that simple. That means the business has to lose more than half its value and we still get par back for us to have a substantial loss, it has to lose substantially more than half its value. It doesn't happen very often, especially when we talk about $180 million businesses. The sponsors are writing a check for that amount. We're not making it up, we're writing it. When we write our check, they put their money in at that time contemporaneously.

So, these are real value. This is one of the main reasons why we're so confident over the next 12 to 18 months, which I think will be a tough economic environment. The sponsors are going to keep supporting these businesses because they've written those checks, and they're not going to have something short term, modest recession, higher rates, impact their willingness to keep their businesses.



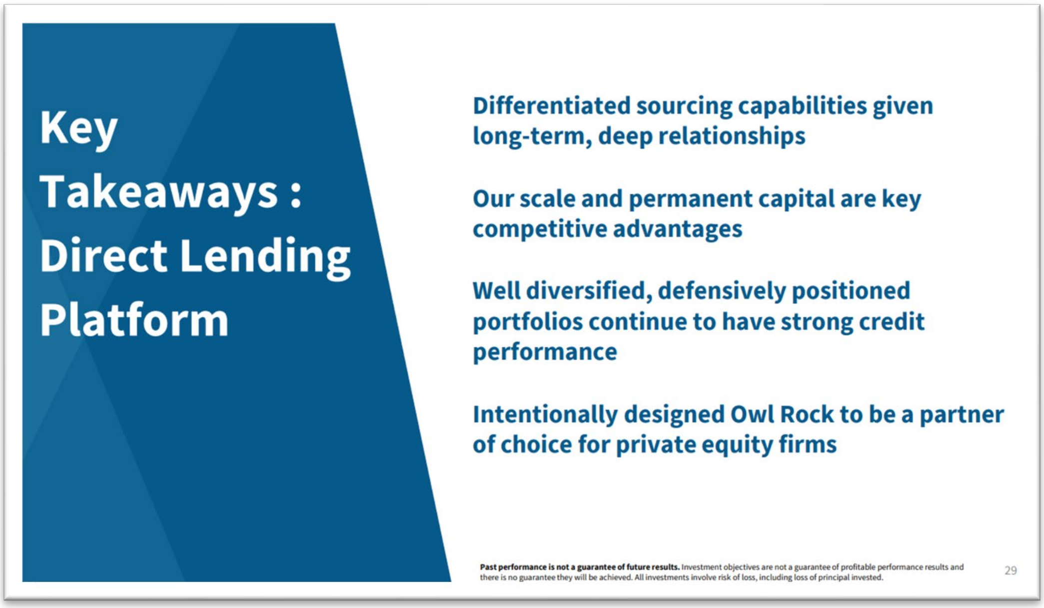
Portfolio construction. Not to belabor $70 billion, 400 deals. We'll talk about this in great detail. We've only had five realized losses since inception. We'll go through those later. It's a tiny number. We own our positions in all of those companies today. So we have a chance to do better. We've only had five nonaccruals since inception. Our annualized loss rate is less than 10 basis points. Don't underwrite 10 basis point loss rate for us, write 50, but we've been running at 10 and our goal is to keep it at 10. Today, we only have three names marked below $0.80 on the dollar. Despite our high bar around credit selection and the qualities of the deals we do, it's diversification. Keep coming back to it. No matter how much we like it, we're going to manage that deal size.



I think it's a tricky moment. Rates are high. Companies are paying more. I think we're going to have a recession later this year. So, what are we doing? We're being super cautious on credit selection. Only our bar is very high in credit selection right now.

Our teams are coming to investment committee, with projecting down and can these companies survive, assume rates stay high. We are trying to drive spread higher in our portfolio. We're having success at doing that, not only when there are new opportunities, but we are the lender to these companies, and they frequently need something for us. Maybe they want to grow. They need additional capital. Maybe there's an amendment. When they come to us, we're requiring them to add additional economics to our loan to make sure it's mark-to-market. We're adding additional credit protections, covenants.

When we make new loans, we're building in call protection, call protection is extraordinary today. We're getting 3 years of call protection, premiums for three years. Right now, it doesn't seem like much. In two years, if the market comes roaring back, that's going to be incredibly valuable to us and to you.



So lastly, we built Owl Rock to capitalize on what we believe would be an institutionalization of the direct lending market. We built diversified, defensively positioned portfolios. They're performing extremely well. We believe we have differentiated sourcing and relationships. I really look forward to having a better understanding of that during the day.

I just want to spend one second because it's my chance. I don't know if I'll be able to say it later. It's a huge lift doing this event. I mean when I threw out the idea, hey, we should have an Investor Day. The team was like frowning, like really. Folks on our team that did this Kaitlin Howard, Amanda Schimmel, Connie Zhang, Melissa Callahan, you'll see outside, Kayla Pingerelli, and of course, Dana Sclafani. They did a tremendous job. I hope you all have a great day. I'm going to introduce Nicole next. So Nicole — Nicole was an example, I think one of the great examples of the team that I talked about earlier.

Nicole joined us in 2016, Nicole had worked for me at Goldman. Nicole started at Owl Rock before I started at Owl Rock. Nicole, what employee number were you?

Nicole Drapkin

Maybe two, three?

Craig Packer

Nicole was employee #3, Alexis — all right. One of them was first, but Nicole has been with us since the beginning, we've worked together for 15-plus years. She's the epitome — Nicole is epitome of combination of our credit culture, everything we talked about, but also having a number of our most consequential relationships on the private equity side. So with that, I will turn it over to Nicole.

Nicole Drapkin

Okay. Great. Well, thank you all for being here. I really appreciate it.

I'm going to spend a few minutes talking about our origination strategy and how we kind of generally approach it before we have a chance to speak with some of our leading private equity clients and have a chance to hear their views on the current market environment.

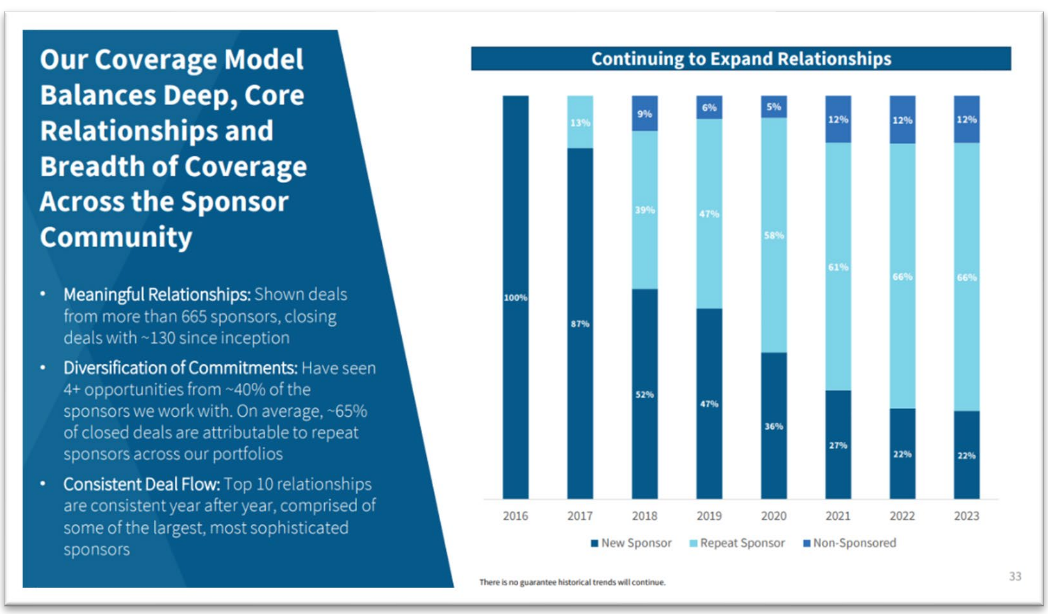
Maybe starting on the next page. Generally speaking, our approach to financial sponsor coverage has really been centered around these core pillars. We believe this allows us to pick the very best deals without an overreliance on any one sector or any one sponsor.

Maybe most importantly, we have a long tenured and experienced team with really substantial domain expertise in certain sectors. You'll hear from this team later this morning, but we believe this sets us apart from our peers and allows us to make well-researched decisions.

We aim to be true partners to the financial sponsor community based on deep and very long-lasting relationships. Our originators are in constant dialogue with our accounts, regularly meeting to discuss both new and existing investment opportunities and to better understand their strategic priorities.

You'll be able to test this summary in a few minutes by asking these guys directly, but our team believes that financial sponsors like working with Owl Rock for several reasons.

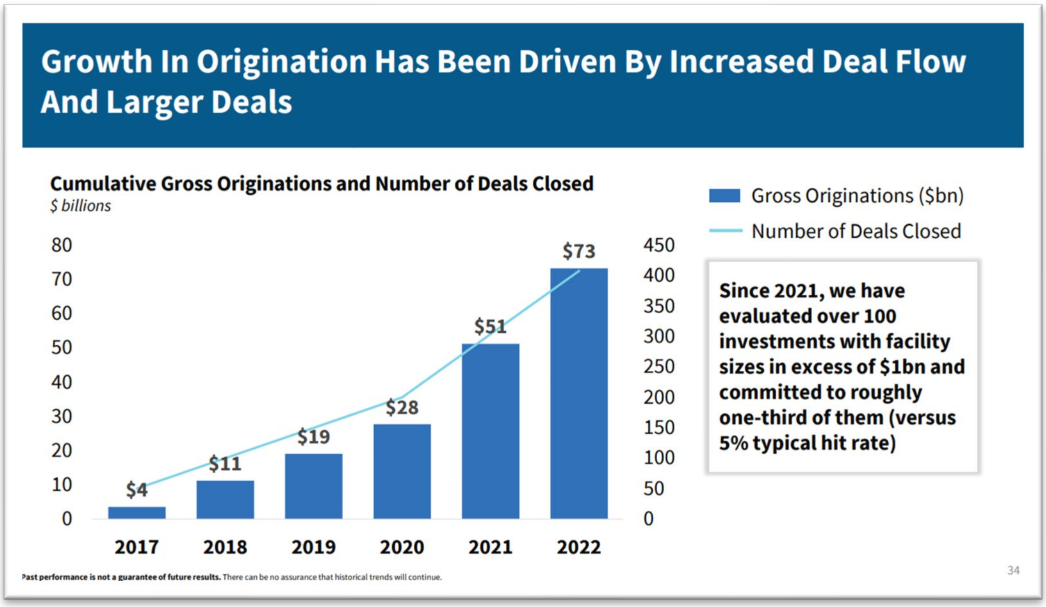
Our substantial capital base combined with our flexibility of financing solutions allows us to be a one-stop or near one-stop call for them. This is even more valuable and volatile markets where hold sizes amongst lenders could be constrained or when bespoke customization, certainty and flexibility and deal structure are required. We also have a highly efficient originations and underwriting process and are able to deliver timely and definitive feedback to sponsor clients even when that answer is a no.



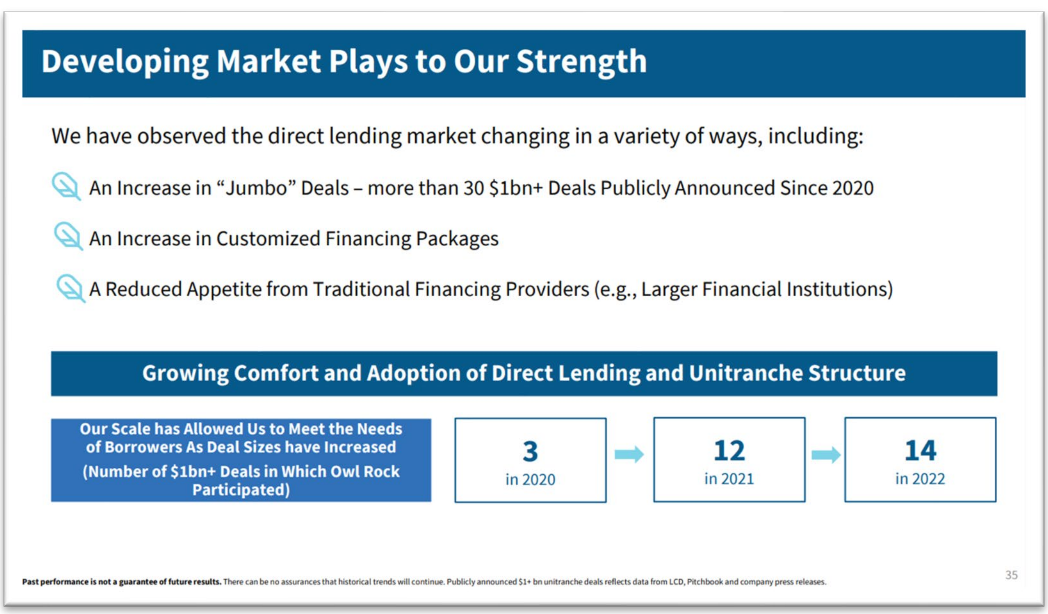
We believe our coverage model facilitates breadth and depth of relationship across the financial sponsor community.

Since inception, we have evaluated transactions from close to 700 sponsors and closed deals of approximately 130 of them. Our goal is to target repeat deal flow, year after year, and our 10 deepest sponsor relationships are generally consistent year after year and are with the largest, most sophisticated counterparties. As you can see illustrated from this chart, on average, close to 2/3 of our newly closed transactions come from existing sponsor relationships, which leaves ample capital for the development of new relationships as well.

Over 40% of those sponsors that actively show us opportunities have shown us over four transactions, further highlighting the value of these consistent relationships over time.



The growth in our deal origination pipeline has largely been driven by both an increase in deal flow and an increase in overall transaction size. Even in more muted deal environments like the second half of 2022 and the first half of 2023, lenders in the private credit ecosystem financed over 80% of the LBO's that were completed over the time as banks stood down in the face of market volatility and the significant overhang of previously underwritten deals. This developing market plays very well to our core strength of scale, certainty and customization.



Moving to the next slide. In 2020, there were just three billion-dollar plus transactions that got done in the direct market. This grew to over 24 transactions in 2022, evidencing significant taken share from the syndicated loan and high-yield market for transactions of this size. Since 2021, as a platform, we've evaluated over 100 investments with facility sizes in excess of $1 billion and committed to roughly 1/3 of them. Just for comparison, this compares to a roughly 5% typical hit rate on our pipeline overall, demonstrating the very strong credit attributes that these transactions typically embody.

Sponsor Panel

Nicole Drapkin

We'd now like to turn our attention to our extremely distinguished panel. We are thrilled they can join us today. Starting with David, David Musicant is the Managing Director and Head of Business Development and Capital Markets at American Securities. David is focused on deal sourcing, relationship management and capital markets activities across the platform. Prior to joining American Securities, David was with Bank of America Merrill Lynch for 15 years, most recently leading the middle-market financial sponsor coverage effort. Prior to that, he held positions in the retail financial advisory businesses at Lehman Brothers and Alex Brown.

Carolyn Wintner is Managing Director and Head of Capital Markets at Charles Bank Capital Partners. In this role, she oversees all capital markets activities across new and existing platform investments, including leveraged buyouts, add-on and recapitalization. She also manages the firm's relationship with leveraged finance providers and advisers. Before joining Charles Bank in 2019, Carolyn worked at Bain Capital Credit for nine years, most recently as Director in the Private Credit Group.

And Jim Bonetti is the Managing Director and Head of Capital Markets at GTCR. In this role, Jim leads the firm's capital markets activities as part of the transaction teams and manages key financing and banking relationships. Prior to joining GTCR in 2017, Jim as the Managing Director and Co-Head of the North American Leveraged & Acquisition Finance Group at Morgan Stanley.

So, to start it off, we've been talking a lot about the deal environment, certainly in this kind of market of volatility. Maybe kind of broadly speaking, how do you think about debt capital — riders of debt capital for new transactions and maybe more importantly, for this group, have there been any major changes in how you think about accessing the public debt markets versus the private debt markets over the past 12 months? Maybe, Jim, I'll start with you?

James Bonetti

Well, so first, thank you for having us. I would say our firm's history is really started in middle market private equity. And so as a baseline, most of our investments for many years have been with direct lenders but on a much smaller scale.

And I think the change obviously in the market is just the scalability of solutions that we can do from a direct perspective. So, from our vantage point of the world, we do lots of M&A as part of our investment thesis. And so, we've always said as a firm access to capital with really great partners is more important than actually the cost of the capital itself, right? Having access to be able to do a deal when maybe somebody else can't provides more value to us than any eighths and quarters along the way in execution. And we always felt like maybe while you could get maybe better pricing in the syndicated market, the direct markets are kind of where we want to have our relationships for the long term. And so, over the last many years, obviously, the change is in the scale of what you can get done. And we definitely always had a preference for that type of execution. So, we couldn't be more excited as we see the direct market get larger and larger.

And we're probably now at this point, 2/3 of the deals that we're doing by number are going into the direct markets. In the last several months, I think just things that we've seen have changed. I think you hit on it. The banks are obviously having a difficult time underwriting credit.

And candidly, their ability to underwrite is based on secondary levels, right? If secondary syndicated loan levels are in the mid-90s, they can't own risk anywhere other than the low-90s. And that leaves financing holes and gaps in our sources and uses. And we really don't want to take risk on behalf of our LPs in having those financing gaps. So, the direct lending market has been really the only place to be for us for the last 6 to 12 months. And I think that's going to continue for a bit longer. And like I said, our bias is going to be to continue pushing more volume into the direct markets on the margin just because of the access and availability of capital.

Carolyn Wintner

Great. Yes. I think Jim said it well. What I'd add is, if you look at our portfolio, roughly 2/3 is syndicated on a dollar basis. But if you look at our deal count in the last two years, we've only had two syndicated deals or transactions just because of the value that Jim mentioned on the private markets. And I would say, particularly in the last year and the last six months, that lack of ability for a bank to price capital, it just creates so much uncertainty in our process. So to call most of the relationships who have the scale and capital and the ability to price capital with certainty is really where we've been driving our volume lately.

David Musicant

Not to reiterate what Carolyn and Jim said. But also, if you think about the evolution of what can happen in our deals, right, we've lived in an environment for 15 years of 0 interest rates and 60% of private equity returns have been by multiple expansion. I think that easy game is kind of over. So, you think about the evolution of companies, whether it's acquisitions or transformative operational changes, having partners, right? We talk about the convergence between intellectual capital and financial capital and having partners that understand what we're going to do with the company and having expertise in sectors and understanding what we need to accomplish through the lifeline as a partner is much easier done in the private market than kind of managing 100 lenders in a deal.

Nicole Drapkin

Do you think that has accelerated either during COVID or kind of current, obviously, access to liquidity right now? But has that kind of share shift do you think taken or accelerated in any meaningful way recently?

David Musicant

Definitely. I mean what these guys said, just the banks don't have an ability to price risk. So, I mean, we look at every deal. I'm sure we all do the same thing, whenever we have three live deals that we're looking at, new acquisitions, and we have three transformative deals in our portfolio, which I kind of think of transformative $1 billion-plus acquisitions. And you look at one of the companies that you guys participated in, Learning Care Group, which was we need a liquidity deal with the second largest early education company in the country, with 1,200 early education centers. And we needed acquisition financing. We did a an incremental, that's not going to get priced in the liquid market. We did it directly with a couple of relationships. But yes, I think that is absolutely going to accelerate.

And what we're doing now is the B market, the distributed market is kind of like in purgatory, right? So, you actually have — if the new 12x deal is really like an 8x deal now, we look at other banks, which the banks are open for term loan A. So do you do a term loan A and then think about taking that out 12 months later because you recycle money, banks basically are underwriting term loan B's where the caps are kind of where the private bid is and then you have the private market.

So, I think it's completely accelerating.

Carolyn Wintner

And the one thing I would add is just — and this may be a soft word for analysts here, but the importance of relationships. And I think COVID and the dislocation in the markets in the last year just further emphasize that. In our syndicated transactions, I would say it's very transactional. When there's a problem or a need, everybody looks to the dock on both sides, what can we do?

And with our private transactions, it's two stewards of capital who are good fiduciaries and partners and solving a problem together efficiently in both firms' interests. And that has shown its colors to us throughout the dislocations in the market. And it's, to Jim's point, incredibly more valuable than the cost of capital at the outset.

David Musicant

So, to add on to what Carolyn said, it's very easy to have a conversation with one or two parties and they need to have nice-to-haves, right? So, you have these — I don't know if there's any lawyers in the room, but you have these big bad lawyers that are always calling. I thankfully get the sound of you guys, if you get to pick lawyers, I don't get to pick lawyers, but you have lawyers say, "I got this deal for them. You can squeeze these lenders on this term and this," and I'm like, it actually doesn't matter. So, like MW Industries for example, which we just closed a couple like weeks ago.

There is the potential we need flexibility to carve out a division of MW. It's a small kind of call 15% of it, to sell it into another one of our businesses. And you can have that conversation versus that's the need to have, right? That's within the investment thesis. We have roles, right? We have different roles and we have expectations and there's transparency, and it's very easy to build that trust when you have a direct relationship. And you built that relationship. I'm proud to say that I think our first investment is one of our deals, right?

So, that's why it triggered me because I'm like a guy with mommy issues when you said you say no to me all the time. Anyway, but it's building a relationship and having the need-to-have versus the nice-to-haves and if you can build that rapport over a long period of time, and they see how we act. I was joking about this the yesterday on a panel and said we've never had a company that's hit budget ever, right? Half of them beat it and half of them don't. But if you can build trust, where you can actually have the transparency and you can figure out how the structure works, it makes our jobs a lot easier and more fun.

Nicole Drapkin

So, I'm not supposed to believe your model cases?

David Musicant

You shouldn't because half will be wrong, up and down.

Nicole Drapkin

So, our first deal that we did on the Owl Rock platform was a chainsaw manufacturer. I still know too much about chainsaws to this day.

Jim, why do you believe Blue Owl has been a consistently strong lender across your transactions? What are some of the things we do, right? Or what are some of the things you'd like us maybe to do better?

James Bonetti

If that question was in the list, I definitely didn't see that. Smart and good-looking credit professionals.

We've said this, but this is a relationship business. All of us have been around in this industry for a long time. And ultimately, you want to call people who give you really good honest feedback who are in the kind of game with you for the long term and treat you like a partner. I mean ultimately, these are partnerships.

And what I'd say about credit, what I think people miss is the worst thing that can happen to an investor in credit is an absent sponsor, right? Because the documentation is the documentation, which we all know has kind of diluted for many, many years. And so what really protects you is real relationships where you have good insight into what's going on in the businesses, the sponsors treating the credit provider like a partner and they have insights and they're at the table as you're making decisions, trying to drive a great outcome for an investment together. So, we're constantly out looking, trying to figure out who are the best partnerships. And for instance, like if a deal has to come a little bit wider to get the right people in it, that's the way we think about it. And so, we're not focused on the eighths and the quarters and the execution. We're focused on who's on the other side of the table.

And so, we've got a small list of probably 20-ish people that we consider our best relationship. We can call Craig, our senior members of our partnership, know Craig and the team here, and they want to spend time with them. I want to make sure that they have access and feel like they're part of our organization. And so, there's a lot of folks out there who are really transactional. And at the end of the day, we just don't need to do business with those type of folks.

We want people not in one deal — we want them in six, seven, eight, nine deals. And that's what creates a long-term relationship. So when this platform was started, we were super excited because we knew the high quality of the people in it, and we've known them for many years from previous lives, and it was a firm that you kind of go out of your way to try to show deals to be candid.

Nicole Drapkin

And we thank you for that. David, maybe to you?

David Musicant

I have a lot of thoughts here. So, I run origination, too. So, when I got here we were a generalist firm, it was a $3.65 billion fund. We're now three funds later and we're a $7 billion fund and I broke everyone into industry groups. And what I love about Owl Rock and Blue Owl now with the liquid business is this convergence between how we think about sectors and having that early dialogue around how we're thinking about sectors. And when we actually, proactively when we onboard, we probably screen 12,000. If you guys want to talk about deal flow, I'll explain like how — like where deal flow is and how many deals are out there and all that kind of stuff, which is why I had a cheat sheet which I'm holding because I forget stuff. But, when we onboard a deal, we call them pursue ideas, we have 62 of them now of deals that we think we will bid on in the next 18 months. We then look at who's lending.

And when you're a BDC, all the BDCs, is public information. So, we do a scrape and we look at who's in the credits, who's in the comparable credits. I know who posted for the cover bid of the deal when it last traded, right? So, they have conviction. And the ability for — and Nicole is our advocate internally, to be able to have that dialogue really early and the importance of — and I just wrote the notes myself, the no, I'm getting over this — the no actually — all kidding aside, is almost as important as the yes, right?

Because what they do is they give you a why, right? So, there's a lot of credit firms, oh, it's just not enabling some kind of macro environment. But when we get into specifics of like what we need to prove in our deal or what is some of the triggers that they said is not creditworthy, right? Because a lot of deals are good equity deals, but they might not be good credit stories, understanding the why actually forms – because I run M&A, like our sell-side business do – informs what we have to do with the company to transform it to make it easier to sell to the next person? So that level of transparency is like really critical.

And the other thing is they partner well with other banks — excuse me, other lenders. So, the ability to have people to actually play well in the sandbox together when everyone's like they have their own form of credit agreements all the kind of stuff and the ability to actually, we have a little bit of a smaller group that Jim referenced, but to be able to have that where there's commonality of mindset, they're just good partners of other people besides us.

Carolyn Wintner

That's great. I mean I think you guys have covered it. But I would just add on to, as all of our firms have matured, the sector expertise. So, I'm based in Boston, so — when the Blue Owl team is in town — the healthcare team will come by and we'll have our healthcare colleagues speak with their healthcare colleagues, and we'll talk about our portfolio, what they're seeing, trends. And that is incredibly value add. So, when we get the yes, more frequently the no, we're learning something, and it's informing how we make our investment decisions.

David Musicant

That intellectual capital is actually switching from banks to lenders. So, we go through a planning process. We do a planning process of what we think is the forward pipeline of deals. And we interview 32 banks or something and we now do it with lenders and it's amazing how the lenders actually have more insight to what's happening in sectors — the other thing is the originators here — there's a lot of firms out there that are just smile and dial originators versus people actually have industry expertise and credibility on the credit side. So that switch of intellectual capital is moving from the banks to the credit firms.

Carolyn Wintner

Yes. I mean I'm proud to say it, but we'll often talk with some of the Blue Owl team on our portfolio companies. And they will have very insightful questions that we haven't thought about and again, help us manage our portfolio.

Nicole Drapkin

So maybe shifting gears a bit. Can you maybe talk about a portfolio company generally speaking? But it's maybe taking a little bit more time to get to success? And how do you think about kind of managing that process or helping your team manage that process for any kind of challenges?

Carolyn Wintner

I can do that. So, I'll quote Dave, no investment is linear. No company hits budget every year, and we've had a few of those in our portfolio. And so in my seat how do we think about that? Where we are always focused on being good stewards of capital and making sure our portfolio companies have adequate liquidity and duration to get back on track. And that often intersects with the capital structure. And so, it is very important for us as we manage our portfolio to be good communicators of where the investment is in its performance, make sure our lenders around that are fully up to speed, so when there is a discussion about that performance, they have the most information and are not surprised. So, the discussion with the investment committee is really informed and that's really where we prioritize it. It's liquidity and duration. And we will work in partnership with our lenders to address that, again, in the fiduciary way for both of us, that solves problems.

David Musicant

Yes. I think the most important thing is just keep the communication open, right? So, Conair is a perfect example, right? So, Conair was — it's an interesting business. It's been around forever, everyone uses it. If you're in a hotel tonight because you're in town, I wouldn't feel bad if you dropped your hair dryer. But it's Cuisinart it’s Conair, but it was — Mr. Rizzuto built this business for 50 years, and we're the first owner. And it's a complicated business. And we had to remake it. So, we have a CEO who's been in the seat for 40 years, who's — we had a CFO that didn't have the right controls around managing inventories and pricing and kind of the working capital and stuff like that. So, we have a 55-person operations team, strategy team that kind of goes in to help our companies, but that was a business that — and we had — they owned a bunch of real estate than we had obviously COVID.

And so, it's been challenging. And the thing that we have is we accelerate conversations when companies aren't coming out of the box well, just because we think as partners we owe it to everyone, whether it's our LPs, our lenders or et cetera. And I think that was a business that we kind of worked through it and ORCC is, they're an investor in it and they're also an equity co-investor.

So, we just we think about the transparency, and we're happy in our operations group. So, we have in this 55-person group. We have everything from data science to IT, to procurement stuff like that, avail those people to say if we think we're going to have $50 million of procurement savings, if our lenders, our partners in the deal, want to talk to that team and say, "All right, give me visibility to actually hold”— I'm like a big KPI guy. We hold our people to like — there's all these adjustments in the market. I want our partners to hold us accountable for what we ask them to believe in. And so, we have that dialogue even when companies aren't going well.

Nicole Drapkin

You're going to hear from our underwriting team in a second, but this really is the value of incumbency and the value of the agency position, it's the direct dialogue, the direct dialogue with the management team. Oftentimes, especially with a lot of these businesses where there may be a partial syndicated deal, we're doing pre-calls with the management team to kind of prep them for their kind of broader lender calls and to the value that incumbency and to be able to control the dialogue, I think, is incredibly important, really helps our credit decisions in many ways.

Okay. So, 2023, obviously a little bit of expansion of the deal environment or at least it feels that way potentially to us. What are you most bullish about for the rest of the year? On the deal front?

James Bonetti

I'll draw out mine. I mean, the last 10 years as an investor, like capital has gotten a bit commoditized if we're honest with kind of what the world looks like. And we've been investing defensively for the last many years and probably investing defensively a little bit too early to be candid. But now we're finally there, right? You can kind of see the cracks, you can feel the economy slowing, rates are a real headwind. Dave made a great point, right? There's been a whole bunch of pretenders out there who have been making money, not doing a lot, just arbing capital structure and getting multiple expansion along the way.

That's not for our DNA, that's not the best market environment for us. This finally feels like there's real opportunities where our capital is meaningful, and we can create real excess returns in a market environment like this. From a capital structure perspective, we don't need the last dollar of leverage to make things work here. You never count on multiple expansion on the way out, but we know we're going to be buying at kind of more mid-cycle or better multiples. This is, honestly, we think, one of the best times to be an investor in private equity. And so, then it's just really a question of do you have access to the capital, and this all goes back to this entire conversation. We've been focusing on trying to build relationships for the last 10 years and not being nitpicky about little things to really develop meaningful relationships so we can be on our front foot in a market like this.

So, for us, we kind of see this year, next 12, 18, 24 months being a great time to get capital into the ground. We think the syndicated markets have a lot of headwinds ahead. I think ratings are a massive issue. Any industry that is fully structured around ratings, which are third parties making decisions around the creditworthiness of your business and probably not quite as steeped in and knowledge around some of the industries as our direct investors. We think that market is going to be choppy and be windows driven. And so, we kind of feel like this next period in front of us is an opportunity to get capital to work and it's probably going to be primarily the debt cap is probably primarily coming from direct lenders. But we're pretty bullish on the opportunity to invest.

Carolyn Wintner

Yes. And I'd echo that. And what I'd say we're particularly bullish is on add-on opportunities for our portfolio companies just because with multiples coming down particularly add-ons typically are smaller, so may be held by a family or not a formal institution. And so having those holders of assets having seen the market dislocate, just they're willing to transact and accept an offer at a more reasonable price, we've just seen much more willingness to transact despite the market uncertainty. So, we're pretty bullish for the portfolio. Our portfolio has been highly acquisitive in the last two quarters, and we expect it to be. On new large LBOs, we haven't seen too many that really get us excited to deploy that amount of capital. But I agree with Jim. I think the market opportunity is coming. And now that rates are settling, I think I do think the market is sort of settling on a price, we're going to see some attractive opportunities.

David Musicant

Yes. I do think there's still a bid offer, and I can give you some statistics. But if you think about from $20 — so I think we all concentrated kind of over $50 million. So, I mean you might do some more buy and build a little bit, but say $50 million as — but deal flow from '21 to '22 of books that we saw went from 454 to 269 in the year, so obviously down pretty substantially from Q1 to Q1 this year was down 72%. So, I think it's quieter. I think you have better assets that can sell. I'll let you know we have a company that these are due yesterday, but I haven't been in the office yet to see, and it's a business that has secular tailwinds versus kind of economic uncertainty.

But I do think that bid offer spread of where people thought their businesses were worth, where people want to buy things because I think we're right, we'd probably all be net buyers in the next year because we think it's a good opportunity. And when you think about where debt capital is, prices have to come down, but there's an interesting phenomenon.

People are — and congratulations to GTCR, who just had a really great fundraising close. It just got announced, which was up, which is unbelievably awesome in this market. And so, congrats, but the fundraising environment is hard. And if you look at how much is deployed and some of the challenges of rising interest rates, people haven't returned money. LPs will not give you money if you haven't returned money. So, I think that plus the new normalization of like reality of like what the bid offers really will come together. I think you're going to start seeing the back half of this year really high. We track banks that are hired and that number for processes that haven't launched it is really starting to move up.

James Bonetti

One point we didn't touch on the public markets. There's for many years, last many years, valuations markets have been overpaying for growth candidly for the last many years. And we're finally seeing some real pressure in the public markets, and that's kind of an ideal environment where you see the real carve-outs which tend to be really attractive because not everybody can do them. They are a lot of sweat equity to be candid.

But I think there's going to be a lot of pressure inside public boardrooms, right? We're definitely going into — we can talk about how deep you think the recession is, but there's definitely going to be an earnings recession going on because of all the pressure from whether it's labor or interest expense and other things. So, people are going to have to — boardrooms are going to have to make on what's a strategic asset, what's not. And I think that's going to — and just candidly, stock prices, there's a lot of — going to be a lot of interesting take private opportunities.

But that comes out of this type of market environment. So that's something we haven't really seen in the last 5 to 10 years.

Nicole Drapkin

Okay. Great. And we'll open it up to any questions from the room.

Craig Packer

Jim, you talked about the rating agencies and that's something you and I have talked about a bunch. Can you maybe just spend another minute? I'm not sure this audience really understands why you would be focused on that, just tease that out a little bit.

James Bonetti

Sure. So, for broadly syndicated transactions, they all need credit ratings because the CLOs are probably depending on the year, 2/3 to 3/4 of the buying capacity in the market. And those are all structured around ratings, right? And so, they're very focused on what is kind of the return profile they're getting for a rating profile.

And so S&P and Moody's being the two primary rating agencies. And for years, private equity firms have been kind of — if you're trying to maximize leverage kind of the minimum rating that's acceptable to a CLO is a B3, B- rating. And all the rating agencies, they're divided by sectors, and they cover all of our companies. And we're trying to solve for like what's the right place to land the leverage in order to be able to kind of achieve those ratings and maintain those ratings. And I think what ends up happening is the agencies are not as sharp in their underwriting as a direct lender would be. And they also only have downside, right? So, if markets feel like they're headed the wrong way, we've seen times where we get phone calls from the rating agencies where they say, "Hey, we're going to downgrade you." And we said, "nothing's changed in our performance." And they said, "well, we just have a view on the sector. We're nervous about the sector." And, if we get downgraded from that B3, B-, we basically lose access to capital. Once you're at a negative outlook or even worse a downgrade into a CCC space, the CLOs effectively get frozen out of buying your paper, there are all kinds of other implications which we don't need to go through.

But that can really — if you have a performing company and you lose access to the capital markets, and especially for us, we rely a lot on ongoing M&A. So, getting frozen out of accessing the markets is a really major issue for us. And it's really difficult to be candid, to talk to the agencies and try to convince them to do anything or make a different decision than they're deciding to make, it's not a relationship. It's a service provider who only really has got downside if they have the ratings wrong in their opinion.

So, for us, like that rating is a real liability. And just for context for this group, right now, B3 issuers, if you look at true B3s that were underwritten over the last several years, probably 2/3 of them, will they'll be basically barely covering interest at the end of this year, which basically leaves all the rating agencies in a very difficult position.

And so, you're going to see a big wave of downgrades come through. And that's going to shut out a lot of people from the public markets pretty quickly. So, I don't know if that answers the question, but it's a real consideration.

David Musicant

If you want to hear a funny anecdote about the agencies, I spent a ton talking with the agencies. So, in this deal, the chainsaw company, so we transformed this – it was a public company – we transformed this business, take out tons of costs and really made it better. So, we were going to do a dividend. We did an all First Lien deal because we didn't want to be capital constraint, and we want to go do a dividend, and we had such good reception that we could upsize the dividend. And they said — so we went to agencies, it was a B2 at the time, and we said we can upsize this — they said, "alright we're going to downgrade you," we said, "okay, we won't do the upsize." And they said, "Well, your intent was to do the upsize." I said, "No, my intent is to keep the ratings the same, " And they said, "But your just calling us means that you intended to do a bigger dividend. " I said, "that's not true." So, I said, "we're not going to do the upsize."
They said, "we're still going to downgrade you." So we ended up doing the upsize but we had no choice, but so I spend an inordinate amount of time with these people. Have you guys been called by their — yes, I know this is like on tape. So, I don't know who's getting this tape. So, I'll just let Jim like hang out there.

James Bonetti

You did say you had mommy issues. I just want to make sure we got that.

David Musicant

She knows. So, they have these like business relationship development people, right? And so, I have this bizarre call with them, right? So, I'm like if you think about it, so I'll just give you — we all know each other like extremely well. Charlesbank was one of the first people I covered when I started the middle market sponsor business. But you guys do a bunch of add-ons, right? There's likely a tracker. We do a bunch of carve-outs. And we have unbelievable data of adjustment realizations. And so I asked them, I said, how do you think about sponsors when you think about, well, I call it like real EBITDA and fake EBITDA like of realizing adjustments, like there's some that are really good at it, there's some that are really poor at it. They're like, we don't know. I'm like you don't have any detail, like your realization of acquisition synergies is probably unbelievably different than most people.

And then the other thing that we do is I have this like, rating agency deck on every company, and we go every 6 months and I call it a comp company analysis. So, think about Learning Care Group, right?

There's drivers in Learning Care Group. One is employment.

So, someone that covers the staffing businesses and how their macro-outlook on the labor market versus just this person who you said they weren't as smartest lenders. I'm not going to say that on camera. But who's covering education, those people don't talk and so every company, we have a comp, so before we go to the agencies, I ask them to get their rating agency view. So, we own the largest distributor of replacement truck parts and service centers. And there's a view of their — and this is different. Like that's an industrial analyst. There's a transportation and logistics analyst that talks about trucking miles and they have a view of that. And then there's a person that talks about the outlook for truck manufacturing, Class A trucks and age of trucks. Those people don't talk, but they will opine on our business. And if they're very bullish on like the aging of the truck fleet or miles driven, that should be unbelievably positive for ours, and we force them to have that conversation in their eyes spin when we ask them to do that.

Casey Alexander – Compass Point Research & Trading LLC

For Jim, you said that this is one of the best times — you said this is one of the best times to be an investor in PE deals. But the off-tail criticism of private equity is that to a hammer, everything looks like a nail, that it's always one of the best times to me. And every panel I've been on that has been a comment, how would you respond to that criticism?

And then for David. Has there ever been a lender's “no” that was so compelling, it caused you to back off or rethink a deal?

James Bonetti

So, I'll answer that. I'm sure a lot of people say a lot of different things. I think from our perspective, we viewed the investing environment over the last several years as just a much more difficult environment to deploy capital. And our deployment had slowed down during kind of the higher markets because we didn't view some of the multiples, the entry multiples as sustainable over the long term. And so, what does it take?

We were still deploying capital. But what it takes to make a model work if you assume that you're going to have multiple compression on the exit, you add in increasing interest rates, the things that you need to assume and the certainty you need to have around those assumptions goes way up. And so, it was a difficult time to get capital to work.

And I think my comment is purely that we see an environment where cost of capital is way up. We see multiples in the public markets coming down, that usually is in front of private multiples. Sometimes it's months, sometimes it takes more than 12 months to get there, but we're anticipating multiples to come down in light of some of this. And capital is less successful, right? I mean, if you look in the last many years, we've had a bunch of companies that are being funded by growth style investors that actually can't turn a profit and generate cash flow. That's not natural. In most environments, if you can't turn a profit or generate cash flow over time, it's probably not a reason for you to be in business, but you can name many companies over the last 10 years that have been continually sustained by just a rush of capital that's happy to support future growth initiatives, which are top line growth but not at profitability.

And that's just not a natural environment. I don't think for the long term. And so that's what kind of drives our opinion that this is a good time to put in capital to grow.

David Musicant

So, have we ever changed? There's always someone that – the majority of people say no, right? Or half say no, half say, yes, or it just doesn't fit their model. So, I don't think we've ever said we're going to buy this company and this person had this insight into it. So, it's going to tell us not to do the deal. How lenders view risk and specific to the company might price us out of the deal, right, there could be a bid offer of what we're willing to pay and what someone's willing to sell and where credit views are could make it uneconomical for us to do. But we're doing one, they're not in this deal. It's a chemical company where we have a take private. Where we were from a coverage perspective when we bought the company, where we would have to reset leverage and how much equity we have to buy and how they think about, what this means for the overall path of the company, like price us out of taking this company private.

So, I would say it's a component of it, but it's not the absolute determinant if we're going to do the deal or not, to no. But the why in the no is super important to us.

Carolyn Wintner

Yes. What I would add to that is, particularly if a lender we work with a lot, have a great relationship with, is an incumbent on something we're bidding on. And their read or leverage support for that is off market or below market. That's going to tell us something. So, we will listen and learn to that, and it may change how we bid, but I would agree once you're down the path, there is financing available, but you do learn a lot.

David Musicant

But it is amazing, which you'll see, there's a situation I'm going back six months where there's two companies kind of Coke and Pepsi in a consolidated industry. And the junior capital on one was basically talking because he wanted to get taken out. And then when I looked at what his view was on the comparable company was like, oh, so yes, I know you're very bullish on the one that you're in because you want to get your money back. But your view on the bigger company is kind of like a little bit more pedestrian. So, it's like, oh, see, you basically don't like the business.

So, there's a lot of insight that you can get from these conversations with lenders. And also, they live with these companies forever like talking to people that have been at the company — we looked at a deal together, which we had a handshake on and the founder and it's in ORCC, did not transact with us.

We were not the only one he dated, but whatever — but we had a handshake and — but like that insight of like you've been in that credit for how long?

Nicole Drapkin

Seven years?

David Musicant

Seven years. So, we end up buying a smaller company in the space. So that's kind of the intellectual capital that you get from people that have been steeped in an industry and have seen like going through cycles is like so unbelievably helpful.

James Bonetti

Yes. I mean a really great direct lender is like a whole separate line of diligence happening simultaneous to us during our diligence. I mean we like lenders who push us hard, right? Because we can't answer a lender's question then like how we're going to answer the question in front of an investment committee or in front of our LPs. So, there's just so much insight that comes out of great lenders. The person who just says yes or no, quickly. That's not valuable to us, we'd rather be pushed on the diligence front from people who have many years of industry experience.

David Musicant

And what you guys all should be thinking about, and this is my ORCC commercial, sorry. I don't know if I'm allowed to do that. Because I do a ton of reference. I'm sure we'll do a ton of reference calls. I'm an investor in Blue Owl and a bunch of different things personally. And you always have to just push yourself to understand who has credit judgment, but who's playing the game of positive selection?

So, we have a saying inside our firm, which is you need to buy the companies you want to buy, not by the companies you can buy and there's a lot of lenders out there.

And there's one big credit firm out there that we haven't done business with, I said to the main partner. I'm like you should never do a deal with me. And he's like, why? Because that means like the other 10 said, no, right? So that's a game of negative selection. So you should push them on why investing with them is a game of positive selection because of the relationships they have with the sponsors and the insight that they have in sectors.

Nicole Drapkin

I think we're going to take one more.

Robert Dodd – Raymond James & Associates

It's Robert Dodd, from Raymond James. There's a lot of talk about all the dry powder in the private equity industry, but how much of that is locked up, so to speak in new investments versus actually in the funds where you already have a portfolio of companies that might struggle more over the next year? I mean how much capital is actually available to support versus new acquisitions?

Carolyn Wintner

I mean I think it depends very specifically on the sponsor and the fund. But I would say I would expect the sponsors that Blue Owl is working with. Those sponsors are very focused on reserves and capital available to support portfolio companies. And I would imagine— I know you're going to add.

Nicole Drapkin

It's a very big part of our diligence on the upfront investment set up, not only understanding the thesis around the particular investment but understanding what the dry powder reserve remaining is in any particular vehicle that they're investing out of not only to support potential problems, but also just support a thesis, which, in many cases, is going to be one that's going to be acquisition-driven.

And so, understanding that liquidity reserve is incredibly important for us as well in the setup.

Carolyn Wintner

Yes. And I would say just when we make an investment, we allocate reserves in the fund for the investment. And that's the typical diligence question that we talk about and manage over the life of an investment.

David Musicant

I'm sorry, I'm so comfortable on this whole Blue Owl promotion thing. So, we keep 10% to 15% of our fund for excess capital. The other thing that Blue Owl now has, which is there's other ways to access capital in the funds. So, our latest fund is a $7 billion fund. We've probably returned $3 billion. We have $4 billion still invested, that's marked at like $9 billion in like 10 different companies. There's like NAV loans that they can do.

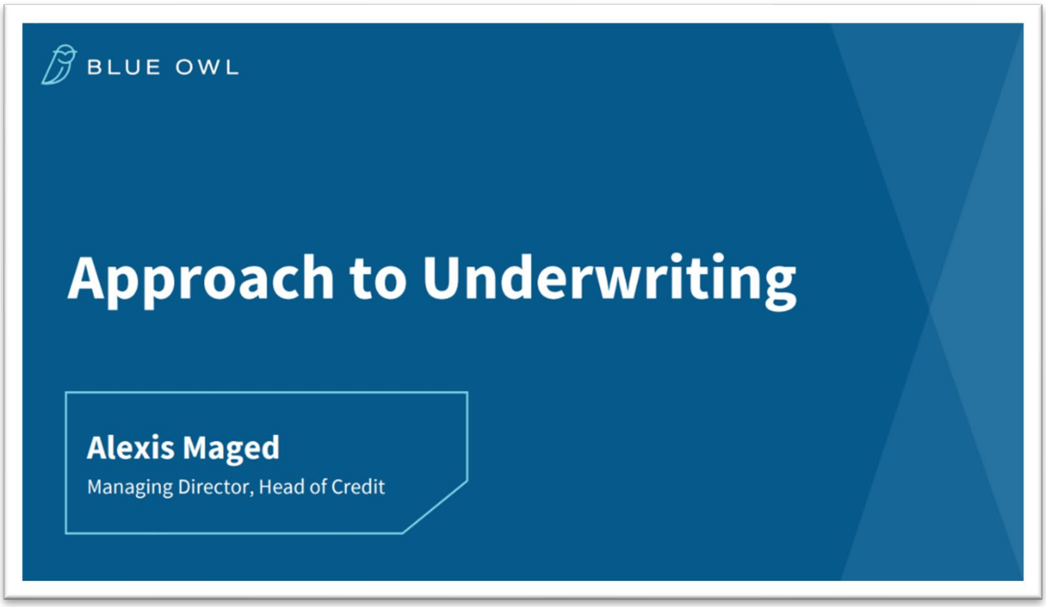
So, the more critical thing— it's not a linear answer, but when you think about who's your credit — who are you doing diligence on the credit, then you look at the sponsor, do they have excess capital? And then the familiarity we have in the portfolio, they understand our portfolio. And so, if we need an extra $200 million that's going to be secured by $5 billion of capital, they actually have access to that. So, as they're building out their business, not just direct lending, but liquid credit and fund NAV credit, they're actually becoming a bigger one-stop strategic solution to sponsors.

Carolyn Wintner

On that note, thank you very much, and we're going to take a short break before starting again at 11:15.

Approach to Underwriting

Alexis Maged – Managing Director, Head of Credit
Meenal Mehta – Managing Director, Co-Head of Diversified Underwriting
Jeff Walwyn – Managing Director, Co-Head of Underwriting
Luna McKeon – Principal, Head of Healthcare Underwriting
Adam Casella – Principal, Head of Financials and Insurance Underwriting

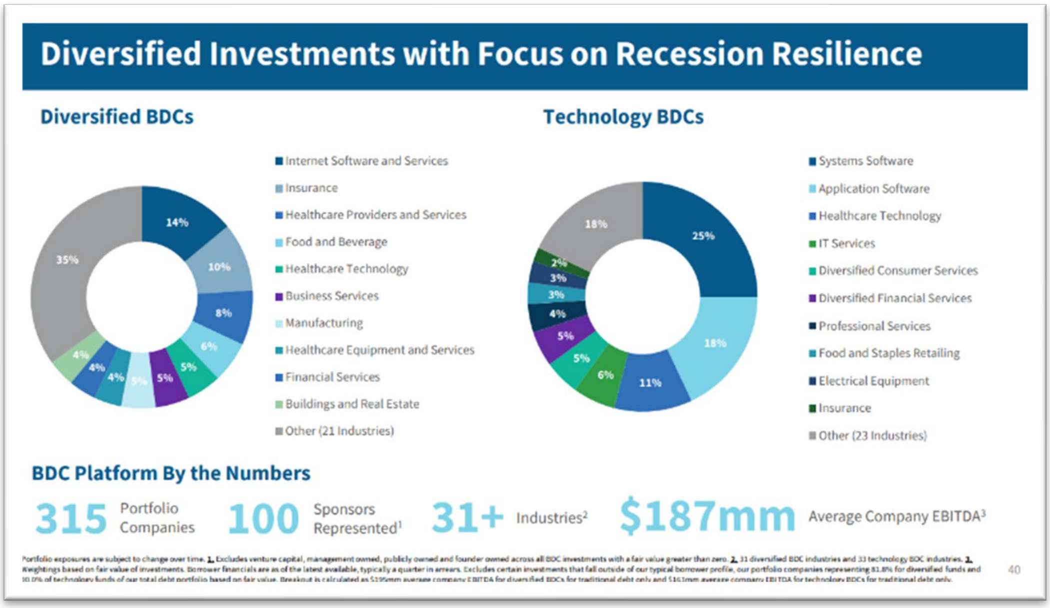


Alexis Maged

Good morning, and thank you for coming. We are a scaled direct lender with an investment team of over 100 people. We have a dozen originators. We have 75 underwriters aligned by industry focus and domain expertise, including technology, where teams are aligned by subvertical domains, including cybersecurity and PayTech, and you'll hear more about tech a little later, healthcare, food and beverage, et cetera. And 15 or so are focused on portfolio management and workouts. The underwriters are overseen by a very senior leadership team.

Jeff and Meenal are co-heads of underwriting for our diversified strategy. Jon ten Oever is responsible for our technology business. Before joining Owl Rock, Jeff was a senior analyst at Guggenheim and Apollo. Meenal spent 18 years at Antares, where she oversaw their underwriting team. And JT Oever joined from Goldman, where he oversaw the leverage finance, TMT and healthcare businesses.

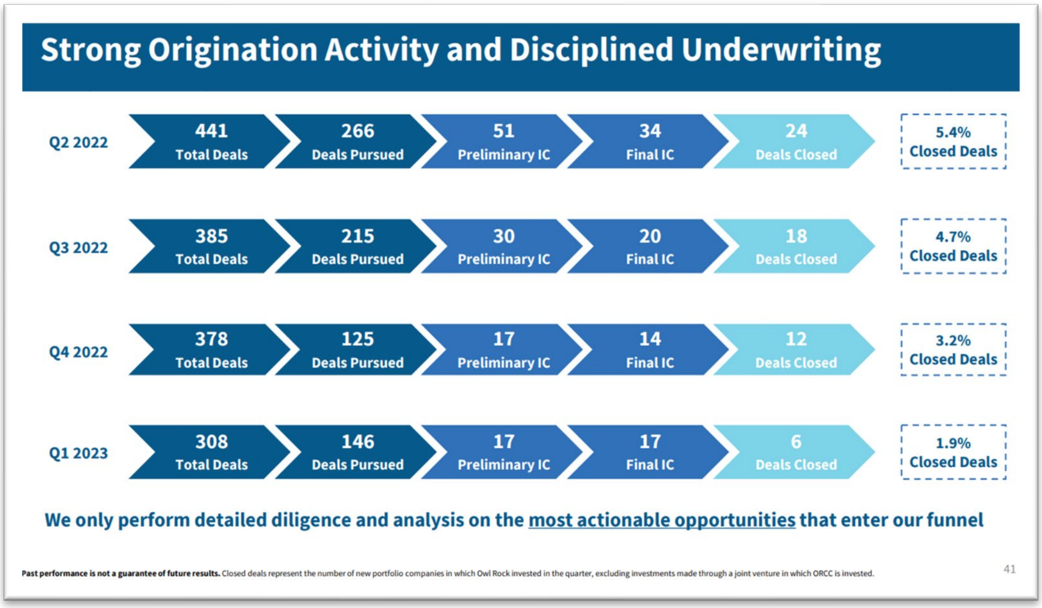
It was really important to Craig and me when we set about building the team to have a senior layer like these three. They were handpicked, are very experienced, and I believe this is a level of seniority, expertise and investment in leadership that our peers have not made. They give our investment committee significant comfort that sound and thorough diligence and documentation negotiation is taking place in a consistent way across the portfolio. They interact daily with the investment teams in all manner of company diligence, transaction structure and documentation negotiation, prep for IC as well as post-closing portfolio management.



We focus primarily on sponsor-backed investments and institutional quality founder-controlled businesses. The portfolio is highly diversified and as a byproduct of our investment philosophy skews defensive. We like really large companies, frankly, above the middle market, which is usually defined as $20 million to $100 million in EBITDA. The average EBITDA of ORCC is close to $200 million. I think you will find this to be well above the averages of even our largest peers.

We see companies that have stable operating histories, have no or low cyclical exposure. We never are trying to time a market and have only modest exposure to commodities and raw material inputs. We try and avoid any kind of concentration, product, customer, region, et cetera, and we don't want anything which has meaningful regulatory risk. Basically, nothing that can cause any kind of step function, adverse impact on the business. I believe this is why we have had very high recoveries in the few instances where we have had a problem investment.

So, as you can see, with the largest slices of the pie chart being software, insurance, food and beverage, distribution, parts of healthcare, et cetera, as a direct result of this underwriting framework, the portfolio skews meaningfully more defensive than the broader market, and I believe the portfolios of our largest competitors. And I would like to point out that our approach to credit selection hasn't changed since we started investing. We haven't had to pivot for COVID or because there may have been a change in the broader economy.

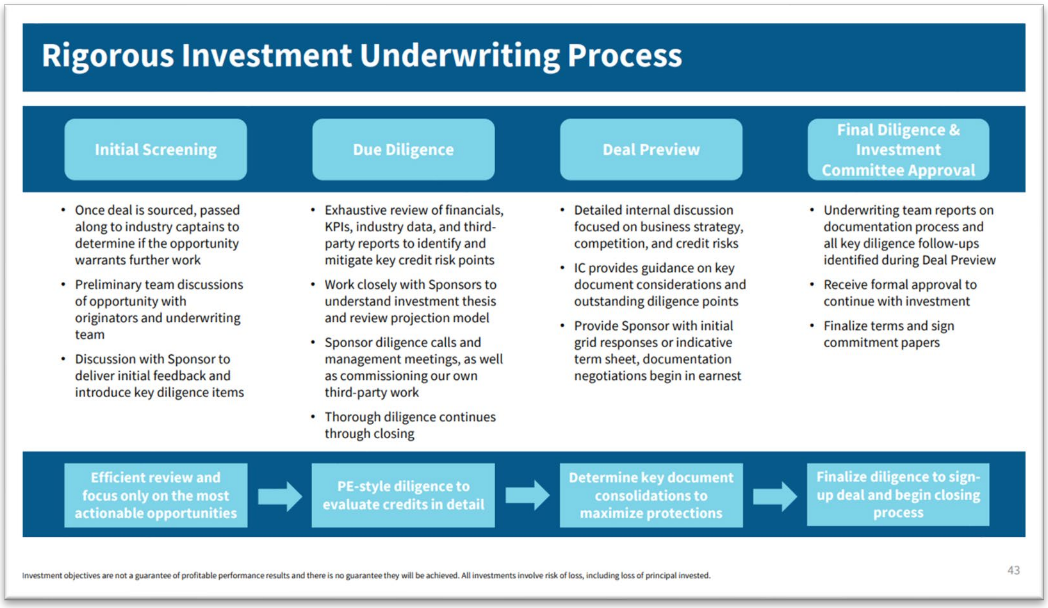


I know that you might want to gloss over a funnel slide. Everybody shows a very curated funnel. What I want to call your attention to is not the percentage of deals we closed on or rather the small percentage of deals that actually even make it to IC, it's less than 10%. We have made a very significant investment in origination because we want to see a lot of deals. Our job is just to cherry pick the very best ones. The implication of the sharp narrowing of the funnel is that our originators and industry heads are actively weeding out deals very early in the process that they know just aren't going to be a good fit for us. Almost as important, and you've heard this before, to a sponsor as a yes is a quick no. We don't want to waste their time and we don't want to waste our time.

This is a differentiated approach versus other lenders, especially at smaller platforms where they are going to be more inclined to look at everything that they may get called on.

We are one team. Originators are generalists. As I mentioned before, they are empowered to self-screen their deals. Once they think an opportunity may have merit, they are paired with the industry expert for that business plus generally two junior investment professionals. The team then owns the deal from screening through underwriting, IC, closing and portfolio management. There is no handing off a deal. There's full alignment. No one's getting paid by how many deals they originate or what percentage of the portfolio is theirs. It's entirely the same process for everyone on the investment team, and it's based on the overall success of the fund.

I'd like to emphasize our underwriters have a real voice. When we set up the business, we knew we needed to attract quality underwriters, and they are empowered to have a view. So, in sum, our large team of originators drive meaningful deal flow and our underwriters are largely working on actionable new investment opportunities and portfolio management of our existing deals.

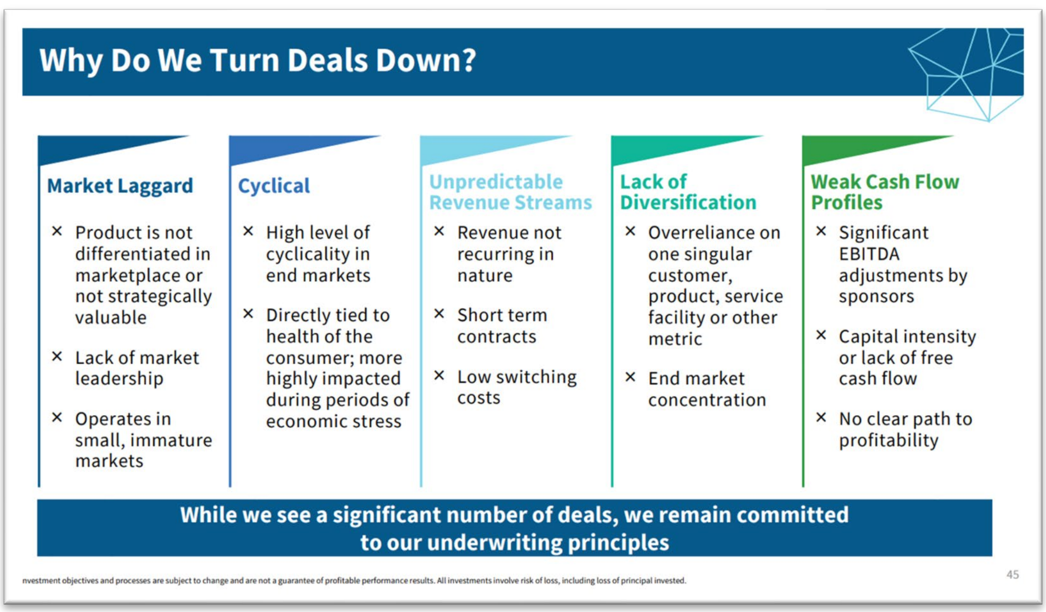


This is a very busy page. The point is that we have a very rigorous underwriting process. We like to lead our deals and be admin agent. We do rigorous private side diligence, obviously, completely differently than the BSL, which only uses publicly available information, but also differentiated from other smaller direct lenders. We take weeks or, in many cases, months to diligent an investment opportunity. It is important to understand that not all lenders in the club deal get the same diligence access. Smaller lenders to the right do not get the same access that we do.

We are not leveraging someone else's work. We have access to the sponsor's deal teams, company management, all third-party work and any other diligence we deem necessary. If we need to commission our own QV, we'll do that. We certainly get detailed legal and accounting diligence, and we have even commissioned our own surveys to get our own understanding of a given market or product.

For example, on a food and beverage transaction, the deal team commissioned a survey to better understand consumer preferences and consumption trends. We surveyed 517 qualified respondents and included 62 questions to help inform our independent view. Because of the large funnel that I mentioned previously, we are not beholden to any particular opportunity. We make investment decisions based on our underwriting work and not because we are worried where the next call will come from.

So, I have touched on these themes already, but if I can leave you with anything that reflects our approach to credit and underwriting, it's this page. We like large companies that are low volume and have low or no cyclicality. Our portfolio companies demonstrate strong competitive positioning and generally should be in markets where they enjoy meaningful barriers to entry. We like large companies because in addition to not having concentration risks, they have multiple ways out. They can sell assets. And if it comes to it, there's almost always a strategic bid from a larger competitor. It's hard to find too many $200 million EBITDA businesses that disappear. It's very easy to find $15 million to $20 million EBITDA businesses that have disappeared.

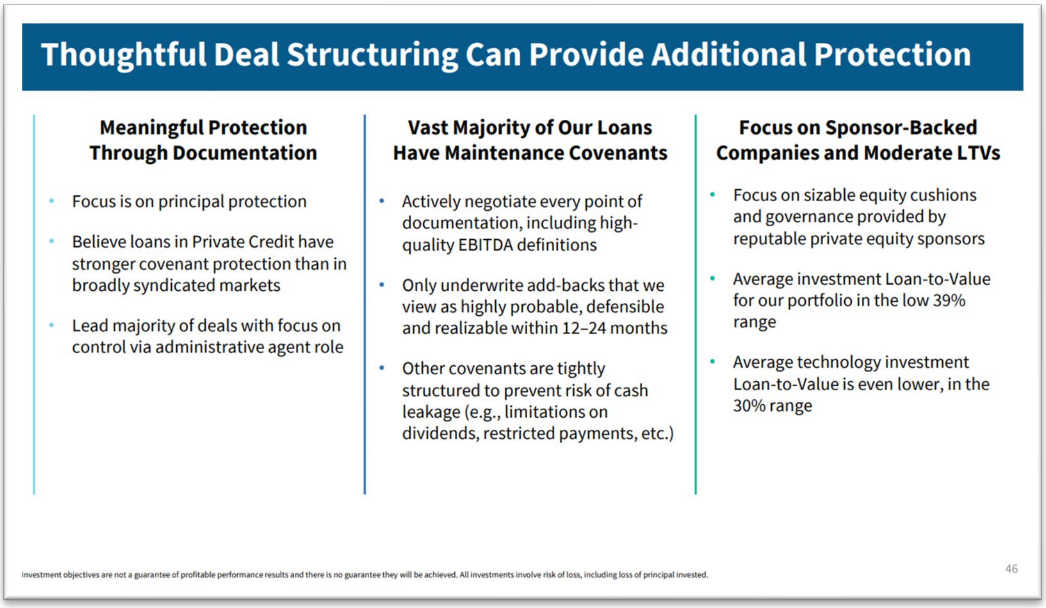


I could spend all day talking about why we turn deals down. I have already touched on many of the themes discussed here but let me highlight a few that haven't been covered. We like businesses with predictable recurring revenues. We are very cautious on businesses that have any retail exposure or are tied directly to the health of the consumer. It doesn't mean we won't do any, but the bar is very high.

Similarly, we generally avoid businesses that are particularly capital intensive, are turnaround stories or don't have good quality of earnings. What I mean by that is we are hyper-focused on the quality of EBITDA and the level of adjustments. You can't pay interest with adjustments. Someone told me.

If you were to look at any of our credit memos, you would see both the sponsor EBITDA and our own view of EBITDA as well, giving credit or not to the various suggested adjustments, and we make our investment decisions off of our number.

And that's not enough. You have to then be able to negotiate the EBITDA definition in the credit documentation to match how you underwrote it. And lastly, we also have our teams every quarter, post-closing, go back and do a reconciliation of EBITDA to see if the company is actually earning into the adjustments that they had indicated.



So, we are recovery focused in our underwriting. What that means is that we need to get our money back. Generally, the best we will do on any investment is par plus accrued. No one deal in the portfolio will subsidize another. So, when something goes wrong and, occasionally, they do, we need to be getting back par or very close to it. We do that through asset selection. First and foremost, we want to invest in good companies and then through highly negotiated credit documentation and active ongoing portfolio management.

Individual lenders in the syndicated market own small pieces of large loans and generally don't have the clout to negotiate high credit documents. They essentially risk manage by selling the loan if something goes wrong with a credit. We don't have that luxury. We hold large illiquid investments. So, credit documentation is critically important to us. We actively negotiate our credit docs with a strong focus on protecting against impairment.

We prevent the movement of assets around, restrict cash or asset leakage by restricting dividends, restricted payments, et cetera. And importantly, we like our deals to be well capitalized. ORCC is below 50% LTV. This compares very favorably to the broader market where you can regularly see meaningfully higher LTVs.

We believe, over time, you will see that our recoveries for problem credits are much higher than those typical in the industry. Given the quality of the businesses and the low LTVs, and you'll see more detail on this when Brian Finkelstein speaks later, you'll see that we think our platform will have higher-than-average recoveries.

Focus on Companies With Annuity-Like Revenue Characteristics

Portfolio Company	Industry	Company Description	Customer Retention	Predictable Revenues	Non-Cyclical
Associa	Building and Real Estate	Provider of outsourced residential community management services	✓	✓	✓
pcf	Insurance	Regional P&C insurance broker	✓	✓	✓
TROON	Leisure and Entertainment	Outsourced golf facility management company	✓	✓	✓
inovalon	Healthcare Technology	Provider of cloud-based platforms for healthcare industry	✓	✓	✓
ENDRIES	Distribution	Full-service provider of industrial fasteners and parts to OEMs	✓	✓	✓
SONNY'S	Manufacturing	Provider of equipment and supplies to conveyor car wash operators	✓	✓	✓
pci	Healthcare Equipment and Services	Integrated pharmaceutical supply chain provider	✓	✓	✓
Adenza	Financial Services	Provider of regulatory reporting software to the financial services end market	✓	✓	✓
HORIZON	Household Products	Regional provider of HVAC, plumbing and electrical services to single family homes	✓	✓	✓
GLG	Professional Services	Provider of subscription-based, tech-enabled global expert network services	✓	✓	✓

Select deals based on investment size and industry. Deals not listed may have performed better or worse than those shown.

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If I could give you one characteristic that describes the type of investments we like to make is that we like to lend the companies with annuity-like revenue streams, especially for our larger investments. That is probably most obvious to you in the software space, which Erik will talk about later. But we find annuity-like revenue streams in lots of areas that might not seem obvious.

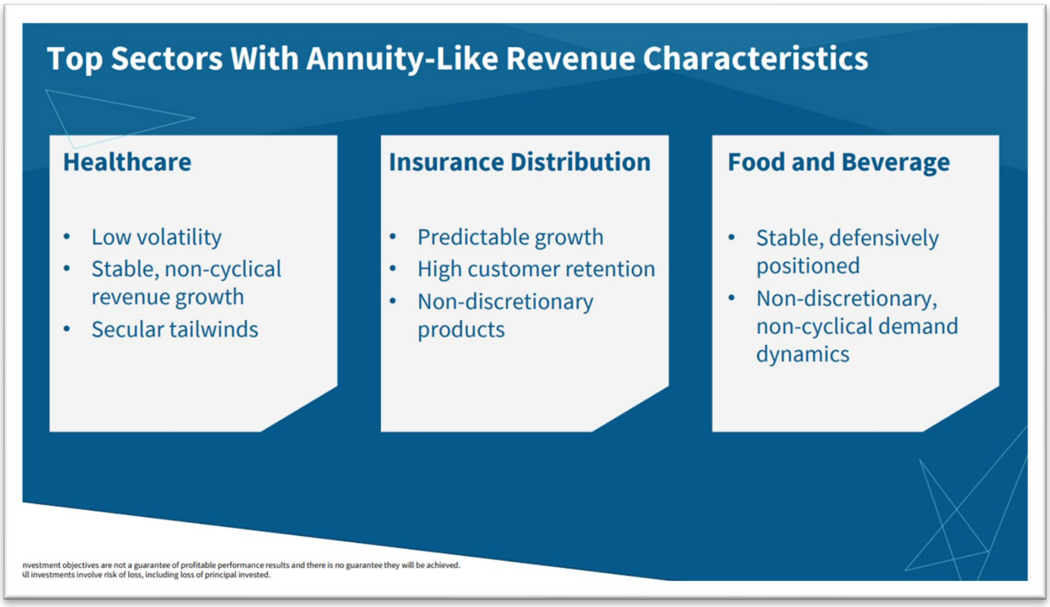
I just want to highlight that oftentimes given the simplistic nature of industry classifications, the industry and the brief business description do not allow you to really appreciate the annuity-like revenue stream of the underlying companies. So let me give you some examples.

Associa, in our list of investments, it shows up under Buildings and Real Estate. Most people would interpret that to be a volatile cyclical market, but Associa is a highly recurring revenue business. They provide outsourced management of homeowner associations. They get a very regular fee to do fundamental tours around the HOA. Things like overseeing landscaping and collections, et cetera. It's a very stable annuity-type business where they have 80% revenue visibility year-to-year.

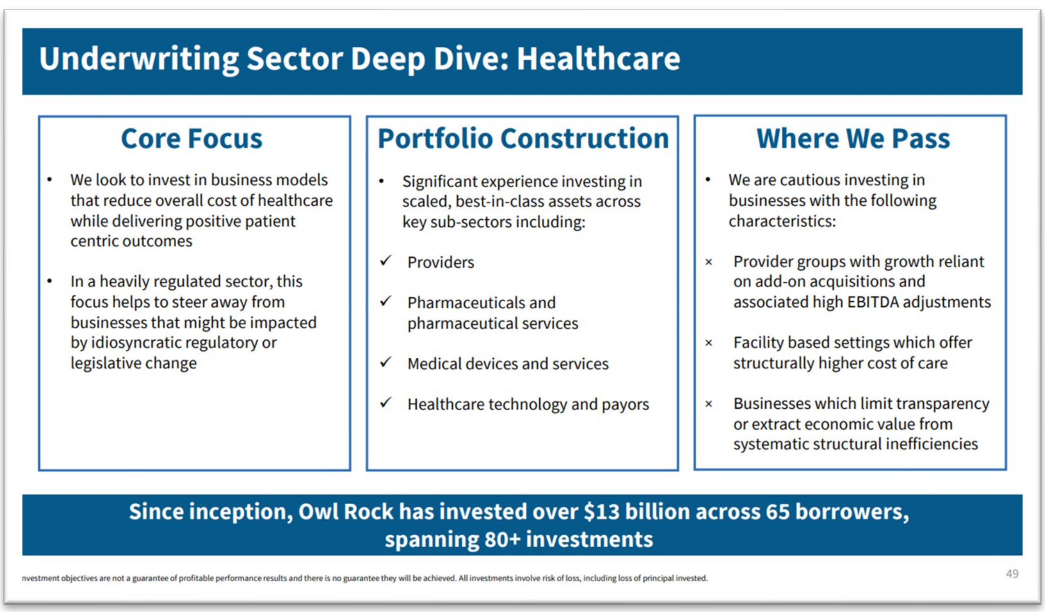
TROON, one of our longest investments, provides outsourced golf course management. It may also seem somewhat volatile, consumer, it's not. They get paid effectively a flat fee for operating the golf course and also have over 80% revenue visibility year-to-year.

Then I'd like to highlight SONNY'S, which shows up in Manufacturing. This may be perceived as cyclical, but it's a very stable razor blade-type business. They provide equipment for the building out of conveyor carwashes. But really, they're supplying the ongoing chemicals and disposables and ongoing parts and servicing.

And lastly, HORIZON, which shows up under Household Products, is a very scaled HVAC business. It's basically acyclical.



So, I will now turn it over to several of my colleagues to give you a deep dive on some of our larger sectors, including Healthcare, Insurance Distribution and Food and Beverage. And with that, I'll turn it over to Luna McKeon, who runs our Healthcare industry underwriting.



Luna McKeon

Thanks, Alexis. Healthcare is a large and attractive industry for debt investments due to it's non-cyclical nature coupled with secular tailwinds. To give you a sense of size, the U.S. healthcare spend topped 18.3% of GDP and $4.3 trillion in 2021. Healthcare companies span a wide range of subsectors, but all operate in a highly complex and regulated ecosystem. The complexity of healthcare makes it really important to have a fully dedicated team that understands the nuances of the various subsectors and how they're impacted by changing reimbursement, legislative or regulatory framework.

Because regulatory change is a key risk when investing in healthcare, our thesis is to invest in healthcare companies that reduce overall costs, expense access, while delivering positive patient-centric outcomes. This guides us in investing in durable business models that are not beneficiaries of outsized profit margins and those with staying power in a changing environment.

You might be thinking that really sounded like every business in healthcare. So let me walk you through an example. To pick a common area for private equity investments such as physical therapy within physician practice management, from a high level, there's a lot to like. Physical therapy is preventative in nature, and it's a much lower cost when compared to alternatives such as pain management related surgery. Physical therapy also lends itself very well to value-based arrangements. For example, it is often bundled with knee surgery and has been shown to improve overall outcomes. That is all to say, we really like physical therapy. But even in subsectors we like, we're very selective when we're thinking about making an actual investment.

To give you a sense of what we focus on, one of the key diligence areas, as Alexis already touched on, is the quality of EBITDA. This is especially important not only for physical therapy, but all physician management. And this is because the growth strategy often rests on add-on acquisitions or de novo newbuild. This type of growth strategy translates to a marketing EBITDA that often includes add-backs that are pro forma maturity adjustments, which is a forward assumption of future EBITDA two to three years from now rather than what cash is available today.

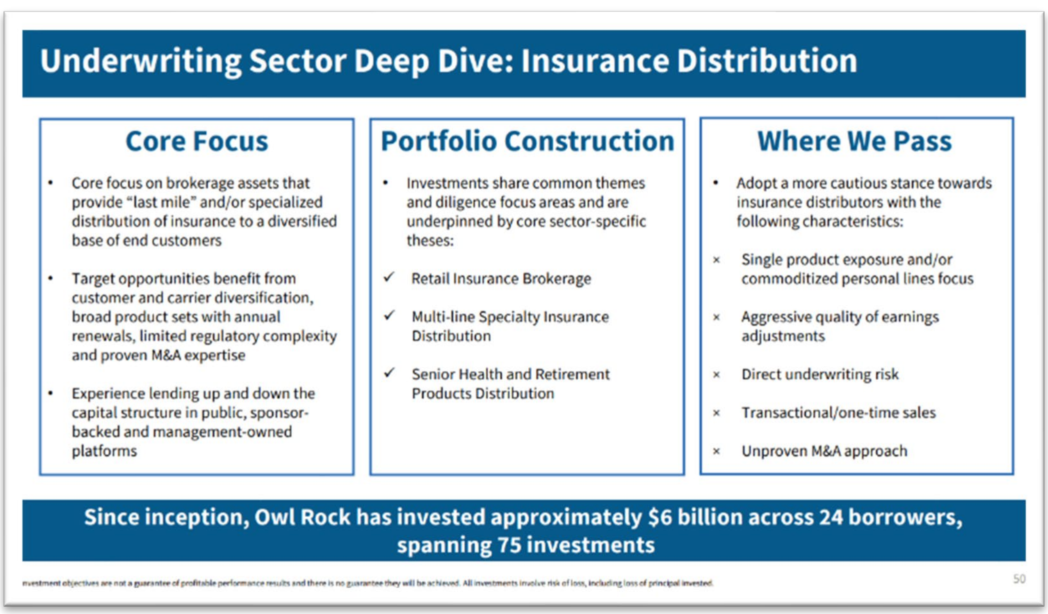
Marketing EBITDA also tends to include typically considered nonrecurring, but cash add-backs such as start-up losses, M&A costs and integration costs. We view these adjustments as reoccurring if the growth strategy relies on M&A. This means when we propose debt structures for these companies, we're stripping EBITDA down to the Owl Rock number, and we are applying a debt multiple to our EBITDA, which often leads to a lower debt quantum than what might be available in the market.

This is one of the main reasons why we don't have any physical therapy investments today and only five physician practice management investments in our portfolio, despite there being over 2,000 completed private equity buyouts over the past few years in physician practice management alone.

Another key criteria we look for is diversification. This means diversification in office locations, number of physicians, payer mix as well as CPT codes. This focus on diversification means we're selecting really scaled players who are best-in-class and thus much more insulated from changes in reimbursement in a single market or labor challenges locally.

And lastly, we always identify a normalized outsized reimbursement arrangement. In the case of physical therapy, this is often workers' compensation. We're able to identify these pockets of profitability because we have a fully dedicated team with subsector focus. And our platform enables us to see a very large number of transactions, which powers our internal health care data set so we can benchmark new transactions in each subsector.

I hope that gives you a flavor of how we think about investing in healthcare. Now, Adam Casella will discuss our approach on investing insurance.



Adam Casella

Thank you, Luna. I will now spend a few minutes on our investing efforts in the insurance sector, which is one of a few areas within the broader financial space where we specialize.

Insurance is a large sector that impacts almost all businesses and consumers regularly. Last year, the top 25 P&C carriers wrote almost $900 billion in premium. It's a complex and broad ecosystem that extends from policyholders to providers of risk capital. We spend our time in a subsector, insurance brokerage and distribution, which is really the bridge that connects complex insurance products to a vastly dispersed buyer base. It is a large but very specific part of the much larger insurance ecosystem.

Insurance brokerage and distribution is a subsector that exhibits numerous credit attributes: revenue predictability, recession resilience, inflation protection and market and regulatory maturity, among others. Importantly, it's a sector that's been identified as a core investing priority by many within the private equity industry.

Today, there are greater than 50 private equity-backed insurance brokerage platforms with valuations that range from less than $150 million to greater than $20 billion. And private equity-backed brokers are very acquisitive, completing more than 500 discrete transactions annually in recent years. Most large private equity firms already own a scaled platform, and many smaller and midsized PE firms are actively investing. It's a very big pie that sets up well for our investing capabilities and, importantly, provides for consistent opportunities for us to deploy additional capital in credits that we know and that we like.

So, large sector and large base of institutional capital committed to it. And amid this backdrop, we have built an investing thesis around the value proposition and durability of independent agent-based insurance distribution. These brokers are not captive to certain carriers, and they offer choice and non-biased advice to end customers. And for carriers, they offer reliable market access and customer product fit. This distribution channel really works, and it has consistently demonstrated greater than 90% customer retention on an insurance premium basis over a long period of time.

So, within this subsector, there are two pillars to this thesis for us. One, retail insurance brokers who own the end customer relationship and really occupy a last-mile position in the sales process. And here, we like platforms with scale and durable local market share, and which have a product and customer profile that is insulated from direct marketing practices by carriers. And second, specialty insurance. These are product specialists that provide market access to carriers and education and tools to retail brokers. These are product-first, capital-light wholesale brokers that carriers rely on to bring their products to market.

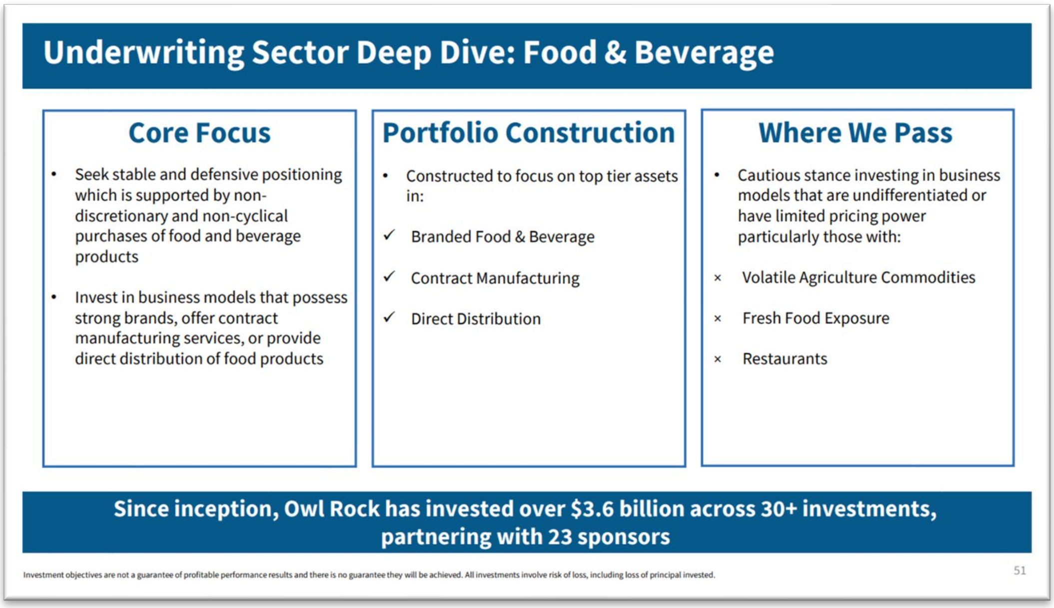
To date, this thesis has worked well. Across almost 20 investments in the sector, the weighted average EBITDA today is more than $360 million, 60% higher versus when we initially invested. And we have consistently supported these businesses, which, on average, have expanded their debt facilities by 50% to 60% since our initial closing.

On the right side of this page, we're showing some deal characteristics that make us cautious. But what we aren't highlighting here is our ability to evaluate and benchmark around more nuanced topics that in deals that on the surface within our criteria. So, examples are alignment in incentive structures; hidden P&L exposure to underwriting risks; and M&A strategy, how these companies actually integrate and what the go-forward capital intensity is likely to be.

In the last 6 months alone, we've declined nearly 10 deals in this subsector, and those were all financed by other direct lenders. And we've committed new capital to three deals in addition to continued investment in the portfolio. Reasons for declining range from pricing and structure to questions around quality of add-on M&A, to product capacity and/or market concentration. We know this market really well, and we get out and interact in the marketplace.

For example, we attend almost 10 industry conferences or events each year. We have a broad network and a well-defined view on nearly all of the existing sale brokerage platforms in the market. And this knowledge base supports a differentiated ability to benchmark correctly and to diligence a specific question with the right targeted questions in mind, and we keep building on this base quarter after quarter. And so, for me, the result is that in a sector that credibly includes more than 100 target opportunities, we have chosen to invest in a meaningful way behind fewer than 20.

And now I'll turn it over to Meenal Mehta to discuss some of our investing capabilities in the food and beverage space.



Meenal Mehta

Thanks, Adam. Let's start off with the food and beverage sector provides an important pillar of stability within the broader Owl Rock portfolio. Owl Rock's food and beverage investments benefit from stable and defensive positioning, which is supported by largely nondiscretionary and noncyclical purchases of food and beverage products. Just to give you a statistic, during the last downturn from 2008 to 2009, food spending was flat to prior year and actually grew about 2.5% in 2010.

The resiliency of the broader food and beverage industry was highlighted again in 2020 as large portions of the industry were able to successfully navigate through the COVID-19 pandemic and the associated downturn. 2022 was another year where the industry faced unprecedented challenges from the Ukraine war, which impacted wheat prices as well as the continued supply bottlenecks, which drove inflation in freight and labor costs. Even with all of the above, our portfolio companies were able to navigate the macro headwinds by increasing prices, improving efficiencies and better managing their supply chain.

We are selective in the subsectors where we invest within the food ecosystem. Our food and beverage portfolio has been constructed to focus and capture assets in primarily these subsectors. The first one I'll highlight is branded food and beverage. These tend to be companies with strong brands, which are durable and have pricing power to offset increased raw material and operating costs. These products are generally recession resilient and benefit from increased at-home consumption during downturns.

As an example, we lend to a company that has a portfolio of leading brands that sell into the grocery channel. They include pasta sauce, Greek yogurt and other brands. These are leading brands in their categories and have taken share and have a proven ability to raise prices. This particular company went public in 2021 and today has a market cap of about $2 billion.

Moving on to the second subsector, which is contract manufacturing. Contract manufacturers play a very key role in overseeing the production of food products for large food and beverage brands. They're actually critical to the outsourced production capacity, which allows CPG companies to focus their resources and capital on brand marketing. And they typically have contractual price pass-throughs of raw material costs, which insulate them to the volatility of agricultural commodity input costs.

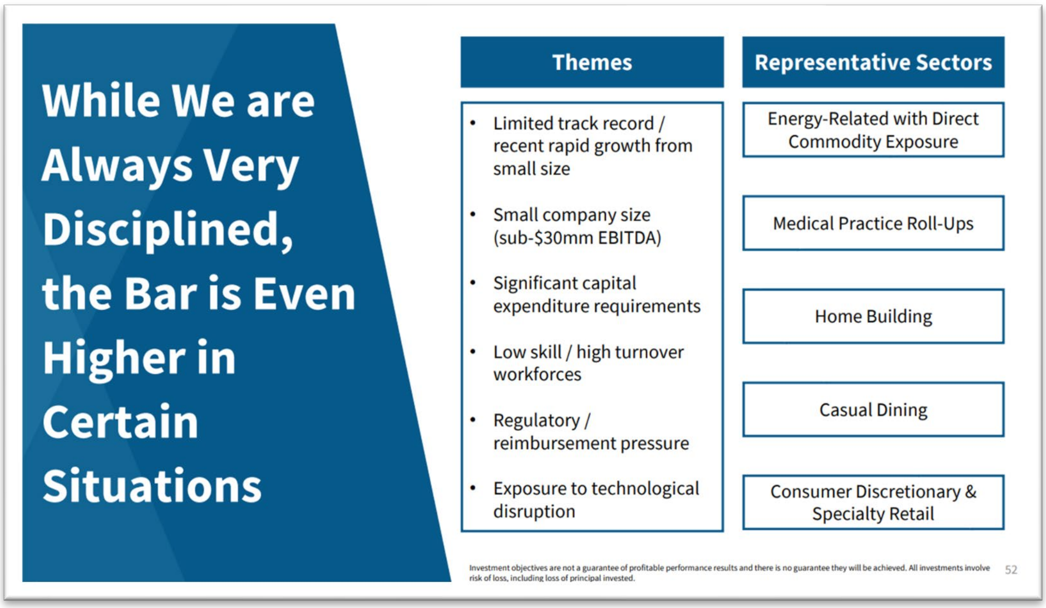
Just to give you another example of a borrower of ours, we lend to a co-manufacturer of salty snacks, potato chips, puffs, crackers. And the company has a substantial scale advantage in salty snack. It's about 5x larger than its nearest competitor and the only company that has a national footprint. This particular company is a co-manufacturer for brands like Frito-Lay, but also has a large private label offering. And both of these sectors provide nice offsets to each other.

Finally, I'll touch upon direct distribution. Direct distributors play an important role in linking product manufacturers with customers. Assets of interest here tend to be route based and they touch the end customer on a frequent basis.

We financed two of the largest pure-play distributors of food service packaging and janitorial sanitation in the United States. What we like about these businesses is they have the stability in revenue base, which is supported by disposable and one-time-use oriented product portfolio. They are very highly diversified across their customers. On average, 90,000 to 100,000 customers; a product base of over 140,000 SKUs; very diversified by end market and suppliers.

Moving on to things that we are cautious about. Within the industry, we've adopted a cautious stance with investing in business models that are undifferentiated or have limited pricing power, particularly those with the following characteristics: Any companies with elevated exposure to volatile agricultural commodities; fresh food exposure, which typically correlates with increased food safety risks alongside operational and execution risk; and finally, casual dining restaurants whose large store footprints carry characteristics consistent with retail.

With that, I'm going to turn this over to Jeff, who will take you through our concluding remarks.



Jeff Walwyn

Great. Thanks, Meenal. I'll take a few minutes to go through some concluding comments summarizing our key underwriting principles. We want to invest in sizable companies that have a history of consistent, long-term organic growth. They need to fill an important role in their industry. If a company could be replaced easily by its competitors, it's not a good fit for our portfolio. These companies need to be healthy and performing well five to 10 years from now. It's pretty easy to think about and analyze how a company is going to be performing in one year. The secret to our success is predicting how that company will be performing in the medium to long term.

We're long-term investors. Our core focus is on free cash flow, and it's important to note that not all EBITDA is created the same. We avoid revenue add-backs and large pro forma cost savings. Cash is king. We avoid capital-intensive industries and focus on the cash that a company is generating and what it costs that company to sustain it. It's why historically, we've invested in industries such as software and avoided heavy manufacturing that continually needs to upgrade their facilities. We avoid volatility. It's a bad risk to take in credit. We own the risk on the downside but have limited participation in the upside. Credit investing is not supposed to be particularly exciting.

We do not speculate on commodities. We're not in the business of trying to forecast the price of steel or oil a year or two from now. If a company has to care and their performance depends on whether oil is at $50 or $100, that's not going to be in our portfolio. We avoid binary risk at all costs, and this can come in a variety of forms. It can be a company having one very large customer or a critical supplier where there's limited alternative sources. It could also be a company that operates out of a single manufacturing facility. Regulatory factors can also introduce binary risk. As Luna went over in healthcare, if there is a healthcare company that has a very significant concentration in one reimbursement source.

We also avoid industries that are subject to rapid technological change. Artificial intelligence is particularly topical right now. And we have a separate team analyzing its broad application across every one of our portfolio companies. There will be winners and losers, and we're very focused on positioning ourselves correctly. These core investing principles have led us to avoid several large sectors in fixed income landscapes, including upstream oil and gas, medical practice roll-ups, consumer discretionary and casual dining among others. These sectors have been particularly problematic for the broader private debt industry.

We have a team of over 75 people in underwriting, dedicated solely to the private debt markets. Our 40 most senior underwriters are long-tenured sector specialists who have deep industry experience. Our entire team is aligned on the same incentives. From junior underwriters to senior originators, we follow credits for inception to repayment.

We have an in-depth underwriting focus where we're spending weeks, if not months, on each individual deal. It allows us to understand every nuance in the underlying industry. We focus on companies with durable competitive advantages in stable, attractive sectors that have long-term solid organic growth trends. We partner with top-tier private equity firms who are contributing the majority of the capital on the deals that we do. They have to lose all their money before we see $1 of loss.

We have a culture of conservatism and value preservation. This drives the way we structure our legal documentation and covenant protections. The majority of our deals have financial maintenance covenants in addition to strong broader covenant protections. We have a dedicated internal legal team in addition to the decades of structuring experience that our senior originators and underwriters have.

And with that, I'll open up to some Q&A.

Question and Answer Session

Robert Dodd – Raymond James & Associates

Robert Dodd, Raymond James. Not that I want to be short term-ish, but on Slide 41, I just kind of curious that not the 1.9% of deals that were closed in the first quarter, but the percentage of deals that closed versus reaching final investment committee, right? Normally, that's very high. If they make it to final investment committee, they end up closing.

But in the first quarter of this year, it was only about 1/3. So, can you give us any color on what — 6 out of 17, right, versus 12, 14. Is anything shifting in the market? Is this you holding the line on spreads and some people getting more competitive?

Alexis Maged

It's two things or maybe three. So one is, those are the discrete closings in the quarter. So, some of the 17 that made it to IC just haven't closed yet, so they may close in the future. We have deals that are approved, but our tree and the deal may not be the ultimate winner. So, the sponsor to add more backing may not win the option. That will be the two drivers there.

I mean putting aside those two particular numbers in general, something may get to final IC and we don't approve it if some new important diligence has come out that causes us to rethink either the deal altogether or our leverage read. But in general, things that get approved at IC, but don't close means that our tree didn't win.

Robert Dodd – Raymond James & Associates

Got it. If I can one more on. The talk, obviously, is capital preservation. I mean in some situations it can be an issue that you end up taking the keys of the business. It ultimately has happened on a couple of instances.

How much of that potential and like does this make a potential equity story in the event of a recovery, very small probability event, but is that part of the credit underwriting upfront as well? Or is that just whether you take the keys, at the end, it becomes — is it a separate process in recovery underwriting? That might be a question to the workout team to be fair.

Alexis Maged

Well, we can certainly cover that. Brian, I'm sure, will cover that. I'd say we definitely focus on that, as I mentioned in my remarks. In our general underwriting, we are recovery-focused that speaks directly to our ability to recover value in any workout situation.

So, we said this all morning. We do large companies. Large companies have multiple ways of solving their problems. That's definitely part of how we underwrite the deal in the first place. Does the company have flexibility to solve its problems? Do they have other assets or divisions that they can sell?

And if the ultimate exit value — so when we underwrite a deal, if you were to look at our memo, the multiple that the sponsor may be paying for today, maybe, I don't know, 15x. That's not the exit multiple that we underwrite to. We take our own view of what an exit multiple may be, especially in a distressed situation. Maybe 8, 9, 10. We've been doing this a long time, multiples contract.

So, we look at what will our recovery be in that distressed situation and how much of the debt is covered there. So, we are highly focused on what the recovery may be and what our path may be to that recovery throughout the underwriting process. Does that answer the question?

Jeff Walwyn

I think to your point, the same things that are going to drive a strong recovery are the same things that drive our underwriting — our core underwriting process, right? So strong competitive positioning, good organic growth in the industry, stability. So, it really drives a lot of the same analysis.

Meenal Mehta

We're also looking at what the strategics could be that could potentially buy a particular business. We're talking about that upfront. We have downside cases that we are not just doing our own underwriting case, we have a full downside case that we're putting together to see how this particular business will look in a stress environment. And so that all helps to basically make our underwriting and actual investment decision. So, it's right at the front.

Unknown Speaker

Why wouldn't your underwriting funnel become more efficient over time, okay? Your sponsors would understand what you're going to automatically say no to and not even bring those deals to you. So why wouldn't that funnel become more efficient over time and your close rate actually become higher?

Craig Packer

We want to see everything. Even if we're going to turn it down, we want to see everything.

We're not trying to solve for the most efficient process. We want to see everything. You heard multiple times from the private equity firms. They like bouncing the deals off of us. We want to have those conversations. And we're not solving for really high hit rates. I don't think that it always comes across how early we get involved. We get called when they're just thinking about looking at a business.

They may not have even met with the company. They don't know the issues yet, right? So, they're coming to us very early. They haven't done their work, having an initial discussion about a sector. It's only over time. We work with them for two or three months. Sometimes they drop out. Sometimes we drop out. We're also expanding our coverage model, add more sponsors. I think that it's really healthy to just see everything, but we're really efficient.

I don't keep beating a dead horse. So, our originators, we not only empower them, we insist that they say no really quickly because you can't afford to look at all these opportunities and spend real time on them. So, they just say no quickly like on the phone or the next day.

Alexis Maged

I'll add one thing that I'm sure Nicole would like. Nicole is not just answering the phone when a sponsor has a call, like we're fully engaged on a regular basis. We're out visiting, meeting, not only just covered, but like our sector heads are out engaged with the sponsors. So, they're hearing about deals in the normal course. It's not just when the sponsor has a deal and give someone a call.

Meenal Mehta

We also might have a little bit of a differentiated view because of our industry expertise. And so sometimes we're talking about deals that they're actually at the same place, the sponsors and diligence process, but we might have a view that is different from other direct lenders as well, just earlier on. Others will get there after they do their diligence, but because of our industry expertise, we're getting called on those deals as well.

Alexis Maged

And maybe last comment is, in the second half of last year, actually, our hit rate was higher because there were fewer deals and only the sort of better deals we've been trying to get done. So, our hit rates actually did go up because there were just much better credits trying to get done in the first place.

Kenneth Lee – RBC Capital Markets

Ken Lee, RBC Capital Markets. For the underwriting process, it's necessarily like a bottoms-up process. You see certain deals and then you've got through them, do the due diligence. Maybe you can just talk a little bit more about the interplay between like a portfolio allocation but from a higher level. How does that interplay to ensure you have a diversified portfolio overall? And does that mean if you're getting certain sector overexposure that the N^{th} marginal investment is going to have potentially a higher margin or return or other factors there? If you just talk about the interplay there?

Craig Packer

Look, we are a large and growing platform. So, when we're looking at a transaction, we have the opportunity to look at where that could fit across multiple funds depending upon where they are in their life cycle. And we care about portfolio construction from a variety of different metrics: economic, industry, first lien, second lien, sponsor concentration and the like.

Financing is a really important component, how we finance, different of our funds have different financing profiles. Jonathan will talk about that in a lot of detail later. So, we're very fortunate because of our large pool of capital. Generally speaking, if there is a credit that we like with economics that generally fit our platform, it's more a question of bite size than it is whether we have a place for it. And so, we have those conversations during the process, when we know enough to be intelligent and early enough that it matters.

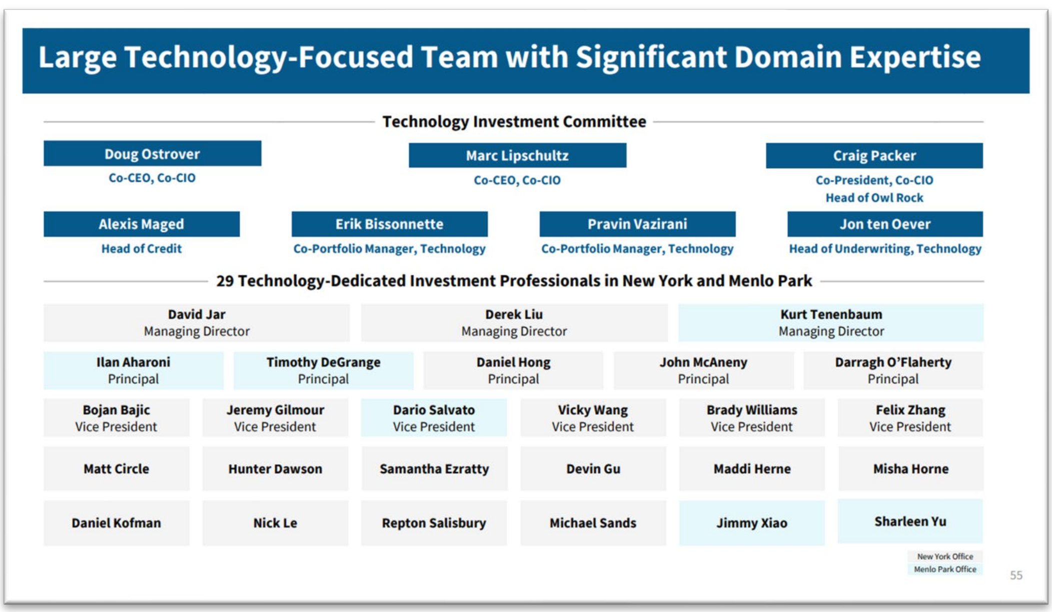
So, I talked about this earlier, how important the bite size. So, if something, an opportunity comes in that is going to work for all of our funds, we're going to make it known early that we can be very sizable. We want to lead it. We want to take all of it. But if something comes along, insurance brokerage is a great sector, but there have been times where as much as I love Adam and he does great work, like we got enough. And so, we'll say, okay, we can do some, but it's only $100 million because it's not going to go into ORCC, it's going to go into these other funds. And so, it's a multivariable equation, but one where we have, I think, a high degree of flexibility and more than others.

It is something integral to how we interact with the sponsors because we go to great lengths in the quality of that feedback early so, they can count on it. And that's hard. It's a lot of extra work for us to figure that out. But that's one of the things that hopefully came out in that discussion. We don't say, yes, we really like it, we can do half of it, and then we get to our IC and then it turns out, well, we don't have that appetite.

And again, not to keep comparing us to others, but I will tell you that is a bit of an endemic to this industry. Why? Because Alexis, myself, Patrick Linnemann, who helps me manage the portfolios, we're involved early. IC we don't get to until late. If we just waited until IC, which a lot of firms do, then they get the actual input from the decision makers, it's sort of almost too late to really reflect that back in. So, I think we go to great lengths, and that's deliberate. It's how we build our business. It's how we built all this trust that these folks talked about. Does that help?

Dana Sclafani

Great. So, you've heard a lot about our diversified strategy. Now we're going to switch to tech. I'd like to welcome Erik Bissonnette, Co-Portfolio Manager for our tech strategy.

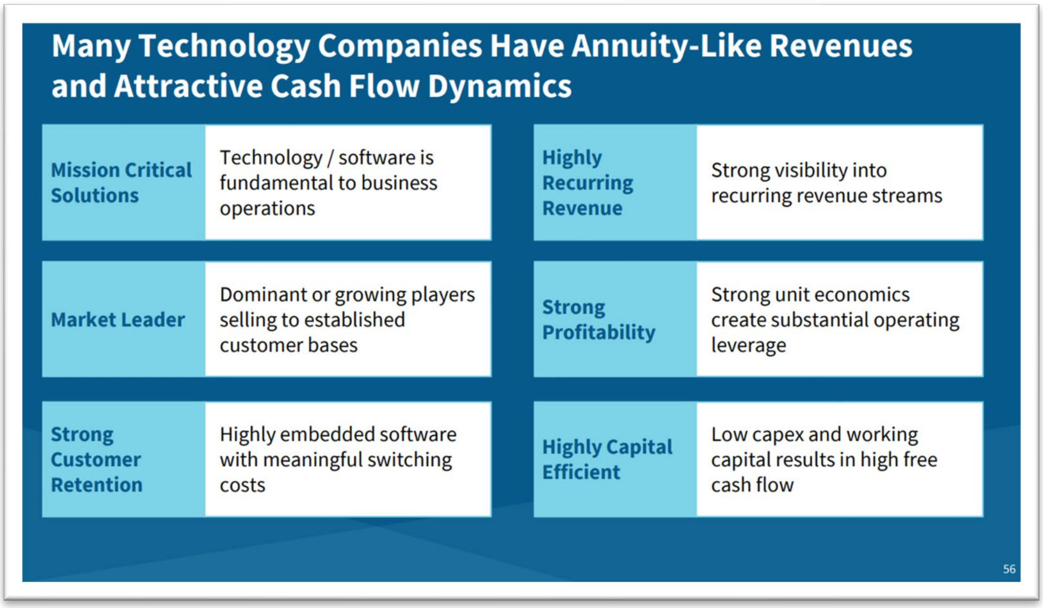


Erik Bissonnette

I don't get anyone on the stage and it's noon. So, I'm not sure this is the best setup. But thank you all for coming. So, we have a dedicated group of approximately 30 investment professionals focused exclusively on technology. This is a substantial investment, and we built out this large and talented team and it's split between New York and Menlo Park. The team has diverse and complementary skills with backgrounds in fields such as private credit, private equity, venture capital, investment banking and others.

These varied experience and specialist knowledge are a key differentiator in our strategy. So, we organize ourselves around key subsectors that we think are the most important and actionable today. We have dedicated teams focused on cybersecurity, healthcare information technology, fintech and many others. As I said, the majority of the team is here in New York, working on sponsor-driven direct lending deals. And complementing that group, we have a group on the ground in Menlo Park. They focus on direct corporate structured debt and equity investments, typically for later-stage pre-IPO opportunities.

Before we dive a bit deeper into the strategy, I want to take a moment to clearly articulate what we do and, more importantly, what we don't do. Consistent with all of the Blue Owl funds, we are a credit-driven, downside-oriented investor. We assemble portfolios in a defensive-minded manner by focusing on large, stable, recession-resistant software assets. And for the avoidance of doubt, we are not focused on early or mid-stage opportunities nor are we focusing on venture debt.



So, turning the page, technology can be broadly broken up into four major subsectors: software, IT services, technology hardware and semiconductors. There are certainly investable themes across all of these categories, but our focus on Blue Owl is on software. So why is that? And what are the attributes that we find so compelling?

We believe that great software businesses provide mission-critical solutions for their customers. They enhance productivity, they drive efficiency, they replace manual and error-prone ways of conducting business. Once these solutions are adopted, they become deeply embedded in the workflows of their end users. Business outcomes are driven by these investments.

The next set of characteristics concentrate on what we call quality of revenue. What does that mean to us? Quality of revenue has three major components: sustainability, predictability, profitability. So, what is high-quality revenue? It is recurring. Our portfolio companies had 80% to 90% or higher contractually recurring revenue from subscriptions or maintenance.

It is predictable. Pension rates average in the mid-90s on a gross basis, well over 100% on a net basis. And that's measured both on a dollar and a low bill perspective. It's diverse, highly granular customer bases and minimal to no concentration and is high margin. Strong unit economics create substantial operating leverage.

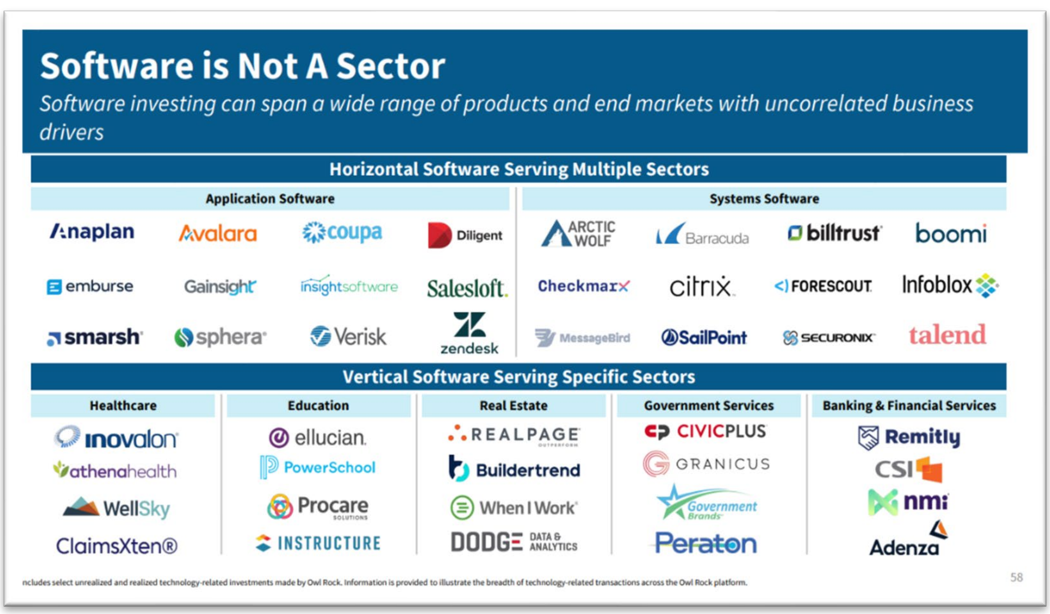
So, as I said, these companies have high-quality revenue and strong margin profiles. Just as importantly, they are also capital efficient. They drive working capital from upfront payments by customers and they require minimal CapEx to support their operations.

So, let's put that all together. High margins, plus customer-funded working capital, plus low CapEx equals a high free cash flow conversion. A typical portfolio company for us converts 80% to 90% of its EBITDA to cash. Not adjusted EBITDA or adjusted anything, cash in the bank account. So, the combination of these attributes lead to stable, highly visible operating performance, with best-in-class free cash flow, which, of course, as a lender, is exactly what we should be seeking out.

Moving on. We've laid out a set of investment characteristics that I believe any analysts would consider highly attractive. But there is another important factor as to why we believe software to be such an amazing asset class. And that is that software is not an industry, but rather an enabling technology that services almost every sector and company in the world.

This slide says software touches diverse end markets. I believe it is more accurate to say it touches all end markets. We believe that digital transformation is one of the most important secular trends in the business world today.

As we construct our portfolios in addition to position sizing, we therefore are focused on industry and end market diversification. And this is the key. Our investments are therefore inherently uncorrelated with the ultimate drivers of their success driven by their competitive positioning and differentiated product offerings. There is simply no underlying risk that affects all of our companies in the same way at the same time.



So that's a nice framework, I think, but what does it look like in practice? We'll break this up into a few parts here. Think of software as having two major categories: horizontal and vertical. What does horizontal software mean? It simply means that it can be used by a wide range of businesses regardless of their industry or size and is not custom built for a specific end market.

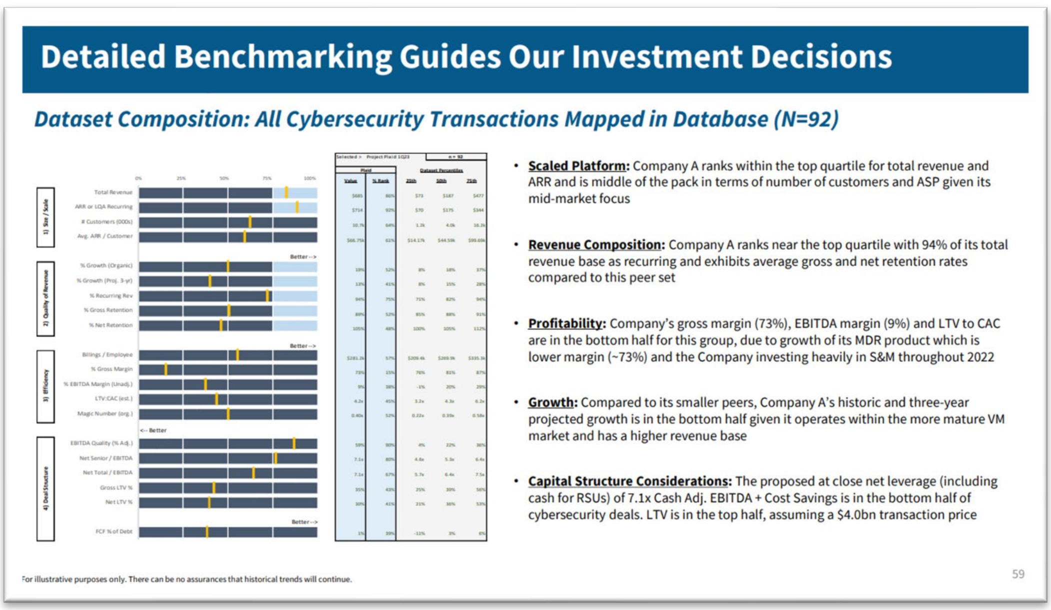
Let's go down another level and discuss applications and systems. Applications are programs that perform specific tasks or workflows and often function as a system of record. Categories you might be familiar with are enterprise resource planning, so think SAP; our customer relationship management, so salesforce.com.

An example in our portfolio would be Anaplan. Anaplan is a cloud-native platform that allows large enterprises to perform planning and budgeting functions in a single centralized environment. This is a business that has well over $600 million of revenue, is growing at 40% and was purchased for over $10 billion, $10 billion. We provided a $2.5 billion loan or 25% loan-to-value for an asset with 95% gross and 120% net retention, 90% recurring revenue and three to five-year subscription contracts. So, a very compelling overall profile.

Next up, as we walk through this page, is system software. These are the foundational elements on which other software can be run, managed and accessed. An example of this, very prevalent in our portfolio, would be our cybersecurity assets. These products can provide a variety of tasks from protecting networks from authorized access and use to managing digital assets, data and infrastructure.

An example in the portfolio here would be SailPoint. SailPoint provides enterprise identity solutions to roughly 2,200 customers worldwide. It ensures that the right people have access to the right applications and data for the right reasons. This business has well over $400 million of revenue, was growing roughly 30% and was purchased for over $6 billion. And we provided a roughly $1.6 billion loan or 26% loan to that.

To wrap it up on this page, we have industry verticals that we find attractive on the bottom, clear market leaders. These vendors are providing differentiated solutions, but they are custom-built for their specific industry and end market. I won't go through specific examples here, but what you will see are multiple investments in less cyclical sectors with solid growth and stable demand such as healthcare, government and financial services.

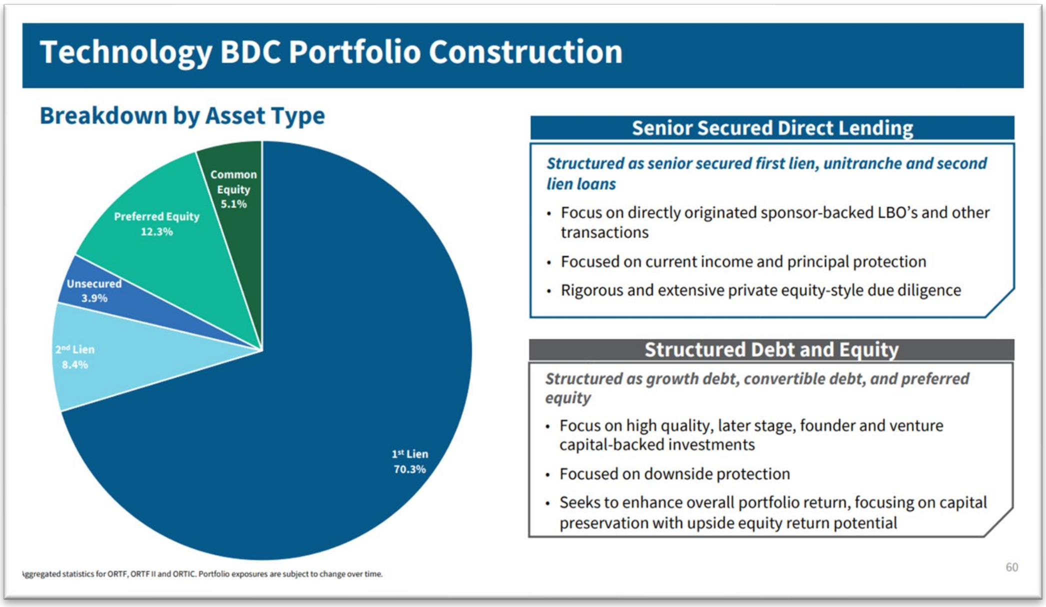


Benchmarking. We've heard a little bit about this in the last presentation. So, I want to talk a little more about analytic tools and benchmarking. As you've heard today, we have deep origination capabilities across the platform and putting some metrics around this for tech specifically. We have reviewed approximately $520 billion of opportunities across 1,800 deals since we launched the platform. And we've been very selective in deploying that capital, with roughly $30 billion invested across all of the funds over the past seven years.

So, this significant footprint produces a tremendous amount of data, which we can leverage to our advantage. We have built a massive private database that benchmarks potential opportunities across a variety of key performance indicators. Amongst other things, we can measure the scale, diversity and granularity of customer bases, dissect the quality of revenue, analytically review the go-to-market motion and underlying sales efficiency of the business and quantify the attractiveness of the deal structure.

Looking at this example. This is a cybersecurity go-private we've reviewed recently. That N=92, those are deals that we took to investment committee, right? Those are not deals we spent 10 minutes on. Craig, obviously, wants us to look at every transaction, but we won't have the level of detail to populate this database with the quality of data we want unless we really spend time. So, it's important to realize that we are benchmarking against a data set that's very enriched and fulsome.

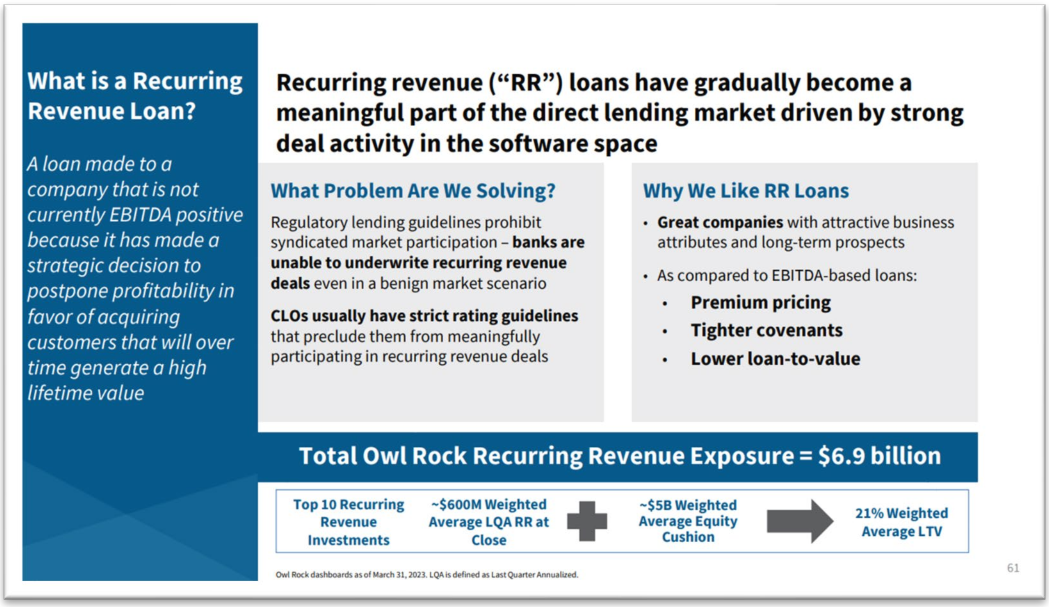
So, it's probably obvious, but I think this is a huge competitive differentiator and I hope Craig agrees because he's sitting right there. But every time we go to investment committee, we come armed not only with our qualitative view on a deal, but also a non-subjective analytical framework. I think this discipline is vital in producing an investment process that is replicable, consistent and transparent.



Moving on. So how do we think about asset mix in portfolio construction? Our focus, as we've said multiple times today, as we get closer to you eating lunch, is focused on top line revenue stability and downside protection. So unsurprisingly, what you will see here, the vast majority of our investments, roughly 80%, in our portfolio are senior secured.

On the top right side of this page is a brief description of this strategy. First lien unitranche, second lien loans, you've heard this a few times now, with a focus on directly originated sponsor-backed LBOs.

In addition to this sponsor-oriented direct lending platform, as I mentioned, we have a team focused on structured debt and equity. Given the material dislocation in public equities, venture capital and weakness in the IPO market, we believe we have an exciting opportunity to provide downside protected capital solutions to these companies. These investments generate contractual current income with the potential for meaningful upside through warrants, discounted conversion rates or other similar features. Most importantly, they have structural protections and negative covenants designed to protect our invested capital.



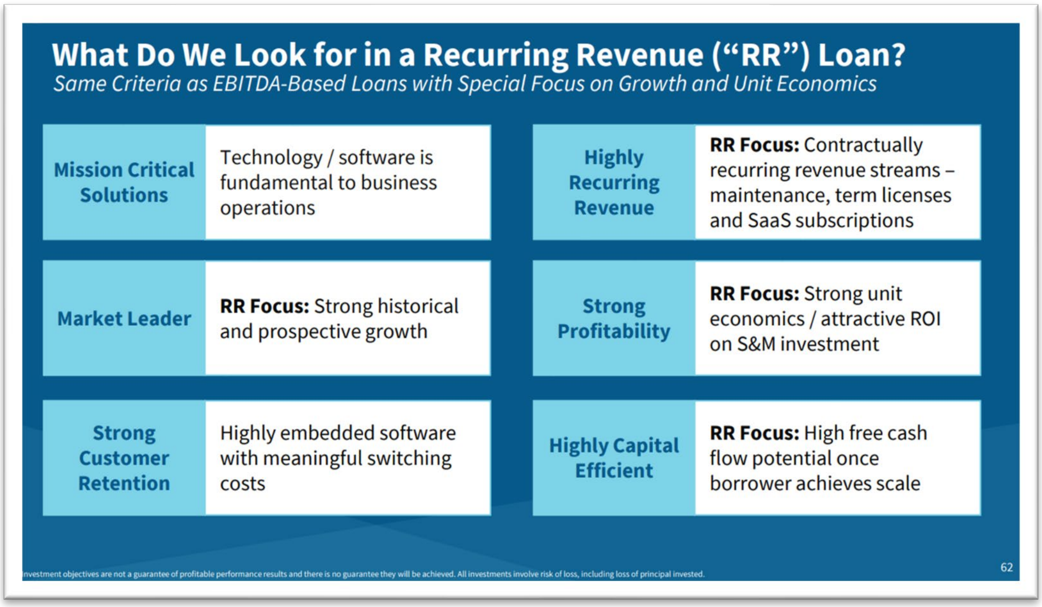
So, moving on to the next slide. It certainly wouldn't be a software conversation in 2020 through '23 if I didn't get to talk about recurring revenue loans. So here we go. Recurring revenue loans have become a very meaningful part of the direct lending landscape but often a misunderstood one. So, what is the recurring revenue loan?

It is a loan made to a company that is not currently generating free cash flow because it has made a strategic decision to postpone profitability in favor of acquiring customers that it believes will generate a high lifetime valuable, well in excess of the acquisition cost.

The question I hear the most and by order of magnitude is "why would you lend to a company like this? Will they ever produce real free cash flow?" And hopefully, I can prove to you what we believe to be true. These loans tend to be the best companies we review. Scaled revenue, efficient growth and large open-ended market opportunities. In exchange for that, we get lower loan to value, better pricing, better structures and tighter covenants. So why is that? Certainly not intuitive that better quality should generate better yields and structure.

We touched on this a little bit in the last presentation, but there's some underlying dynamics around regulatory lending guidelines. So, side banks have a tough time underrating these types of assets. On top of that, CLOs who make up a big part of the purchasing apparatus that Jim was referencing earlier, are subject to rating agency constraints, which often preclude them from being involved in these deals.

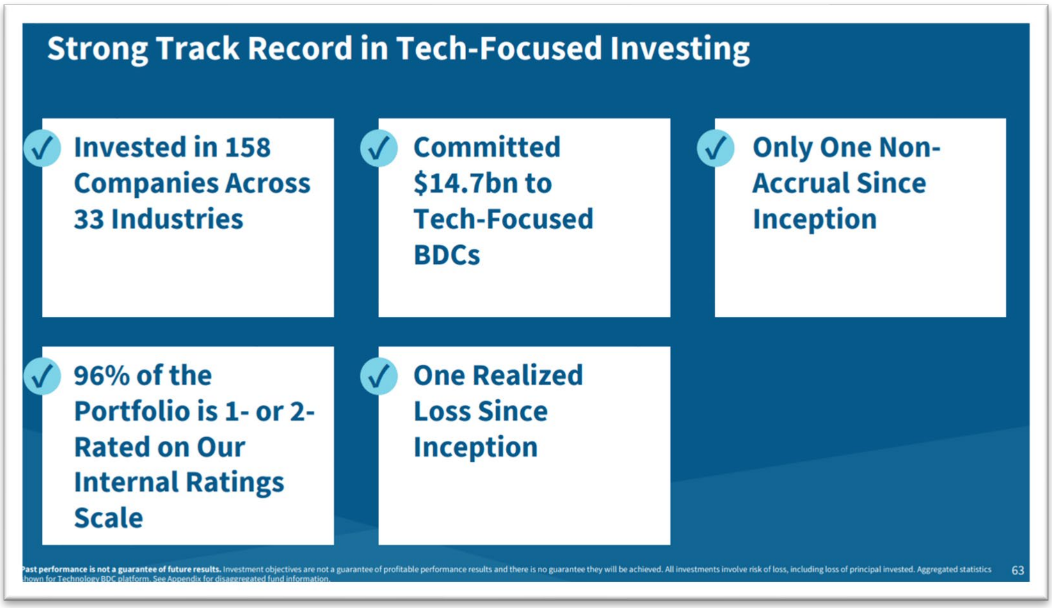
So, there are real structural limitations that we think artificially reduced demand that is completely unrelated to the quality of the opportunities. So here on the bottom, just to put a few metrics around this in the top 10 positions we have in our recurring revenue book, the weighted average revenue is $600 million with a $5 billion equity cushion and a 27% loan to value.



So, what do we look for in a recurring revenue? criteria identical, right? So, this stage looks very similar. But we have a narrow focus along some of the dimensions, like companies with rapid organic growth, but this is really intended for companies with solely organic growth. This is not really a place where we spend any time for roll-up strategies and strategies focused primarily on cost-cutting exercises. Highly recurring revenue. This is predicated on contractually recurring revenue streams. The companies might have perpetual licenses or other professional services revenues, but we don't count those inside of the metrics.

And then we talk a little bit about unit economics and underlying profitability. That's vital here for these borrowers because they are making a strategic decision to take cash flow and reinvest that cash flow into sales and marketing that only makes sense if those investments have a very strong ROI.

So, one other important thing that we talk about, we have these borrowers commit that within a specified period of time, they will go from a recurring revenue loan to a traditional cash flow mode. And that sometimes can be typically between two to three years. But I want to be really clear about this. For some period of time, we are allowing the company to reinvest cash flows into acquiring new customers. But within two to three years, it has to comply with a regular way EBITDA covenant. And if they don't comply with that, it is a default. That means the business is still doing well, still growing, and that's a real big problem for the private equity firm, but not really a big problem for us because we're still looking at businesses growing 10%, 15%, 20%, with strong underlying growth drivers and profitability.



So, to wrap this up, we're very proud of what we've built and the technology platform and obviously, and the results. As I said, we've deployed about $30 billion in the strategy. And since inception, we've had only one investment on nonaccrual and one realized loss. That's roughly $16 million, and we own that company. So, I think the recovery can be in excess of that. I don't know how to do math that well, but $16 million divided by a very large number, might be below 5 basis points, Craig. Just for our conversations later in the year.

Portfolio continues to perform exceptionally well. 96% of the assets are at or above our initial underwriting models. So, with that, hopefully, I provided you with some thoughts and deeper insights into our thesis, framework and focus areas, and thank you for your time.

Glad to take some questions from the audience. I know Robert asked. I'm just waiting for Robert to ask a question, so might as well will start that.

Question and Answer Session

Robert Dodd – Raymond James & Associates

On the recurring revenue lens, I mean the slide on Page 59, if you want — there could be a big gap between gross margin and EBITDA margin — how do you view the difference to your point, right? They're investing in growing the customer base. Some portion of that bridge can be R&D, right? A lot harder to cut R&D if you want to keep customers versus cutting sales and marketing if you want to grow, right? So how do you — on that, where is your tolerance between how much of that investment is R&D versus sales and marketing, in terms of how you would view a recurring revenue business?

Erik Bissonnette

Sure. Well, obviously multiple ways that we look at these businesses, but at a very high level, very simply. Think about the software companies having two real operating units, an existing book of business and a customer acquisition vehicle. Customer acquisition vehicle is going to generate negative contribution margins for some period of time, definitionally as you acquire a customer with a long lifetime value that sort of is the predicate on which businesses grow.

When you look at the underlying unit economics and contribution margins of the existing book of customer contracts for our current revenue business, it should generate a contribution margin between 40% to 50%, sometimes higher. At a very simplistic breakdown, what we will do is take 100% of G&A and 100% of R&D to burden that contribution margin.

Now I would argue that in a certain growth environment, you could variablize that expense. But for conservatism, we choose to just fully burden that portion. And then we further burden that portfolio with 20%, roughly speaking, for harvesting the existing customer base and then the other 80% goes into that growth bucket.

Derek Hewett – BofA Securities

In terms of the recurring revenue loans, how often does it actually convert to a more regular-way type of structure after those two years? Or how often is — are there extensions granted kind of based on the facts and circumstances or do you require them to just get refinanced to another entity if you're not willing to extend.

Erik Bissonnette

Well, any or all of those could be true. I would say that in the past, four to five years just given the relative strength of the refinancing markets and given how tight the documentation is for recurring revenue deal, that they tend to be refinanced as they scale into a syndicated loan. So, notice the size of the companies I was talking about. So, if they're $500 million, $600 million, $700 million, and we're going to require them to be 30% margin businesses, there's not a lot of — there's a lot of growth that they need to achieve. And once you get to $150 million in EBITDA, we're making them live within a document that even on a post conversion basis is exceptionally tight. So, all else being equal, if they can get financing in a public environment, they might ought to do so.

In terms of extensions, that is sort of the third rail. That is not something that comes lightly, comes for free, comes cheaply. This is the deal that we agreed to. You were going to take our collateral, reinvest that collateral for some period of time. And Look, I don't know any of the sponsors still here. Like I'm sorry, like that's going to be...

Alexis Maged

It's all being recorded...

Erik Bissonnette

I'll just say I learnt it from you. But it's — that's going to be a problem for them. But we're at 25% loan to value, right? And a company, let's just make up a company. It was bought for 10x, and we're at 2.5 turns of recurring revenue. Maybe 5 turns of that could be explained by the growth aspirations of that business. And maybe those don't manifest themselves over time, and we're at 5x value. So now we're sitting at 50% loan to value, but we still have a fundamentally strong business. It's not in our best interest to nearly extend the option value for the equity without readjusting the capital structure, revisiting control provisions in the documentation and/or revisiting the underlying economics.

So, we certainly would entertain a conversation to the extent that we weren't seeing diseconomies of growth or increasing inefficiencies of the underlying sales motion, but it's certainly not something that we would enter into lightly at all.

So, I think — do we have time for one more?

Unknown Speaker

Just a quick one. As you think about the portfolio and given that most of the time these vehicles are — I guess, your vehicle is leverage, do you think it's applicable to apply the same level of leverage to this asset class? I assume you're going to say yes, given the embedded diversification, but how do you think about that?

Erik Bissonnette

I think, as I said a few times here, software is not particularly different from a recoverability perspective than any other asset-light business, right? You're really trying to pick people who are winners in their end markets who have underlying contracts, high levels of renewal rates.

If you juxtapose that to — pick on Luna because she's around some of our health care services, that's an asset-light business as well. So I'm not sure that there's a meaningful distinction that can be drawn between a portfolio of software assets, which actually have some assets that can be sold, where you do have source code, you do have underlying value from the contracts themselves, right? So the value of that business is different than a consulting firm, for example, where all of the assets walk out the door every night. So I don't particularly think that there's a meaningfully greater risk of a modest leverage.

Now we tend to run pretty light, or TF1, which is the flagship drawdown Tech Fund, has run between 0.85 and 0.9 on for most of its life because the excess spread that we can generate really has allowed us to be a little more judicious with leverage, but I don't really think there's a distinction between the two.

Alexis Maged

Let's take a quick comment. So, I just — I spent a lot of time with investors on this point around recurring revenue docs and the mechanics.

From a doc and architecture standpoint, they're our best structures, and it's not really well understood. The tightest docs, right? The conversion mechanic is extremely valuable to us to be able to re-underwrite a credit in a relatively short window of time. All the other covenants are much tighter than a regular cash flow alone. No RP, M&A, all that kind of stuff that we have to live with on a regular cash flow deal doesn't exist or it’s de minimis.

So, they're very tight docs, in a much better credit position than I think the world — the outside world understands from their standpoint because they think recurring revenue, it's no maintenance covenants. We have more covenants. We have more performance covenants, right? It's like — in the old days, we used to get minimum EBITDA covenants like that's sort of the equivalent because the company has to perform quarter-to-quarter. So, they're very, very strong docs. It's not well understood. They're our best architecture of all the docs we have.

Erik Bissonnette

Great. Well, thank you for your time.

Approach to Portfolio Management

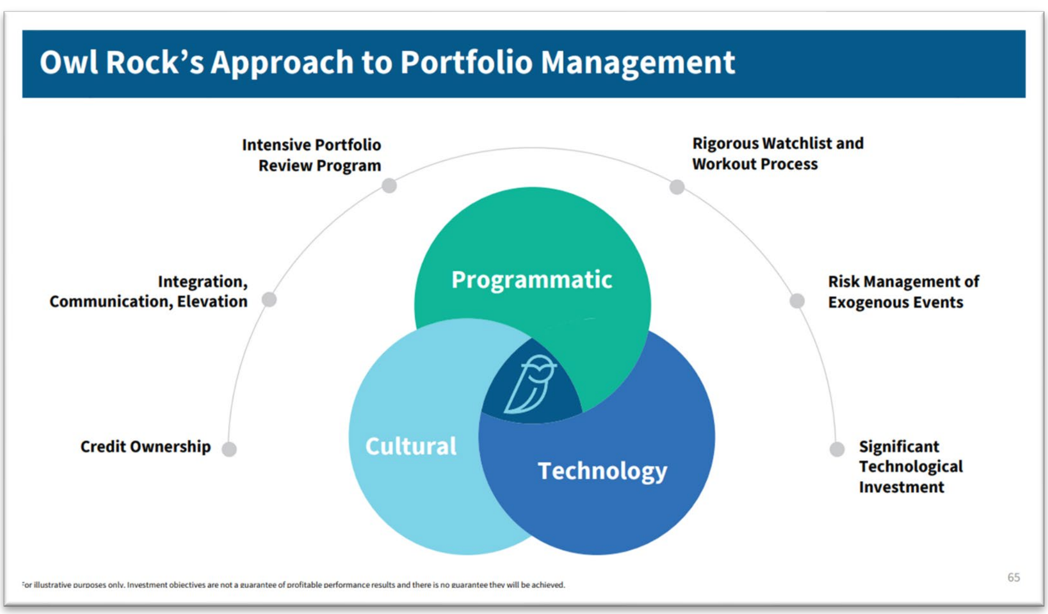
Adam Forchheimer – Managing Director, Head of Portfolio Management
Brian Finkelstein – Managing Director, Head of Workouts

Kaitlin Howard

Thank you, Eric. With that, we're going to move to our session on portfolio management and valuation. So please welcome to the stage, Adam Forchheimer, our Head of Portfolio Management and Brian Finkelstein, Head of Workouts.

Adam Forchheimer

Thanks, Kaitlin. We purposely chose the most exciting panel right before lunch. So, we're happy to just jump right into it here.



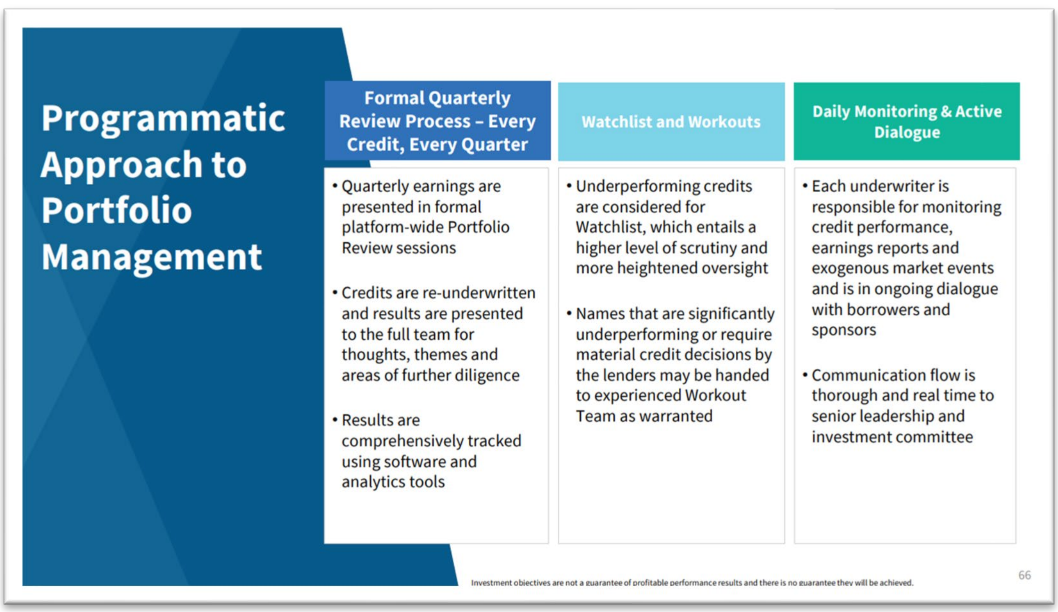
If you could step back in time with me a few years ago, when Craig and Alexis were laying out their vision for portfolio management at Owl Rock, here's the challenge that they laid out to me. They said they know we have an exceptional team on origination and underwriting and it's early on in our platform, but our investments are doing pretty well. But we can't just be right at closing. We have to be right every quarter, quarter-to-quarter for three years, four years, seven years until we get our par plus accrued back.

We have to continue to build out a best-in-class risk platform that systematically tracks our borrower performance quarter-to-quarter, monitors them for risk, captures data and is capable of running analytics and sensitivities on the portfolio. We need to be prepared to drive the best possible results if an investment underperforms down the line, maybe needs a covenant adjustment or maybe runs into some liquidity problems or worse, maybe goes into default or we have to pursue our rights in a restructuring. We have to vigorously protect our principle. And we need a real-time monitoring system, to adapt to whatever the next world of market events are, whether that's cycles, recessions, inflation, interest rates, weekend banking crises, pandemics.

And lastly, they said, you've got to do all that and future-proof it and make it scalable because Doug and Marc are running around trying to grow the firm by multiples. So they explained if you could do all that — we'll give you the resources and the people. If you can help us build a best-in-class portfolio management system, the job is yours. So here I am.

Jokes aside, we're really proud to share the program with you today. Before I describe our PM system in more detail, I want to be a little bit clear about what it is we do here. You've seen our senior management. You've seen our originators and our PMs and our underwriters and they're exceptional. They are absolutely critical to our risk management mandate. What the PM functions or portfolio management function aims to do is provide yet another comprehensive layer of risk management that is fully integrated with the teams throughout the life of an investment. We're here to identify, analyze, adapt and defend against risk in the entirety of the portfolio, no matter what sector it's in, what fund it's in, what team originated it.

And we're here to stay well ahead of trouble spots and driving the best possible outcomes for our investors. So how do we do it? I'd like to say it this way or describe it this way. Our portfolio management program is part formal program, part technology and part culture.



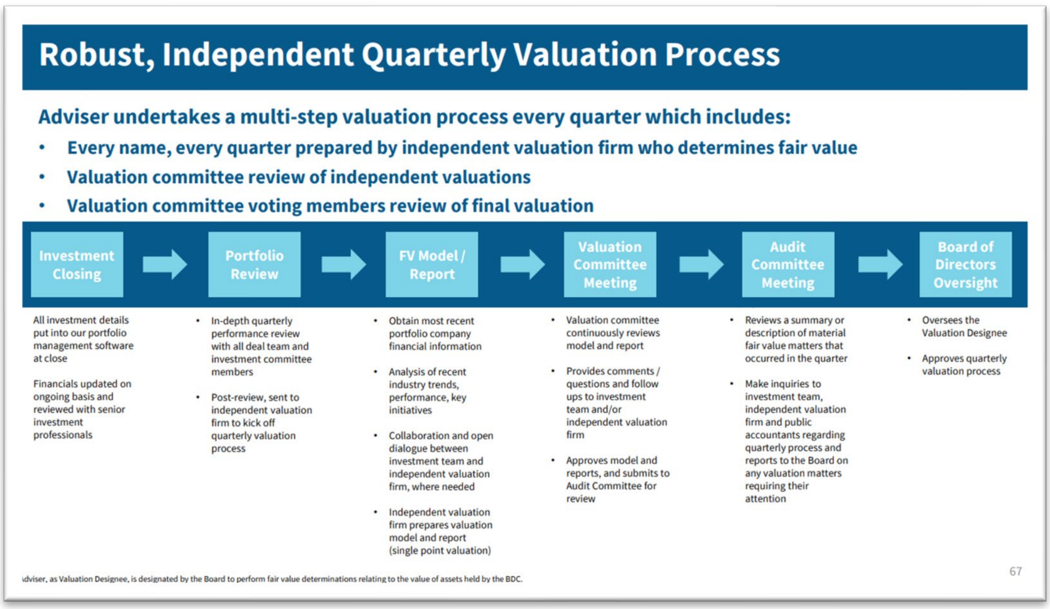
First, the program. We think our credit monitoring workload is the most intense and comprehensive in our space. We run a firm-wide portfolio review on every single investment every single quarter. Borrowers report their earnings, our underwriters analyze them in depth. They discuss them with management teams for an additional layer of scrutiny and they log those results in our PM software systems. They are then presented in both written and oral format during three weeks of live portfolio review meetings every quarter. The entire investment team participates, over 100 people. All that work, as you've heard, stays with that same underwriting team from origination to payoff. We are keenly aware of other models where you can farm out that PM workload to either other parties at the firm or even third-party providers. We don't do that, and we haven't done it that way since inception.

To put some metrics around our effort, every quarter, 400 investments reviewed live, three straight weeks of meetings, thousands of pages of work product, millions of points of data, 100 people on the meetings. It's an incredibly intense effort by the full team but it's simply how we do things here at Owl Rock.

I could tell you, we are ready to go for June. The reports are already coming in and meeting start promptly in two weeks. So, we're super excited. And I could also assure you, at every quarter end, I am by far the least popular person at Owl Rock. Coming out of these sessions, we take all the results, and we analyze them, both the hard data and the probing conversations that we've just had with the teams. We look for bright spots, which are plentiful.

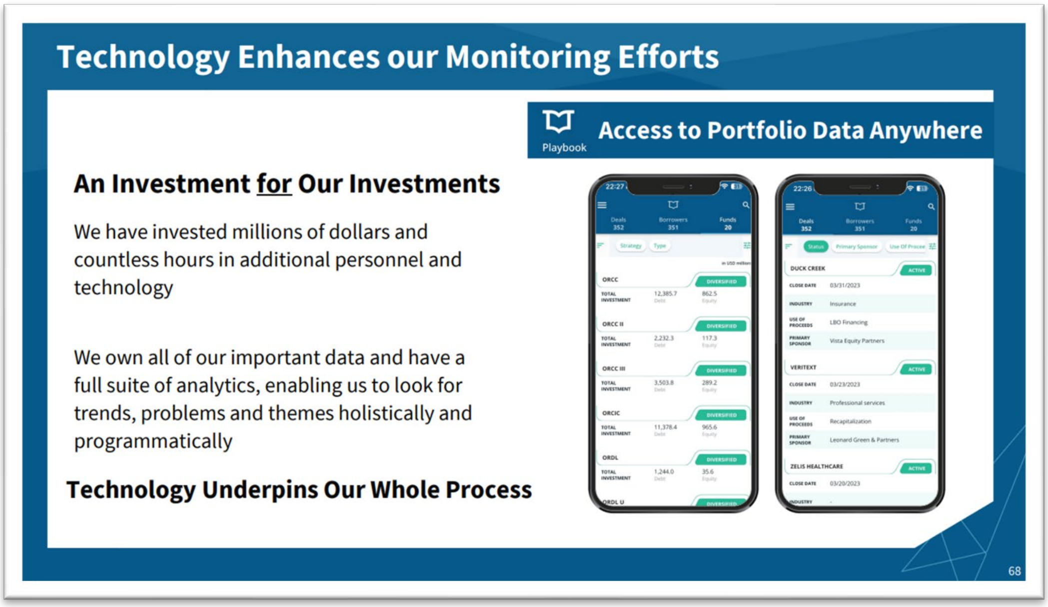
We look for trouble spots, which are hopefully fewer, and we do a deeper dive on things discovered and lessons learned. We do internal performance ratings on a 5-point scale, which we published for you in our SEC filings. Those names that we think warrant extra attention, typically our lower rated names we put on watch list, the most difficult of those names, we might involve staffing from Brian's team.

And we meet on these watch list positions in additional sessions at least monthly. And when I say at least monthly, I really mean daily. Because it's really those daily meetings on the desk where we all sit together, ad hoc. We're getting real-time information, early reads, and we're staying ahead of problems together as a team. We're re-underwriting our concerns, we're reassessing the risks, and we're providing solutions. And when it works, and it's been working really well, we're basically a 24-hour communication operation, and that's our formal program.



Before I get into the next feature of our PM system, I want to pause on our valuation process and what it is we do not do in my group or at Owl Rock at all. Really important and really a differentiator. We do not mark our own positions. Every quarter, 100% of the positions at Owl Rock are marked by a market-leading third-party valuation firm. We provide that firm with the very same reports I just discussed with you, all the paperwork, all the data that we just got during portfolio review, they review it, independently fair value our positions. Our valuation firm does not provide us a range. They don't provide us negative or positive assurance as it's called, and they certainly don't do a second check on marks that we came up with in the first instance.

And lastly, they also don't mark a sample of our portfolio. Its' really simple. They mark every single position every single quarter, to the single basis point, totally independently of us. And we think this is really the most objective unimpeachable way of doing valuation and it's how we've done it since the beginning.

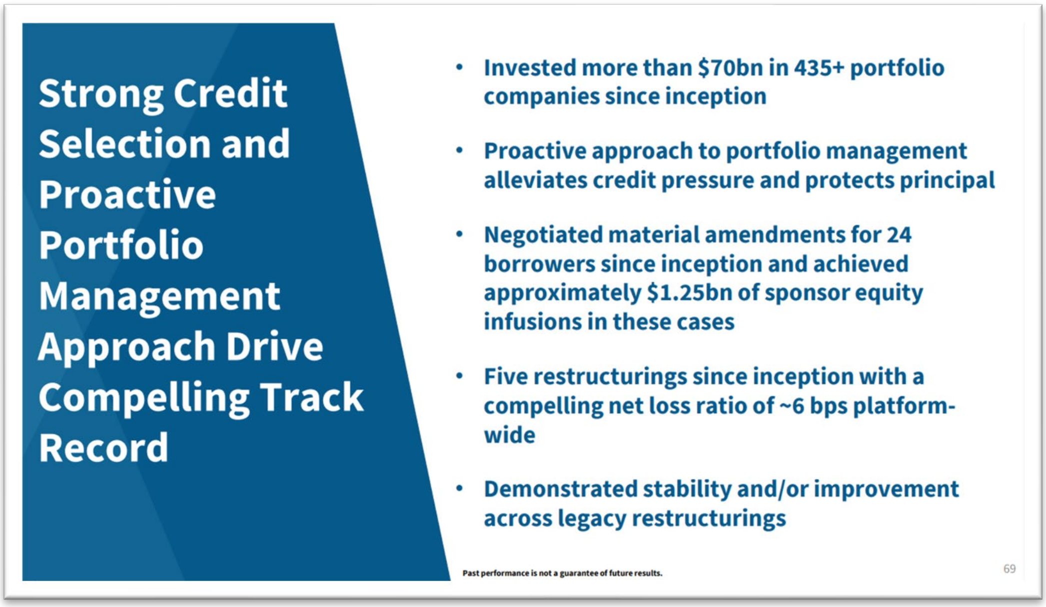


Getting back to the PM platform, our technology and our data, second feature. We scaled up very nicely, but we are, in fact, a young firm. So, we had the benefit of starting seven years ago with pretty well advanced software systems at inception. We didn't need to cobble together 10 old systems or put together hundreds of broken Excel spreadsheets to get our data. We started fresh with a market-leading platform. And we've spent millions of dollars enhancing it, adding staffing to it, layer on more tools and making it better and more powerful every day.

And we do this because we believe having comprehensive accurate data systems drives our ability to make smart credit decisions and smart decisions. And frankly, it gives our stakeholders, from our management to our Board of Directors and our investors fully informed. With all those tools, we could track millions of points of data, run portfolio analytics — and figure out what they're telling us about our performance, about our sectors, our sponsors and, of course, about interest rates.

Our most recent technological enhancement, which we're really excited to share with you is the development of an internal iPhone app, which gives our team one touch mobile lookup of our portfolio and borrower data. This was conceived of and built by our team internally. So, we believe we're one of the only — or the only direct lender in the space to have something like this. We can now be on the road visiting clients, visiting investors or we could be at our kids' soccer games on the weekends, and we could pull up portfolio data one touch on our phones. So, for instance, Thoma Bravo, every software deal, leverage, maturity coupon, right there on our phones, one touch. It helps us make quicker, smarter decisions, both on the deal origination side, and also as a portfolio management tool. So, it's extremely powerful.

We don't like to give away all of our secrets, but Craig would joke with us and he'd say, if I could pull up an app on my phone, and see every wide receiver and all that data for my fantasy football team, we've got to have the same thing at Owl Rock on the portfolio. Only there's one problem with Craig. He wasn't joking. He wasn't joking. So, our talented CTO team, they built it with my team. It did in a matter of months. It's an internal app, as I said. And we had to jump in head first with the football team. So, we call it our app, Playbook. And you'll see us using it. You'll see us during lunch. It's really fun. It's exciting and it's a great tool for the firm.



Back to the last leg of our PM platform, it's culture, and you've heard this from Marc and Craig and Alexis and Nicole. We built a world-class investment team. And what makes them world-class is we are all oriented towards risk management. Our underwriters and our originators, we do credit underwriting for a living. We are invested in risk management. Our teams know their borrowers. We know the CFOs and we know the treasurers and we are constantly having direct conversations.

We're in the room and on the phone up there are problems. And they know if there is a problem or a soft read or maybe some interesting news, we set this up as an open desk, open door culture. Grab us, grab Craig, grab Eric, Meenal, we're available, let's hop on the phone. Let's hear what they're saying. Let's put our many years of experience into this and figure out how to solve problems for the borrowers, but let's do it in a way that protects our investment and manages our risk. We are all wired with an early intervention DNA.

So we put this system together, all three prongs, again, the formal program, the best-in-class technology and the culture of communication and risk management and we think our PM program helps us deliver exceptional results for our investors. And we see this in action almost every day, whether we're digesting earnings, reviewing an M&A tack on or doing work on commodity prices or rates. And we see this during market events. Most recently, when our team was able to risk assess our entire portfolio during the SVB weekend in a matter of hours, followed by Credit Suisse and First Republic in succession.

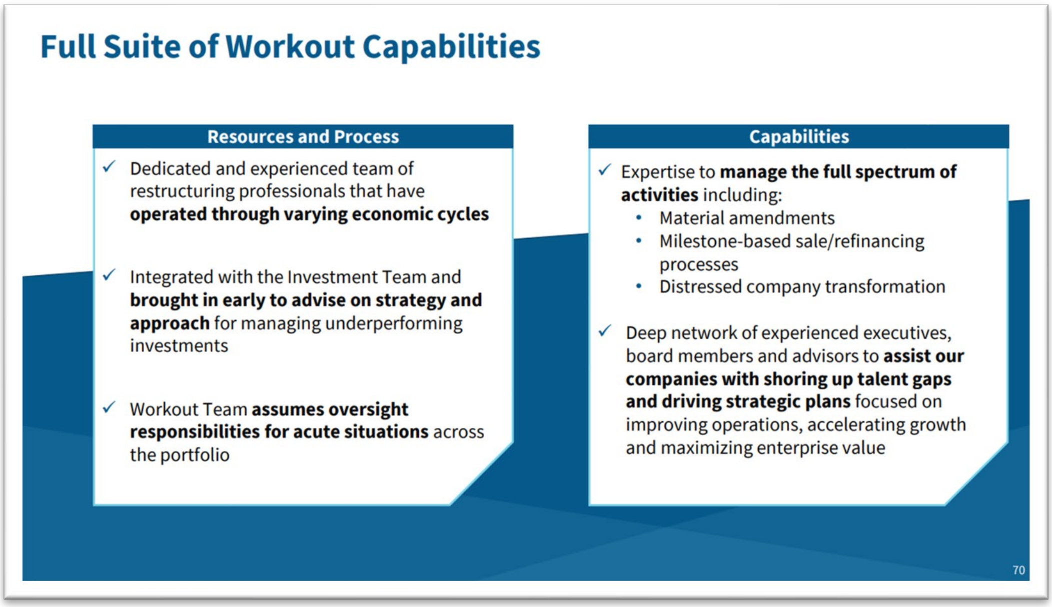
Our team is at its best when we do exercises like this. And they were really at its best when we risk manage the portfolio with exceptional results during the heightened COVID period in 2020. And using our systems at the time, we were able to quickly heat map our entire portfolio during the early days of COVID. We managed a war room from our homes for the first few quarters. We added resources, experts industry captains. We had watch list meetings twice a week, and we stayed ahead of problems, which allowed us to consistently drive strong protective results.

To give some dimensions, since inception, we've had 24 borrowers require some form of material credit amendment, whether that be a covenant trip or liquidity. And on at least half of those were during the heightened COVID period.

Our results on those 24, we achieved additional cash equity contributions on 80% of them. Total dollars of additional cash equity contributing to our borrowers $1.25 billion. Okay? That's significant cash protection for our investment. And we achieve additional economic protections and additional legal protections every single time. Brian will get into this in a moment on how we do that, but it doesn't happen because we're lucky, and it doesn't happen because we're nice at client events. It happens because we're in the room, we move quickly, we move smartly, and we protect our par.

And our track record really speaks for itself. 6 bps loss rate since inception. That's how we score ourselves and that's how we score our program. So, we're really proud to share it with you today.

The last way we score ourselves, of course, is how do we perform in those small handful of cases when we might have a potential loss of restructuring. And we pull in Brian's talent. So that's a great segue for me to hand it over to him. Thank you.

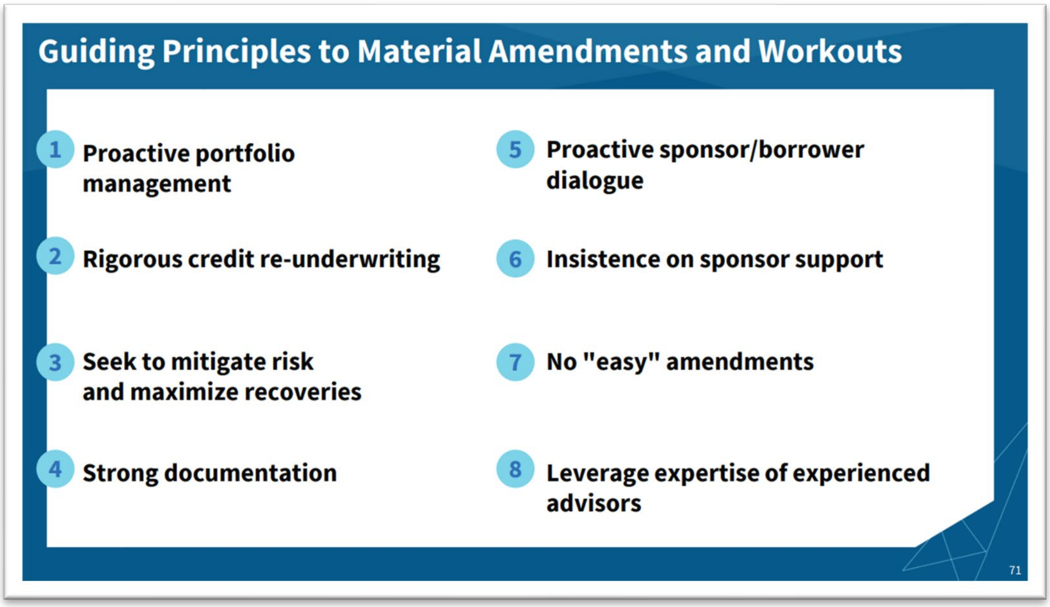


Brian Finkelstein

Thanks, Adam. Good afternoon, everyone. As we dive into the workout process, we will cover the capabilities and goals of our experienced team, how we assess troubled investments and mitigate risk and our playbook for maximize the value of our investments in situations where we deem it necessary to exert greater control or influence. Workouts are a team-wide focus of our 100 plus member investment team, leveraging the collective experience of our investment committee senior professionals and dedicated workout teams that have operated through varying economic cycles.

Our workout function is fully integrated into our portfolio monitoring process with the account teams proactively reaching out at the earliest signs of trouble to discuss strategy and approach for managing an underperforming investment. If the situation worsens, and we see a heightened risk of impairment, the workout team takes the lead and drives the amendment discussion and any related restructuring activities. Our dedicated and experienced restructuring professionals have a full suite of capabilities to manage the spectrum of situations, ranging from material amendments to overseeing milestone-based sale and refinancing efforts to taking control of a struggling company.

When we have a restructuring, I take my directive from our investment committee that is focused on maximizing the value of our investment and ensuring that our portfolio companies are supported by the full weighted resources of our platform. This includes access to our deep network of industry veterans and financial advisers to shore up talent gaps at our companies and provide managerial support and guidance to achieve long-term strategic goals. We have the benefit of long-term capital that provides us with the flexibility to be patient, we will not sacrifice long-term gains for short-term wins.

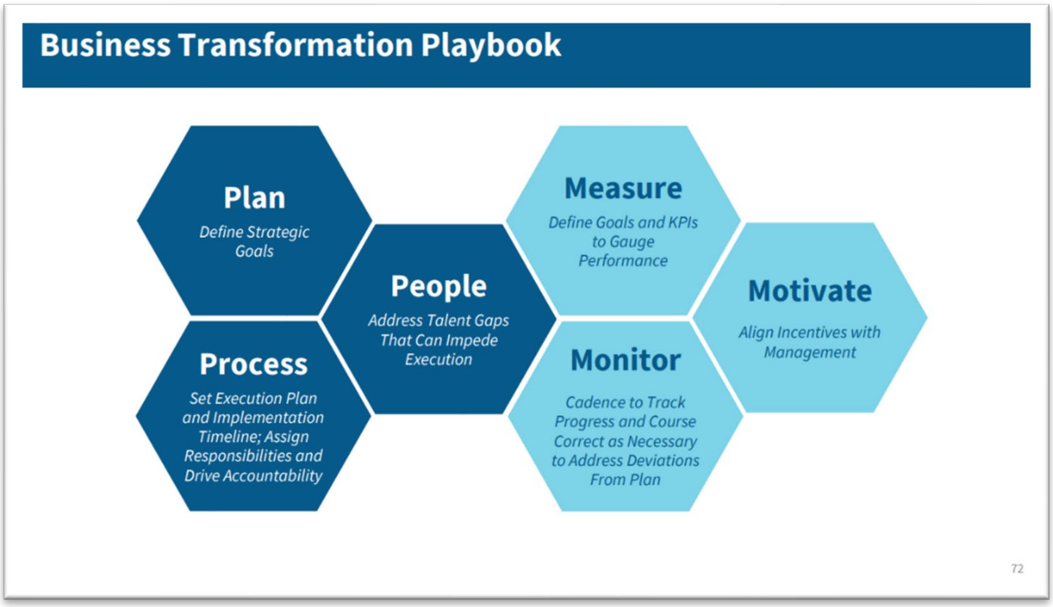


Stepping back, we employ a proactive approach to workouts, guided by the principle that early intervention prices in our time to address a problem. Expands the range of options and enhances the prospects for recovery.

Along those lines, key advantages of our direct lending business include access to management and the sponsor, thereby providing greater visibility into the inner workings of the company and allowing us to identify challenges at an earlier stage. And strong documentation that includes maintenance covenants and other rights and remedies, ensuring that we have a seat at the table if performance suffers.

Actionable credits go through a rigorous re-underwriting process where we focus on the liquidity runway, drivers of underperformance, corrective action plans, outlook, legal remedies and points to leverage. This is an intense process for my team and I will plant ourselves at the company and spend as much time as necessary working closely with management to wrap our arms around the situation. As part of this process, we will utilize our bench of industry executives and advisers to evaluate our options to determine the best path forward and develop contingency plans.

Our primary focus is on downside protection. We seek to reduce our risk by working with the sponsor to support the business, repay part of our loan, reduce leverage via equity-funded acquisitions, obtain additional collateral or enhance our rights and remedies. In tougher situations, we may require the sponsor to refinance our loan or sell the company. While our direct lending business is a sponsor-focused platform, the directive for our investment committee is to protect our investors' capital regardless of relationship. We strive to reach consensual deals but do not provide easy amendments, and we'll utilize our various rights and remedies to exert greater control as necessary to protect our investment in circumstances where we face a heightened risk of impairment.



In my 20 years of experience, I've worked on many distressed companies, both as an investor and an operator. The playbook we're about to discuss is a robust and repeatable framework that I have leveraged to successfully transform challenged companies. The approach utilizes the best practices that I have picked up throughout my career to drive execution and create ownership and accountability throughout an organization.

The core elements of the playbook are plan, process, people, measure, monitor and motivate. Plan relates to setting the strategic objectives with a core focus on the most impactful levers that will drive a step change in business performance. Process concentrates on the critical elements of the strategy and execution plan, looking at sub-pass responsible party and implementation timing to manage and drive accountability. People is based on a review of the organizational design to shore up talent gaps that can impede execution of the transformation plan. Measure, focuses on defining the goals and KPIs that will be used to gauge performance as what gets measured gets managed.

Monitor relates to setting the cadence to track progress and course correct as necessary to address any deviations of the plan. And lastly, Motivate, focuses on aligning interest with the executive leadership team of the company by implementing an equity incentive plan to allow them to share in any value creation.

Hands-On Approach to Workouts Yields Strong Outcomes

Industry	Marketing Services	Healthcare Services	Distribution	Infrastructure & Environmental Services	Household Products
Challenge	COVID induced covenant and liquidity pressure	COVID induced covenant and liquidity pressure	Acquisition integration challenges and over-reliance on project-based revenue	COVID-induced contraction in energy prices and activity levels	Rising costs and declining demand as consumers grapple with higher inflation
Response	Took Control	Forced Sale of Business	Took Control	Took Control	Took Control
Current Status	Active Investment	Realized	Active Investment	Active Investment	Active Investment
Capital Invested	$179mm	$135mm	$46mm	$172mm	$120mm
Total Value (MOIC)	$217mm (1.21x)	$180mm (1.33x)	$39mm (0.86x)	$232mm (1.35x)	$94mm (0.78x)

1.17x MOIC Across All Restructurings Since Inception

Past performance is not a guarantee of future results. MOIC is calculated as the sum of realized value and current fair value divided by capital invested. Data as of December 31, 2022.

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Let's get into specifics and discuss a few historical situations that have gone through a formal restructuring. I want to be clear, we do not have a lot of workouts. The five companies on this slide are not a selection of transactions that went through a restructuring, but rather represent the entire universe of restructure as we have had since inception across the $70-plus billion of capital that we have invested in over 400 companies.

The limited number of these situations is a testament to the quality of our underwriting team and our investment process. Our one common theme across these companies is that each is one of the larger and scale players in their respective niche. Through our collective experience, we have found that these types of companies bounce back faster following periods of stress and retain their enterprise value as the businesses are viewed as attractive platform investments or highly accretive targets for competitors seeking to enhance their scale and market presence.

Of the five companies, I'll focus my remarks on the first three situations as the two on the right side of the slide are relatively recent. First, we have a marketing services business that's engaged in the manufacture of physical gift cards and hotel access key cards. The business was severely impacted by the COVID lockdowns that drove a significant reduction in demand across its core retail, restaurant and hotel customers. We worked closely with management and our advisers to evaluate the business plan and gain confidence in the durability of the company's product offering and dominant market position.

As a result, we view the company's challenges as a temporary disruption that would abate once the shelter-in-place orders eased. Through discussion with the sponsor, a consensual agreement was reached to effectuate an orderly transition of the business. Since then, we have rebuilt the management team, implemented our playbook and have been actively engaged in driving the value creation plan, focused on improving operations, enhancing margins and accelerating growth. We have seen a dramatic improvement in earnings and our equity is currently marked at approximately 2x the fair value at the time of restructuring.

Next, we have a health care services business that operates a network of dental labs. The business was also materially impacted as COVID lockdowns caused dental clinics to shutter to nonemergent care to halt the spread of the virus. Similar to the marketing services situation, we worked closely with the management team and our advisers and view this as a temporary disruption that will correct itself once the economy reopened.

The private equity community echoed this view and our sponsor coverage team received a significant level of unsolicited inbound interest in the company. We worked with the management team and the Board of Directors to engage an investment banker to gauge market interest as the sale process commenced, the shelter-in-place orders eased and the business quickly rebounded fueling the competitive tension of the auction. The process resulted in the sale of the company to a new sponsor that provided a full repayment of our investment in all associated economics.

Lastly, we have an Ag distribution business that undertook an aggressive acquisition strategy that shifted its focus from its core recurring distribution model to project-based construction-related activities. Integration challenges, coupled with the rollout of a significant project to stress the business and led to an orderly transition of ownership to the lenders. We have followed our playbook, retooled the executive leadership team and are beginning to execute the business transformation plan.

Overall, we have been successful in managing challenged investments and have generated a net positive return for our investors across the messiest situations in our portfolio. Our goal is to get our money back in every situation. It won't always happen, but based on the hand of workout team has felt, I feel very good about our prospects. Thank you very much.

Kaitlin Howard

I think we have some time for Q&A. If there's any questions from the audience.

Question and Answer Session

Kenneth Lee – RBC Capital Markets

In terms of the 1.2x MOIC you've realized for the workout situations. I wonder if you could talk a little bit more about the key drivers, what's driving that MOIC ultimately? What are the key factors there?

Brian Finkelstein

Sure. So, in a lot of these situations when the companies can find themselves in trouble, the sponsors to step up and support their company that provides a lot of duration on those assets. And so some of these companies, it took some time before they actually got to workout.

So, for example, the health care services business, we already clipped three years' worth of interest and coupons on that deal.

And then additionally, again, as I talked about before, these businesses tend to be larger in their respected niche. And they've done a much better job of rebounding and retaining their enterprise value. And so as a result, they're just viewed attractively by the market and overall, that value that does come in. But a lot of this is really based on the cash income that we receive on those investments since inception.

Adam Forchheimer

It's not intuitive, but we're not passive in this, right? We're the sole lender. We're one of two lenders. So, when we restructure and we take control equity, we have the flexibility to run the business the way we want to. It's very different than when we're a lender.

We, of course, do our diligence as lender, but we can't say to David Musicant, “You should fire your management team, we don't like them.” When we own the company, we can, and we could do other operational things that Brian described. So, it's really an entirely different lens when we take the company over.

Alexis Maged

Maybe one more thing just to add to that. So, of these five, we're the lead on four of the five of these. And on the fifth one, which is a small one, there's a like-minded lender who's the lead.

So, I mentioned we're recovery focused. We are on top of these companies. When we're the lead, we can really get in early and anticipate problems, we can —if you're in a syndicate or if you're a smaller lender in a club and you're to the right — you have no control over your destiny in these tough situations. We want to be able to control our destiny in these and use our expertise throughout the portfolio management process. And if it comes to that, then we have the workout skills. So, it's differentiating to, as Craig pointed out, to have the capital to be able to lead and structure and document our deals. We then also able to drive good outcomes and recovery, if they go together.

Derek Hewett – BofA Securities

Derek Hewett, Bank of America. Is there a rule of thumb in terms of incremental capital that needs to be reinvested into a business that you take over? And then secondly, what is your willingness to do the next deal with a sponsor that hands you these?

Brian Finkelstein

So, I think every situation is different in terms of our willingness to invest capital into those situations. It's going to be based on what our views of the future outlook. We do not want to risk good money after bad, but some situations require a little bit more capital. Some won't require — one obviously require as much, but we do strive to make sure that capital structures are set up proper ensure that the management teams have the necessary runway to execute on the long-term transformation plan. as far as...

Craig Packer

I'll cover this, the sponsor piece. So, I think maybe just to make sure it's obvious. If we wind up taking a business over, we're going to resize the debt stack. So, we're going to want to make sure ideally that the new quantity of debt is comfortable for the company as a service.

And so there shouldn't be a lot of capital needs. We're not generally lending to capital-intensive businesses. We've addressed the appropriate amount of debt, and we'll equitize the rest. There may be some amount, but order of magnitude, it's 10% to 20% of the amount of capital that we put in. We haven't had any situations where it's meaningfully more than that. So, it's pretty small.

On the sponsor question, it just depends on what's happened. We've had one of those — I won't say which. We weren't pleased with how the sponsor handled the situation. We had a handshake that we're going to put more money in during COVID. They were willing to put more money in, but they wanted essentially to generate a return off that new money off of our backs. And we weren't willing to do it. And we took the keys and we haven't done a deal with them since. And by the way, they keep showing us deals all the time. And we keep saying no. We don't tell them we're firing them — because who knows, maybe it will be the deal of the century. But we're not likely to do a deal with them anytime soon.

On the other hand, if it's a sponsor that would like something happened to the business. They were reasonable to work with and work with us in a consensual way to protect the value of the business and did all they could and it just came down to them just not being able to afford to spend more time and throw good money after bad and spend the resources, but they were good partners. Things happen to businesses, and we'll absolutely do deals with those sponsors again. So, it really just depends on their behavior to us. So, I think it covers this — the gamut. Again, we have a very limited number of circumstances. We would strongly prefer if there's a problem for it to be the latter. We would strongly prefer it. But if someone if we think is not behaving in that partnership-oriented manner, then we'll walk from the relationship.

Robert Dodd – Raymond James & Associates

You talked about real-time monitoring, et cetera. But obviously, in some of these situations, they're going to be a pretty — a relatively considerable lag between the end of the quarter, for example, you're getting the financials or the end of the month. What tools do you have absent them already defaulting, right, to accelerate the flow of information to you to get access to it quicker for more real-time monitoring. And are sponsors normally cooperative on that front? Or do they try to delay your information flow until the point that they can't?

Adam Forchheimer

No. I mean you've heard from our sponsors today, it's the exact opposite. They are, because we're partners at the origination, because they view us as partners throughout the life of the investment, we are getting early reads on how our borrowers are doing well before we're getting those formal financial statements or audits.

So our teams get that information, they're meeting with management. They are flashing those results internally. And quite often, the actual formal results will come 30, 45 days later. And so, we've seen that happen time and time again.

Alexis Maged

So let me be more emphatic than that. So, a couple of things. As I said before, it's the same thing. We like to be admin agent on our deals. We have sizable competitors, peers who don't like or can't be admin agent, so they farm it out.

So being admin agent is critically important to portfolio management. We are the ones who are getting the call every time they want to draw on the revolver. We've set it up so that every single draw on a revolver has to be signed off by one of the two of us okay?

That is tremendous insight into how a company is doing, how much of the revolver is drawn? If it's 70% drawn, our deal team is getting a call to go find out why. So, we have a lot of insight. They are the ones on the phone with the treasurers, the CFOs on a daily or weekly basis. We have a lot of insight months before financials come out. And that's a role we like to play.

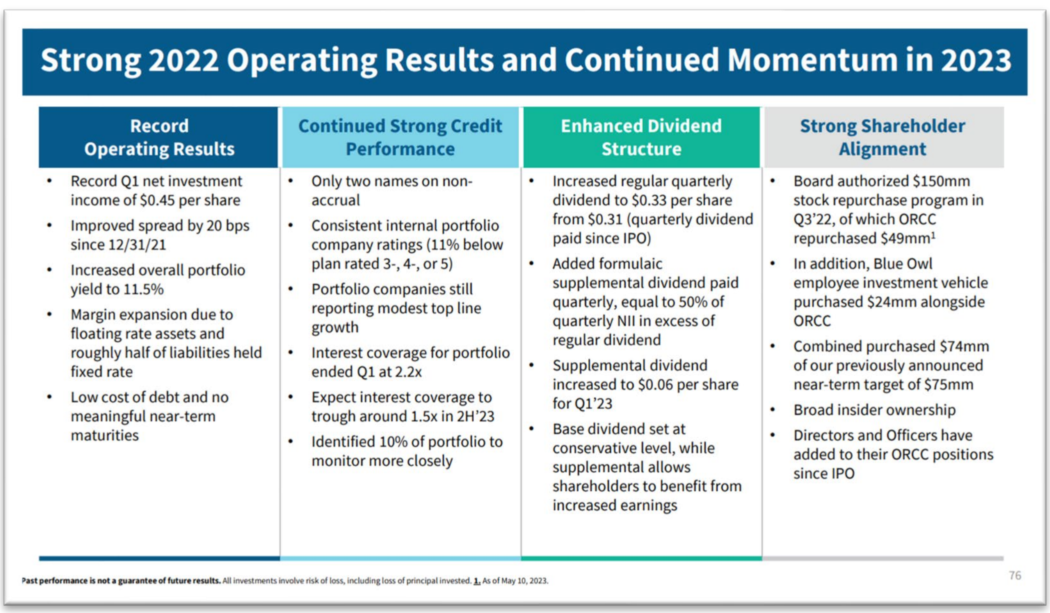
Kaitlin Howard

I think that's all the time we have. Thanks to Adam and Brian and thank you to everyone who asked the question. We're going to break for lunch and meet back here at 1:45 for the afternoon session. Thank you.

Craig Packer

All right, we're going to get started with the afternoon sessions. Hopefully, everybody enjoyed lunch and got a little caffeine because we've got a lot of stuff to go through.

So, this session is entitled ORCC delivering attractive returns through cycles. Most inspiring title, I suppose. But look, we're really pleased with the results we've had at ORCC.



But if you followed us the last 3 quarters, we think they've been exceptionally strong. Business has tremendous momentum.

This last quarter, I think was particularly good. And most importantly, and hopefully, it's so obvious this morning, the credit performance has been exceptional. And we expect it to continue to be exceptional. The way I think about our current situation as I think back to the third quarter of last year, it was clear to us with rising rates that we were going to have really good results.

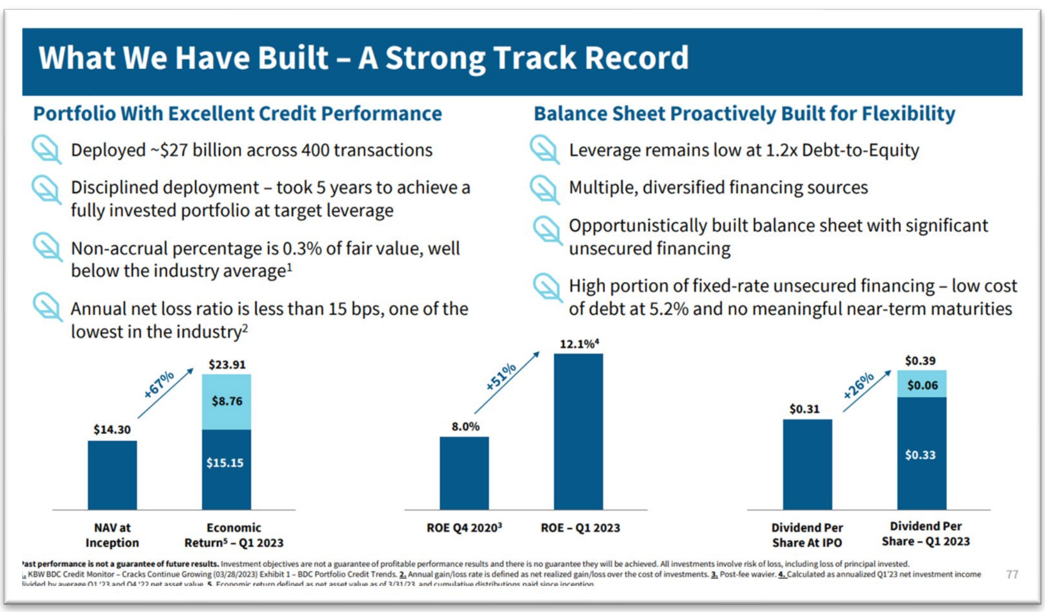
And we set out and did a number of very deliberate things to provide value to shareholders. We raised our base dividend from $0.31 to $0.33, and we added a supplemental dividend which I hope that you all agree, provides a very predictable level of value based on our performance. As everyone, I think, knows, but just to remind you, for those that may be newer, we have committed to paying out 50% of NII above our base dividend in the form of a supplemental dividend every quarter.

When you factor that in for the first quarter, we paid out about $0.39 a share, up from $0.31 a share not that long ago, a substantial increase.

We've also really tried to demonstrate alignment. Previously, we've announced that the company and the employees together have purchased $75 million worth of stock. I want to pause on the employee point, completely discretionary. Just made it available to our team and did it in an organized manner. They all work here. They all know the portfolio, they all study it. They all sit through portfolio review. They could take their money and invest it anywhere they choose to. We didn't encourage them to do it. We just made it available. And on a voluntary basis, they collectively put $25 million into the stock of ORCC. Many of them already owned shares of ORCC.

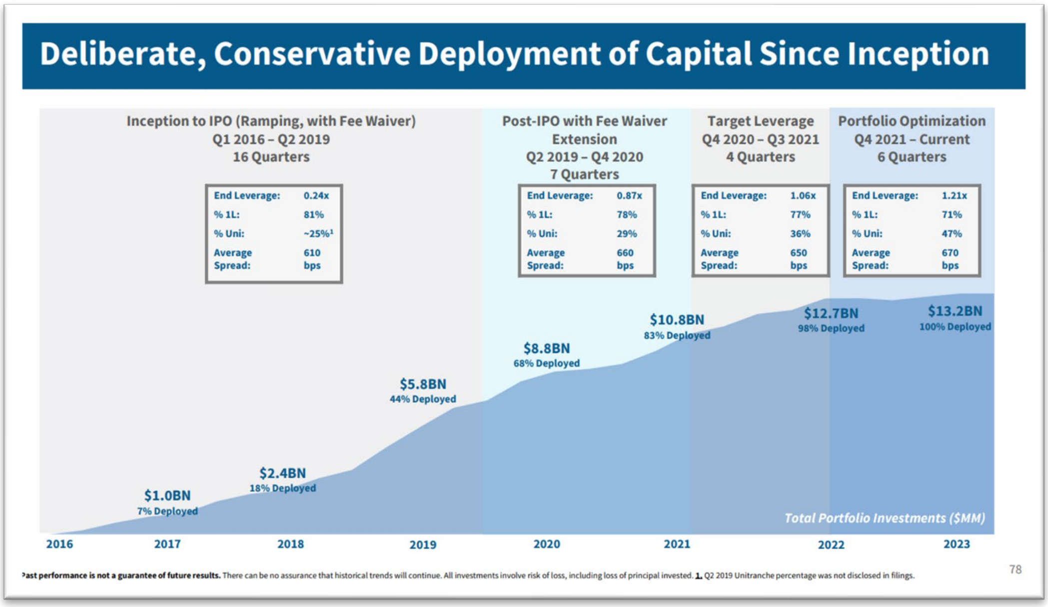
If you didn't see it on Friday, I purchased more shares of ORCC. I own plenty of shares of ORCC. When I purchased shares of ORCC, it's kind of a lifetime commitment, right? So, I know that, but I thought it was important to come here today and say at today's value, today's marks, today's outlook, the stock is attractive, and I'm happy to own it. Why? Because these dividends are really attractive. I'm going to get a tremendous return.

So, I have complete conviction and confidence. And I know every line item, every credit, every relationship all the things you worry about, I worry about, and I'm happy to buy the stock. Chairman of our Board just bought some of the stock. So Board, CEO, team, company. I know it's very difficult for you all to underwrite the portfolio. I just simply don't have enough information to do it. What we're trying to do today is how we see the team, quality of the team, the amount of work that they do, see our actions with our own money to demonstrate that conviction. So that's the thing I most hope to get out of today.



We've built a really strong track record. We've been at it for seven years. Hopefully, you see the cumulative success that we've had. If you take the dividends and NAV appreciation that we generated since inception, on a book value basis, we generated a 67% economic return.

We're going to talk in a lot of detail about ROE, but you can see we've dramatically improved ROE over the last couple of years. And our balance sheet is strong and flexible. Jonathan will talk more about that in depth.



So, this page, I'm going to spend a couple of minutes on this page. I hope that you can see it, the font is a little small. I think it's an important page. The reason we do a day like today is because it gives us a chance to go through some detail and some history that we just never get a chance to do in a quarterly call. And for those of you, even if you've invested in the last couple of years, you may not appreciate this history, so indulge me for a minute.

We started out as a private BDC in 2016. We had $6 billion of committed equity in drawdown format. It's an extraordinarily large number for the internal leverage that meant when we were assembling a $12 billion portfolio. We drew this equity as we invested, as we had opportunities, made loans, we called capital, and we levered as we went.

During that period of time, we were about 0.7x leveraged, pretty good. It was during that period of time when they changed the leverage limits in the space. When we went public, we called all the remaining equity that had been committed to ORCC because it simply wasn't possible to be a public company and have undrawn equity, just wasn't mechanically possible. So, we called all that remaining equity.

But as a consequence of that, at our IPO, and for those of you who were involved in our IPO, we were only quarter turn levered at our IPO because when we call the equity, we paid down leverage. And so we really weren't — we were not fully ramped at that point.

And we generated terrific returns for our investors while we were private in part because we were charging very low fees, while we were ramping the portfolio, and we had fee waivers in place. It's very deliberate. We gave our investors an attractive opportunity while we were a private fund to entice them to be an investor. We told our investors the time of the IPO, we're going to go to full fee and carry. That was the plan. That was the expectation. Everybody understood that. But when it came time to go public, we were so focused on making sure the IPO is successful that we extended those fee waivers for more than a year, out of our own pockets, because everybody warned me that BDC IPOs don't trade very well. And so, we said, well, we're going to do a number of things to make sure this does trade well. And we did trade well. We traded extremely well post IPO.

As a result of all this, it wasn't until the end of 2020 or five years after we started that we got to the low end of our leverage targets, five years later. One of the questions I hear a lot is pace of deployment. And I think what people are saying when they mention that is we put a lot of dollars out. We have put a lot of dollars out. We're a $12 billion fund. You can't invest a $12 billion fund in small increments. But actually, I think we've been extremely patient on our pace of deployment. It's basically taken us more than five years to get to our targets. If we have wanted to be aggressive, most managers, they would have invested the money in three or four years. We had the deal flow. We could have done bigger bites. We chose not to.

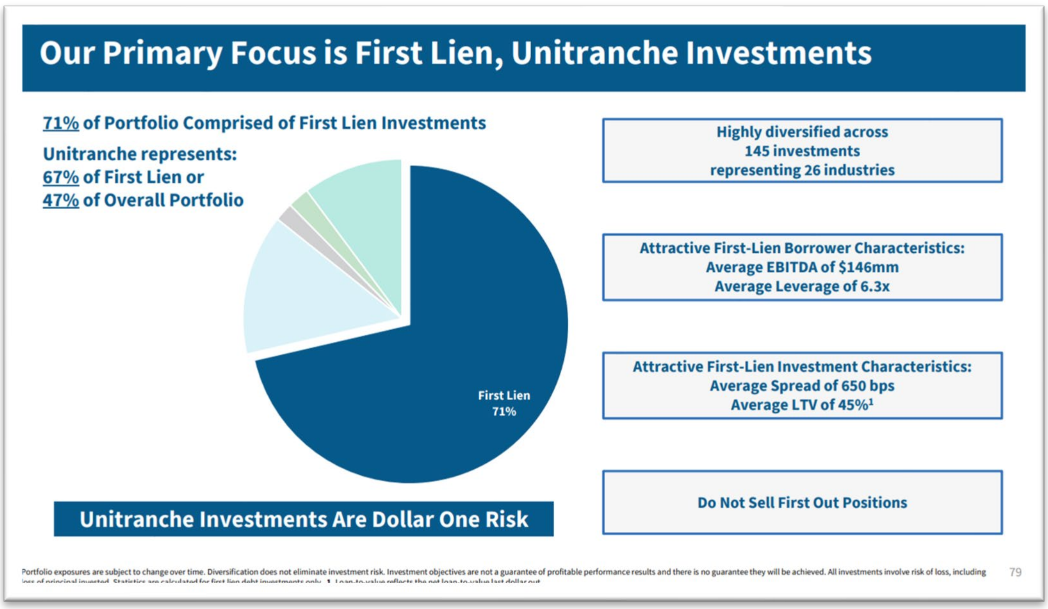
We got to the lower end of our leverage target in five years. Because we weren't willing to sacrifice diversification. I mentioned that five times this morning. Could have just done bigger bites of the same deals. I chose not to because we've been religious about 1% and 2% position sizes. As tempting as it is to put the money out, is tempting us to go faster, public faster, we'd rather do smaller bites. And if we have to subsidize it with our own fees, then we'll do that.

And we use our fees to make sure our investors had great returns despite this lower leverage, and they did. Many of them are here today.

So, it really wasn't until the middle of 2022 that we got to our current optimized leverage level. It's been about a year, despite the fact that we've been around seven years, it's only been about a year that I think we've been out our target leverage. So as a result, if you just call up our 10-K, our historical ROE really doesn't reflect the earnings power, right, because we were underlevered. But our investors had a great experience. So it's an important distinction that you have to appreciate.

It's only been in the last year where we've gotten to our target leverage, and you can see our spread has finally gotten optimized. Spread in our portfolio of 670 bps over. It's really attractive. You can't really read, I think, the finer print. But if you look in the first block, I think it says 610 bps, and you can see 610 bps, 650 bps, 650 bps, 670 bps. It's not an accident. We're managing it. We're putting investments in high quality but lower spread investments to get the money working. But then as they got repaid, we could patiently recycle it into higher returning high-quality investments instead of just trying to dump it in and risk your investments very quickly.

So hopefully, it gives you a sense of the complexion. We have grown, but we're a large fund. We've been actually quite measured. If anything, to be honest with you, we're probably a little too slow. And if I do it all over again, I probably would have done it a little bit faster, right, six years a long time. And — but it's — we landed in a good place. The way the portfolio sits right now, really, I'm happy with it. Spread, leverage, balance sheet, we're in an extremely good position.



Now I'm going to spend the next few pages really drilling down on the portfolio. I think it's very difficult if you just looked at our 10-K to understand it. This is our one chance to spend time helping you understand what's in the portfolio. The core of what we do are Unitranche term loans. Unitranche term loans, I think everyone should be familiar with that. It's the first lien term loans. So, they attach at dollar one; they're the only debt century on the company. But they go to a deeper level of leverage than a traditional first lien loan. By going to a deeper level of leverage, we get some more spread. And so they're ideally suited for BDCs, they are the bread and butter of BDCs. Sometimes, I'll see people read or write it. They're not doing first lien anymore. You can't run a BDC and generate returns that anyone would find attractive doing traditional first lien term loans at 500 over. It's just math doesn't work. There's no gamesmanship here.

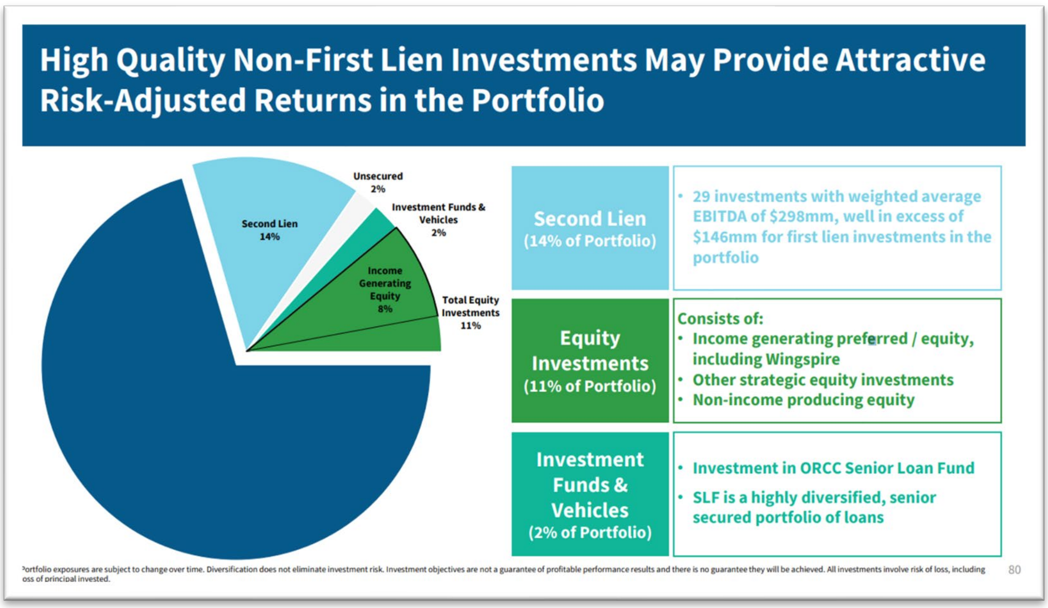
We disclosed in our 10-K what portion of our first lien term loans are Unitranche. It's completely visible to you. the term Unitranche is a bit of a term of art. We have discipline around how we calculate that for the SEC based on leverage and loan to value, and we make a judgment on that every quarter. So, we might do a Unitranche and then 2 years later, the company is delevered to the point it's no longer a Unitranche. If we put a number in the SEC for an SEC document, you can bet we're being really precise on every line item, and I personally sign these documents. We have detailed spreadsheets.

Someday, if somebody comes knocking, saying, well, how much — where do you come up with that number, we're going to give them a really detailed spreadsheet on it. So, that's the way it works. 71% of the portfolio is First Lien, 2/3 of that is

Unitranche. Average loan to value is 45%. Average EBITDA is just under $150 million, average leverage is 6.3x. I think those are all really attractive levels. Every element of that is really attractive.

We don't sell first outs on our Unitranches. Most lenders at this point don't do that. If you looked at the industry 6 or 7 years ago, it was common practice where a lender would extend a Unitranche and they would have an intercredit arrangement where they would sell a first out position to a bank, essentially providing more leverage, so they can get higher returns essentially on the back piece.

The problem with that construction is it creates an intercreditor relationship if everything is working okay, no problem. If it isn't, then you've got two creditors fighting with each other. When we got into the industry, we were well aware that this is a common practice. Part of the reason why it's the case is because the lenders had limited capital and they were trying to reduce returns. We didn't need to do that. we had plenty of capital, and our clients, they didn't want us to take that extra risk. The sponsors hated those structures. Because they understood that behind the scenes, there'd be some scenario down the line where they'd have to deal with multiple counterparties. That's not what they were signing up for. So we just didn't do it. We just from the beginning, said, we're just going to keep it all. And that was one of the many things we did that differentiated us.

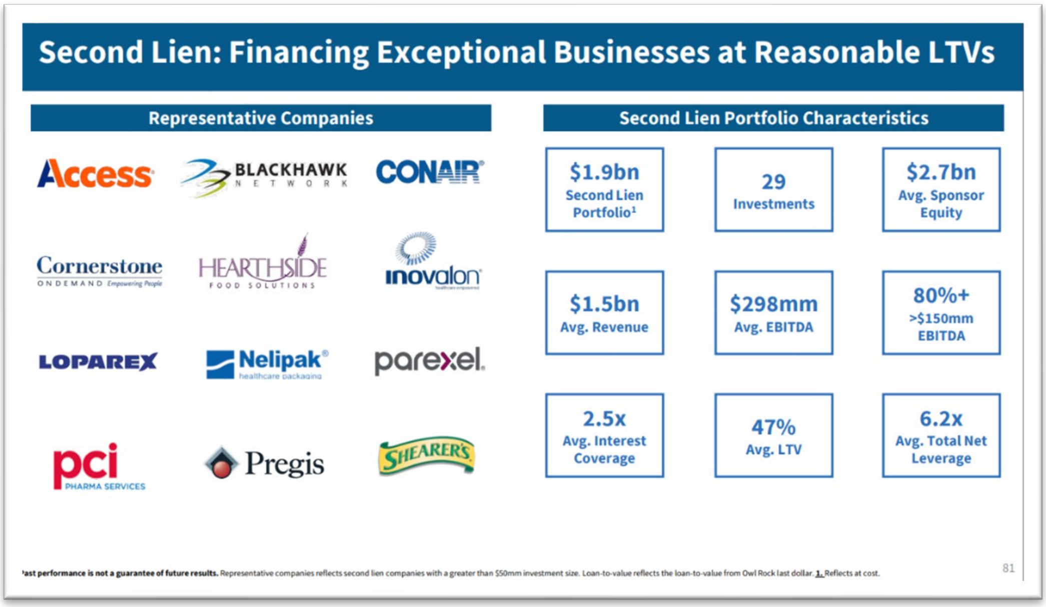


Unitranche investments are at the core of what we do and will always be at the core of what we do. I want to go through the balance of the portfolio because this part, I think is harder for folks to understand. Of the remaining 29% of the portfolio, 27%, almost all of it is in a mix of attractive income-generating investments. And we believe strongly, and I believe strongly these investments offer very attractive risk-adjusted returns with significant downside protection.

We evaluate these investments in the same exact manner that we evaluate Unitranche, everything else we've talked about today. Our platform generates a tremendously interesting number of investment opportunities. I think it's more vibrant than almost anyone that you will talk to. We have a chance to work with really high-quality businesses, really high-quality management teams. And we're often given the opportunity to structure investments that we could offer exceptional risk-adjusted returns.

And so in a very prudent and careful manner, we use these — this opportunity set to help drive improved overall return in the portfolio. I'm going to go through all this. Second Liens are 14% of the portfolio. We're extremely judicious on the Second Liens that we do. Now I appreciate that investors have heightened concerns on Second Liens. I do too. That's why we turned down almost all of them, but for the right credits in the right situations are extremely attractive. I'm going to go over that in a minute.

We also have assets that show up either as investments in funds or equity investments. I'm also going to go through these in a minute, but what you're going to see is the vast majority of these — I guess they're in green, a couple of shades of green. They're technically equity investments from an accounting standpoint, but they're made up of underlying portfolios of highly diversified, conservative investments mostly first lien term loans or other annuity-like portfolios. I'll go through that, but this approach allows us to generate nice incremental returns in the portfolio in a careful way.

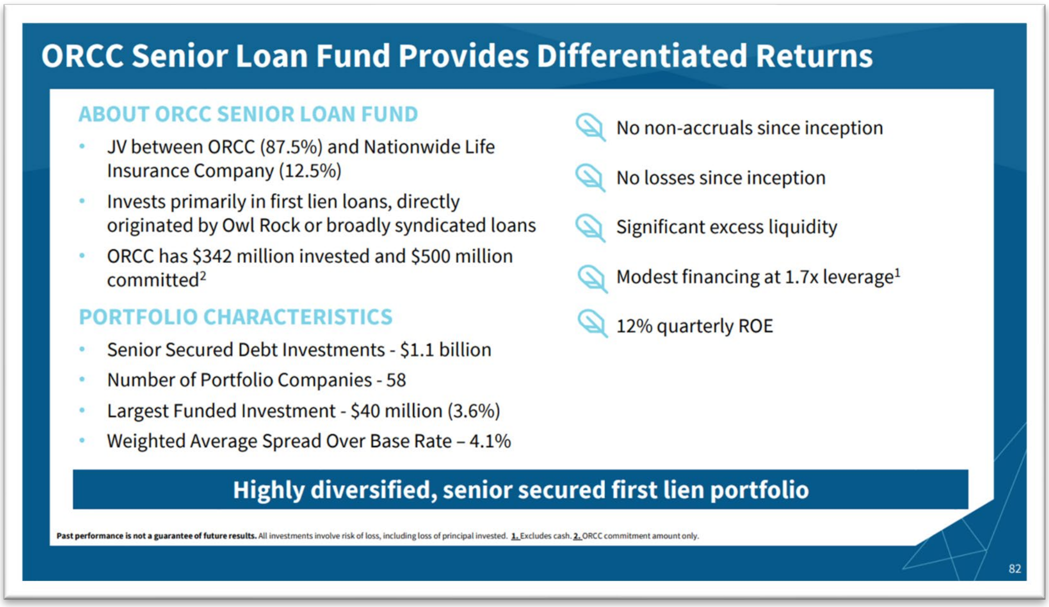


So, let's talk about our Second Liens. Again, we're super selective here. We only invest in big companies that are extremely stable and have significant strategic value. Given our strong relationships, you heard the three private equity firms, I could have rolled through 40 more private equity firms so I said the same exact thing. We get approached by all of them all the time, anytime they want a Second Lien loan they call us. Why? They trust us. They want us to be their junior lender. There's a problem. There's a relationship. They're not going to be a pushover, but they much prefer knowing who their vendor is. We say no to almost all of them.

We only say yes, when we're extremely confident if there's a problem, we're going to get back par. Our average Second Lien has $300 million of EBITDA. The average leverage is 6.2x and 47% LTV. So our average EBITDA for our Second Lien is twice the size of what it is for the whole portfolio. The LTV is similar. The leverage is similar. We have, on average, $2.7 billion of sponsor equity beneath our Second Liens, $2.7 billion of equity beneath. For us to lose a $0.01, they have to torch $2.7 billion. It's hard to do, for a big company. It almost never happens.

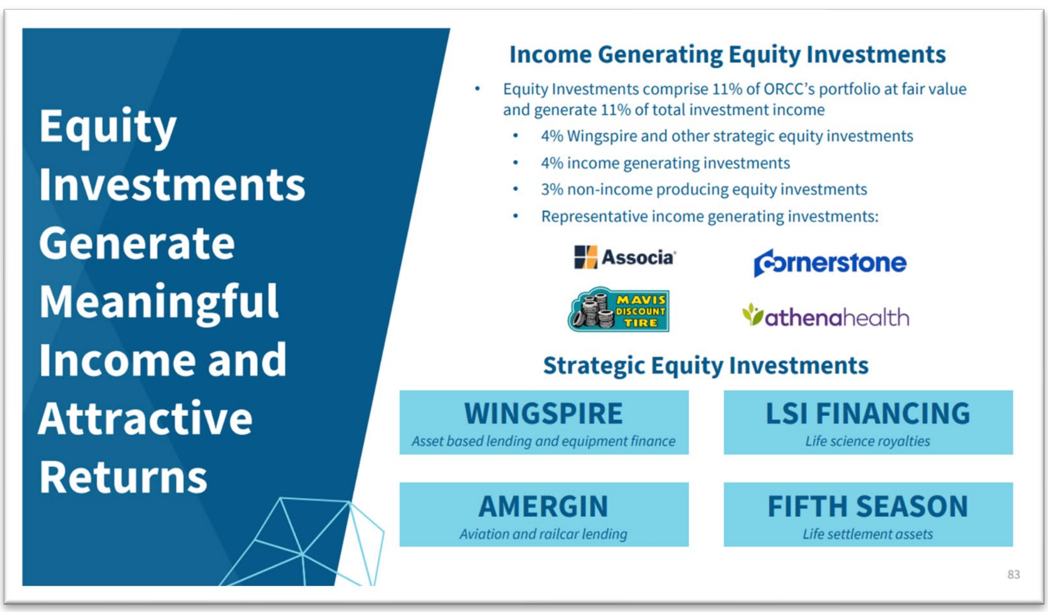
The performance of our Second Liens has been extremely strong. I'm going to give you just a snippet of information on a typical Second Lien. We have a Second Lien in a company called Parexel. It's a market leader that assists global pharmaceutical companies managing and executing clinical trials. It has more than $500 million of EBITDA, leverage today is mid-5s. LTV is 30%. EQT and Goldman Sachs are the sponsors. It's an extremely important business, market leader in the space, they have relationships with 9 of the 10 largest pharmaceutical companies that span more than 15 years a piece, a fantastic business, that loan to value.

It's really attractive. Those are the kind of second liens that we do. We're going to keep doing them in moderation because they generate really attractive returns and we have great downside protection.



ORCC senior loan funds. This was a joint venture, which invests in true first liens, so not Unitranche. We've been an investor in this joint venture since 2017. It used to be called Sebago Lake because our partner at the time was the University of California.

Today, our partner is Nationwide Insurance. Nationwide came in 2021; they reunderwrote the entire portfolio because they were stepping in the shoes of a partner, from scratch, and they came in as a partner and we're growing it with them. It's a diversified portfolio of 58 first lien investments with an average LTV of 36%, has modest leverage, great credit performance, generates a 12% ROE. ORCC is committed $500 million to it. We've got about — we have $350 million invested in the ground today, super accretive.



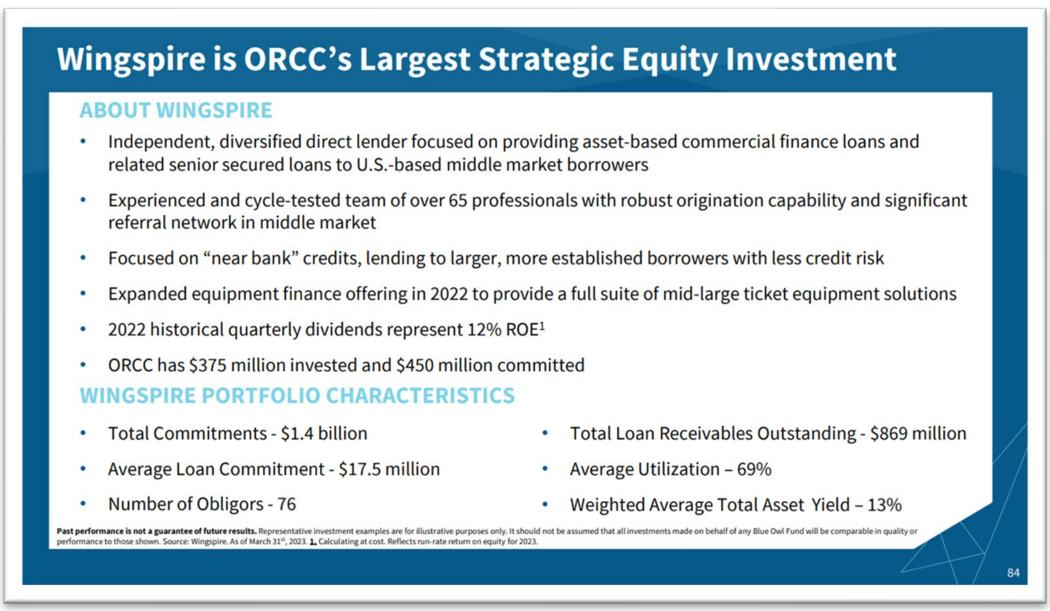
You'll notice our equity investments have increased over the last couple of years to 11%. Again, as I made this point a minute ago, and I'm going to spend more time now, while technically considered equity, the vast majority of these investments or 8% of the 11% are either preferreds or structured investments, which generate significant income in a very predictable manner.

The largest portion is income-generating preferreds. These are underwritten very similar to our Second Liens. Given the junior nature, we only do them for very large companies and stable businesses with significant equity beneath us, where we have structural protections to make sure in the downside, we're going to get our money back. Talked a minute ago about the Second Liens having $300 million EBITDA. Our preferreds have an average EBITDA of $500 million, in extraordinarily large and important companies. The weighted average loan to value of our preferred is 50%, and we're in through about 6x. So substantial equity beneath on average, $4 billion of equity on the preferreds. We almost never do them. But if we can get 12%, 13%, 14% at that loan-to-value for a really big company, I think it's very attractive and every so often, we find ones that fit that characteristic.

In addition to the preferreds, we have what we are calling our strategic investments. These are investments in entities where ORCC, together with other BDCs that we manage, own almost 100% of the equity. And we're partnering with seasoned management teams with domain expertise to organically build diversified portfolios of predictable income streams in differentiated vertical sectors.

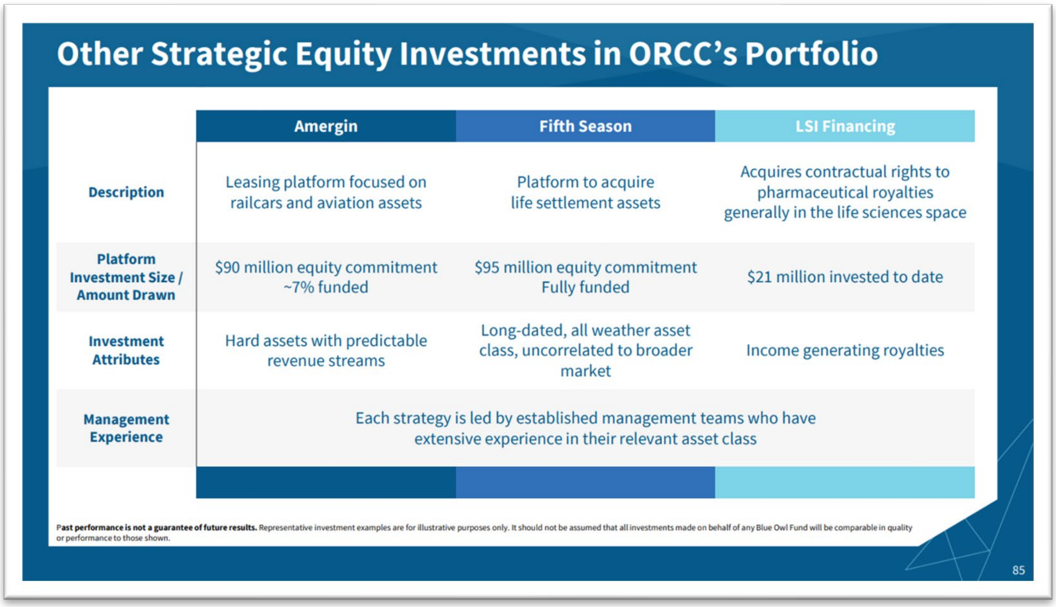
Wingspire is the one you're most familiar with, but Wingspire is only an investment in ORCC. As we have liked this model, the other portfolios we're building, our portfolio of companies not only of ORCC but other the other BDCs that we manage, which allows us to grow them to a large size without being only reliant on capital for ORCC for growth. So these positions can be sizable, but they won't be as big as Wingspire because we're sharing them across multiple funds.

Collectively, we believe these investments can generate low to mid-teens returns. Now right now, given where base rates are, many of our investments are generated low to mid-teens returns, okay? But that's a moment in time. These investments are not nearly as sensitive to rates as our typical loans, which are just purely floating rate and not as correlated. So if you think rates are going to go back down over the next 2 or 3 years, right now, you might not value this in two or three years, you're going to value this because they're going to keep generating low to mid-teens returns even when rates go back down. So we're investing for the future here.



So back to our Wingspire business. David Wisen is here. David, do you want to raise your hand. David built the Wingspire business for us. He's built a terrific business, started four years ago. David and his team run it. They're dedicated to asset-based lending, very focused on downside protection. They built a portfolio of $1.4 billion, 75 obligors, 13% weighted average yield in the portfolio, generates a very stable and growing dividend income from ORCC, 12% ROE. We've committed $450 million to Wingspire. If they keep finding good opportunities, we're going to keep providing them capital. We continue to invest in Wingspire. I think it's a really attractive investment.

I remember when we started this, you guys all asked me about it. We had nothing, okay? Well, now we have something, it's quite valuable for ORCC.

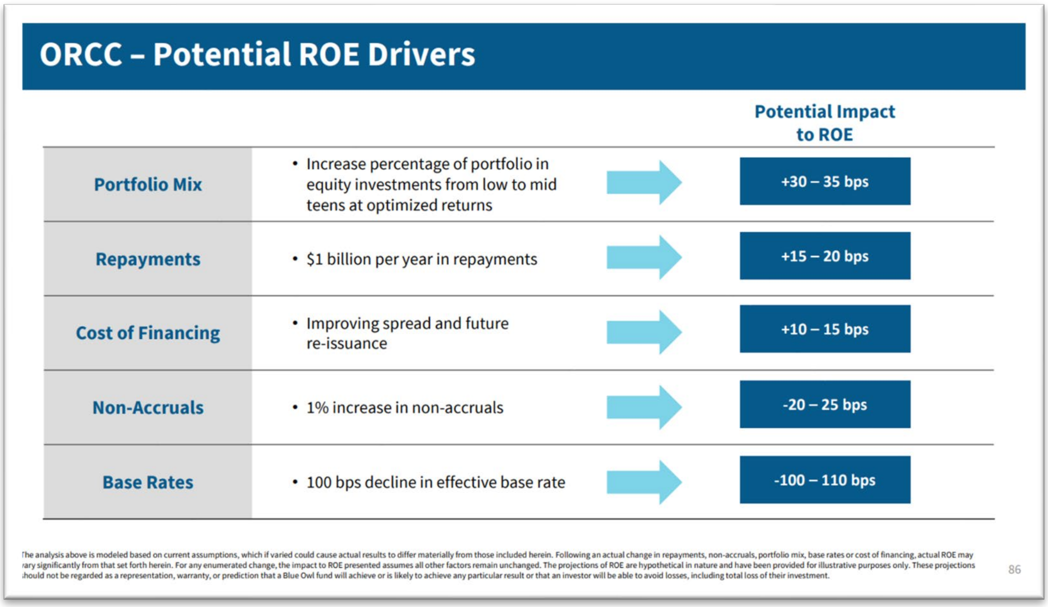


We like this approach. This has paid off. We've built it organically, patiently, great team. So, we're going to keep doing this. So, we have additional verticals that we're taking this approach. But again, the investment in these are spread across multiple BDCs. They won't be as large for ORCC.

In each case, we're working with an experienced team in the space. They're building a diversified portfolio of assets that — where you need true domain expertise to originate, analyze and own. Amergin is our railcar and aviation leasing business. We've committed $90 million. It's still ramping, but they're starting to see some really interesting opportunities, a very patient team that's worked together for many years.

Fifth Season is our portfolio of life settlement assets. This team buys insurance policies that have predictable, actuarially determined value. We also have a pharmaceutical and life sciences team where they're building essentially a collection of royalty streams. We've got a team of experienced life sciences investors that's building that platform for us.

Each of these strategies individually is a diversified pool of noncorrelated assets that can generate 12% to 15% returns to ORCC once they're ramped. The life settlements business is not going to move around with insurance — with interest rates. The royalty business is not going to move around with interest rates. So when I say 12% to 15% today, maybe you're not impressed by that. In a year or two, I suspect you're going to find that to be super attractive. This whole group today is about $100 million — $120 million of capital invested, it's going to grow over time.

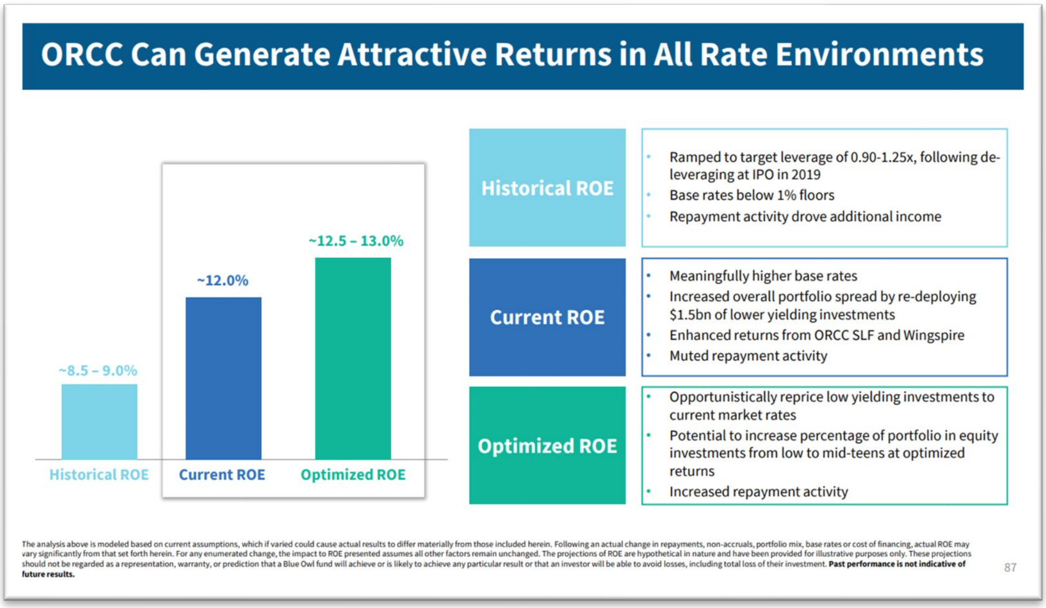


So, let's talk a bit about some of the components for ROE drivers. As I mentioned earlier today, the average spread in the portfolio is 670 basis points. I think that's really good. I don't think we're going to do too much better than that. Maybe we can grind it a bit higher. There's still some loans that we did 12, 18 months ago at 575 over when they get repaid. Maybe we can do a little bit better, but I'm not counting on us doing much better.

We do intend to increase the investments in the strategic equity investments that I've been talking about. I just discussed, that's a 12% to 15% return each of them. They kind of optimize on leverage. David Wisen and I have had many conversations about optimizing leverage at Wingspire and they're making great progress on it. But simply by taking our exposure to these investments from the low teens today to the mid-teens as a percentage of assets in ORCC, we can generate 35 basis points of ROE for ORCC. Repayments are almost 0 now. I mean, remarkably low, they're going to pick up each additional $1 billion a year of repayments generates about 20 basis points of ROE.

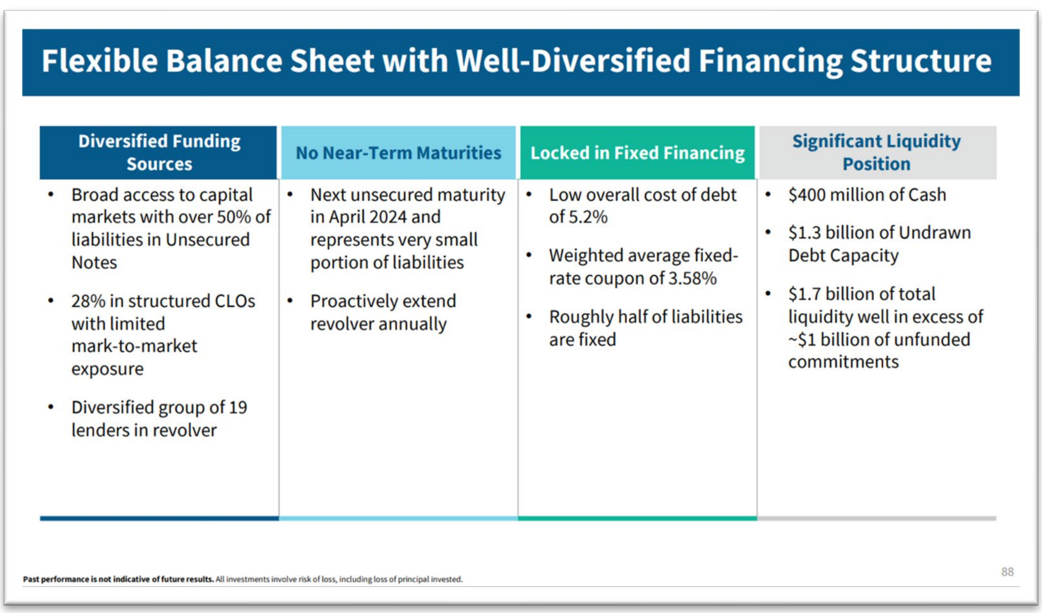
Now in terms of financing, complicated topic, financing is very expensive right now. it's rate-driven, so it's correlated to our assets. We pay a premium for our bonds, in particular, which drives me crazy. You'll hear more about that. At some point, we shouldn't be trading wide to the peers. It makes no sense whatsoever. We should at least be in line with our peers. I would argue we should be tied to the peers. So, if we can make some improvement there, that will take another 10 to 15 basis points in improved ROE.

Our nonaccruals are really low. I think you should budget, they should be higher. We've always tried to be pretty fair about that. We want to give you the tools to do it. A 1% increase in nonaccruals will detract 20 to 25 basis points of ROE. I'm not saying that because we're about to have a bunch of nonaccruals. I mean — but we're downside-focused, you should be downside-focused. Pick a number. 1% more, that's what it would be. And then rates, rates are going to come down at some point. I don't know when you guys can all have an opinion. 100 basis point decline in rates, that's going to hurt ROE by 100 basis points.

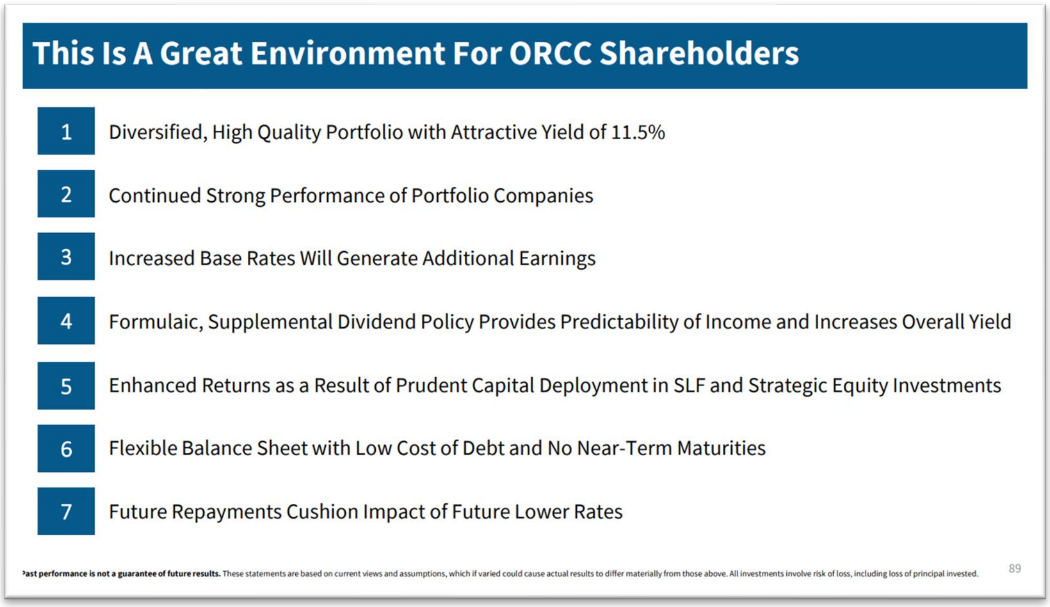


So, what does all this mean? Okay. We're trying to give you the tools. We never have a chance to really go deep. Today, we're earning 12%, just put up 12% for the first quarter. We said on our earnings call, we think we'll earn 12% for the year. Part of that is because even if rates come down later in the year, most of the year it will be big. So it's not going to impact it. If you take all the drivers I just went through, we think we can earn 12.5% to 13% in the current rate environment.

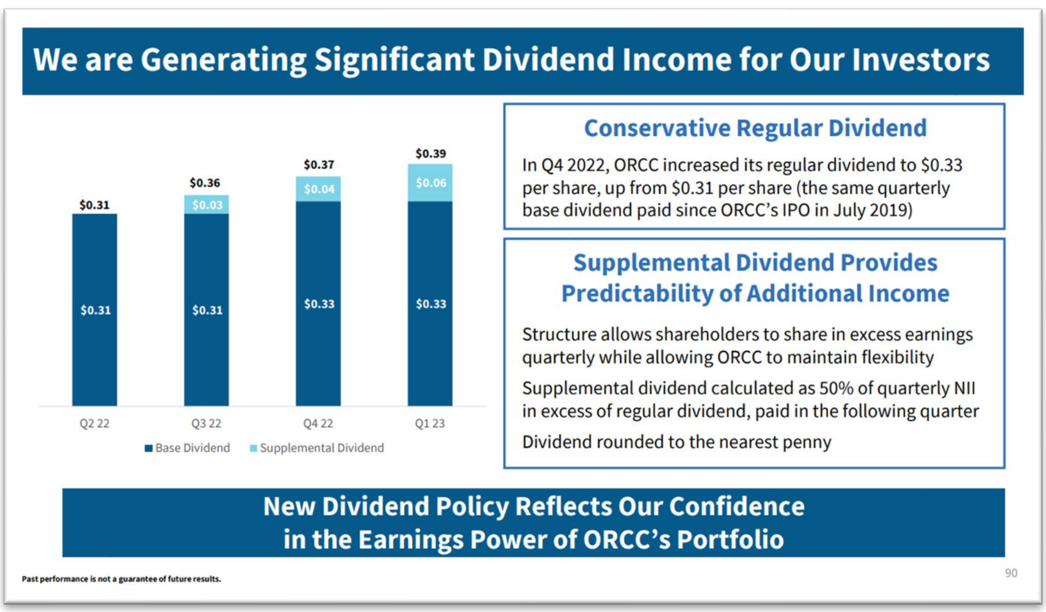
So, if things stay the way they are now, we think we can add another 50 or 100 basis points. Even if rates go back down to 3%, we're just picking kind of where the forward curve is going to be in a couple of years, we think we can earn 10% to 10.5% ROE. If you want to pick a 2024 scenario with modestly lower rates, not necessarily down to 3, and a pickup in nonaccruals, we think we can earn an 11. So again, we have upside from here in the current rate environment. If rates go down and nonaccruals increase, we're still going to earn more than we've earned historically.



I'm not going to spend much time here. Balance sheet, Jonathan will go through it. I sleep well at night. Diversified funding sources, no near-term maturities. We locked in exceptionally attractive fixed-rate bonds. We've got a lot of flexibility.

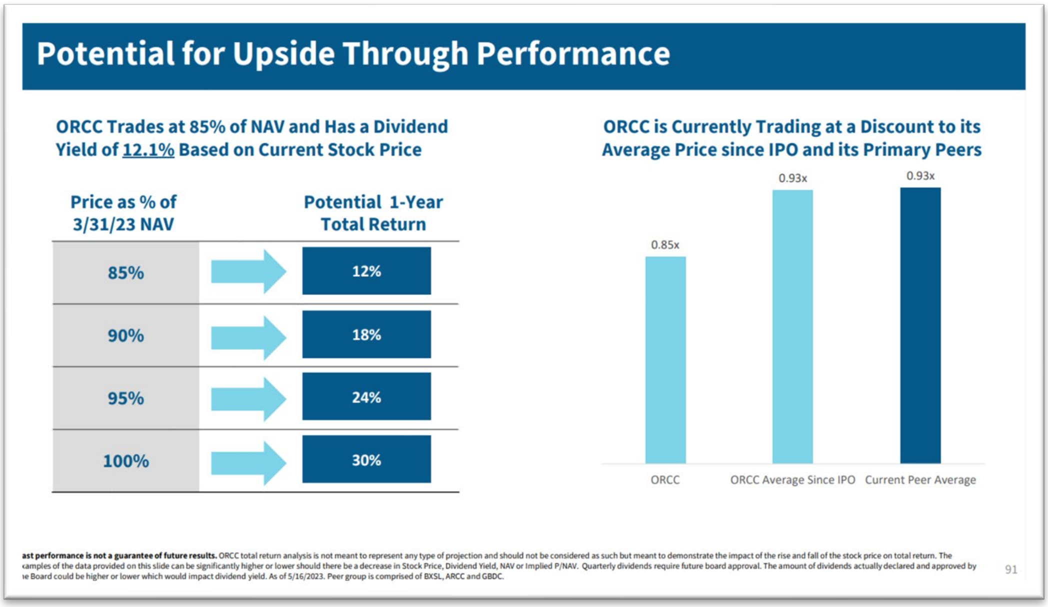


It's a great environment for ORCC shareholders. Performance of the portfolio, momentum, growing in NII, growing dividends, growing ROE. This is our kind of environment.

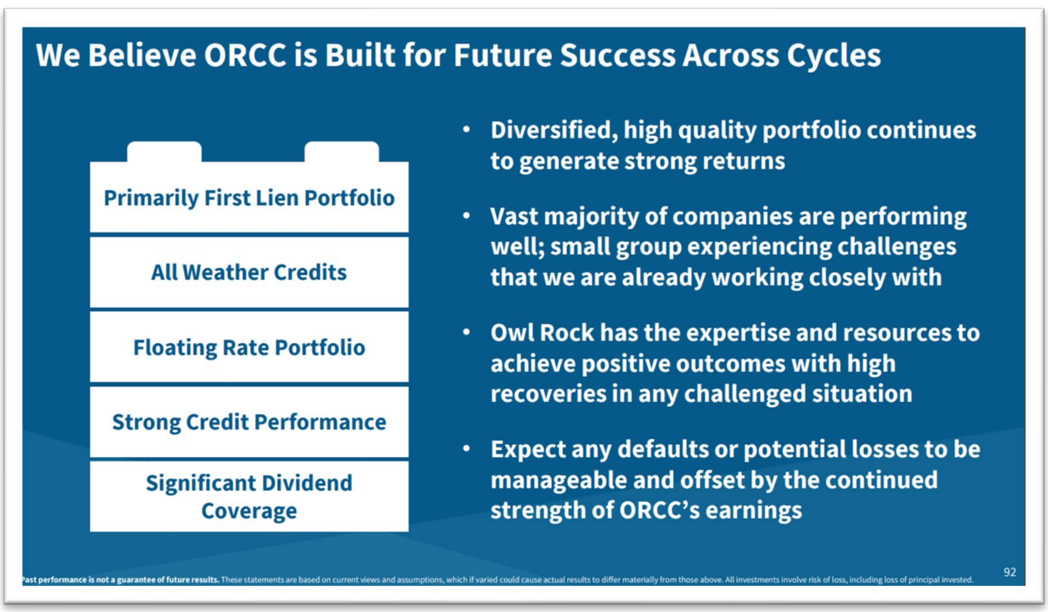


We've talked a lot about the dividends. We raised our base dividend. We're extremely comfortable. We can pay that dividend even in a lower rate environment, even in a higher loss environment. We set it at a very comfortable level. We wanted to make sure that — we have to talk about the base dividend, but we wanted to make sure there was a predictable mechanism for shareholders to know how much additional dividends we're going to generate. That's why we put the supplemental in. I know that sometimes Bloomberg is not the most ideal tool to communicate all this. They don't know how to fix that. But it has to be the case that shareholders appreciate a basically contractually committed dividend level that you can calculate 50%. It just has to be the case.

The fact that it's not on Bloomberg cannot be a reason why, markets are way more efficient than that. If we've raised it too high, everybody will be worried, well, what happens when rates come down? We think it's better to have something really comfortable that we can cover no matter where rates go, then have the supplemental that will move up and down based on the rate environment. So hopefully, you all agree it's thoughtful, it's predictable. And I think as investors get used to this, I think they'll find it really attractive.



I'm not sure — you might not be aware of this, but our stock trades at a big discount to NAV. Drives me crazy, but we just ran some math for you here. And if you buy the stock today, I just bought it. We just did it over 1 year, probably won't bounce back to NAV over a year, but if it did, that's a 30% total return opportunity. By the way, our average multiple of book value since the IPO is 0.93. Not only do we trade below the peers, but we trade below our average since the IPO.



So, to wrap up, ORCC, we think, is built for success throughout all the cycles. Current environment is one where the portfolio is going to do extremely well. We're going to have some challenges. I talked about that on the earnings call. I think they're going to be manageable. And then we're earning so much across the portfolio, we can afford to have a few challenges. If anything, it seems like they keep getting pushed out through three months at a time because the economy continues to be very well. We're experiencing record earnings, and it's a really good time, I think, to be a shareholder for ORCC.

So, with that, I'll stop at zero.

Dana Sclafani

I think we have a few minutes for questions.

Richard Lee

I know you get asked this a million times, but just to maybe rehash it. Just talk about the credit performance and how you're thinking about just downside cases, things change on a dime these days. So just a penny for your thoughts.

Craig Packer

Sure. So, our watch list is about 10% of the portfolio. It's been that way for years. We have pretty good visibility on our businesses. We talked about reporting, but we can run the models, we get projections, we get forecasts. We talk to the sponsors. If you pulled our team, which credits they think might have a problem next 12 months, they'll get the list. We all know what the list is. It tends to be the smaller companies, our biggest positions do the best.

Of that 10% of the portfolio, easily half of it, 5%, the sponsors are going to support the businesses. They might struggle for a year or two, but the sponsors have a lot of money in them, and they're going to support. So the area of concern is the other 5%. Right now, even those businesses are doing fine. But liquidity is tight, you can see it's going to get eaten into. The economy continues to be going well.

So, I tell every client I talk to, assume we're going to have some defaults out of that 5%. Even If we had 5% defaults, which I — we wouldn't have 5% defaults, but $0.75 recoveries, right? You're talking about a 2% to 3% loss rate in the portfolio. And by the way, it's not all going to happen in a moment's time, right? This will happen over a year. Again, this is at a time where the book is earning 12%. So why I'm so comfortable owning the stock? Like, it doesn't have to be perfect. We'll have some losses instead of earning a 12%, you're earning 8% or 9%, right? That's if all those companies default, which they probably won't. But that's the order of magnitude of what we're talking about. And why is that? It's in part because it's the smaller companies. It's the smaller positions.

Our biggest positions, do the best, because we have the most conviction in the highest-quality companies. I've been — if you listened, I've been saying third quarter, just because — I don't know, sitting here in the middle of May, I'm not sure it's going to be in the third quarter. I mean second quarter, it won't be in the second. Second quarter is almost over. I mean we're not seeing any change in performance. I don't know, maybe if things magically start turning in the third quarter, we'll get worse, it may get pushed to the fourth quarter.

But I say all this because I want you to know we're not building our assumption of perfection. But even if there are some challenges, it will be more than offset by performance of the rest of the portfolio.

Robert Dodd – Raymond James & Associates

On that. Yes, I've got to ask you about PIK. Okay. I mean, obviously, your exposure to PIK is a little bit higher than average for the industry, but there's a big difference between originated PIK and restructured PIK, and they can all be chopped up in different ways. And are you — with PIK, you're pushing the collection to the end, but if your conviction is high, et cetera. So can you just give us some thoughts on what the exposure is and if you have any concerns on that front?

Craig Packer

Yes. I won't get this right, Jonathan may correct me. What percentage was not structured that way? I mean, it's almost like 2%. I mean, almost every PIK investment we have was structured that way intentionally for structural reasons, i.e., it's a holding company loan that they simply can't service in cash or there's a couple of tech companies that they said, we want to have PIK for two or three years. Associate, one of our biggest positions, they really like having 2% of the interest in PIK. I don't — I think it's kind of silly, but they value it and we let them have it. We have almost no investments that were forced to be PIK for credit reasons, almost none of them. It is not a concern. It's just misleading.

Why do we do it? Yes, I'd rather have cash interest. Of course, right? This is very important. We have built the business. We try to be smart and thoughtful. If we can get paid really well for something that other people can't do, and we think we're credit protected, I think that's what you want us to do, right? I love it when a deal — everybody else can never rule they won't do PIK. That's great. I love that, because I find two deals a year where I can charge 200 basis points more if it's PIK, and I'm really confident our money back, like, isn't that what you want us to do?

I know the only reason we don't like doing PIK first, it's harder to finance PIK instruments. And second, people get nervous about it. But — so we don’t do a lot of it, okay. But I think that hopefully, over time, as we have a track record of performance and you see this performance, that there'll be more and more trust. And if I say our second liens are really attractive or I say our preferreds are really attractive, I say these PIKs are really attractive, within reason that's how we're going to generate better return than other funds that just say, we're going to have a rule. We're going to have a rule.

So we do them. Obviously, when they get refinanced, not only the original principal gets repaid, but all that PIK interest gets repaid. And there's no correlation between our PIK investments and the watch list or credit concerns. They just structured that way for very deliberate reasons.

Kenneth Lee – RBC Capital Markets

Ken Lee, RBC Capital Markets. In terms of the ROE, 10.5%. You said down rates, nonaccruals. I just want to get a little better understanding in terms of the assumptions there. And do you view that as a good sense of a trough ROE across the cycle?

Jonathan Lamm

We look forward to where the current rate curve is going to be. We took a modest amount of nonaccruals, and we basically sensitized all of that alongside of a pickup in repayments because repayments can't stay 0 forever. But when we were at 8.5% to 9%, you were talking about returns that were based on us being significantly underlevered within our target range, and also a relatively small amount of repayment activity.

Craig Packer

So, it's a forward curve. It's a forward rate. It's not a 1%. So I guess, if we were going to run a true trough, you tell me what we're — we're going to go through that again.

Jonathan Lamm

It’s using the forward curve.

Dana Sclafani

One more.

Casey Alexander – Compass Point Research & Trading

I'm always struck by the way that BDC investors have the impression that your portfolio companies are just standing on the tracks, waiting for the train to come and plow them over. And so, I'd love some commentary about how you as the lender, the private equity sponsor, the management team of the companies — all highly intelligent people, what you're doing in advance to help these companies through the cycle as opposed to standing on the tracks.

Craig Packer

Right. I don't like that visual, but okay. Look, I think COVID is a great example of this. The private — it's not an accident we like private equity deals. It's not just a thing we say. Why? There — these folks here, but their partners are portfolio companies that they're responsible for. They are all over it. They've written a check, their money personally is in those deals.

So, what are they doing? They're talking to those management teams every day. And so, if there are problems on the horizon, they're figuring out how to manage cost structure, how to delay certain plans out of change out management, if necessary. Private equity firms, you can read simple things in the newspaper. The reality is, they’re extremely smart, dedicated, have tremendous capital and a tremendous track record of buying companies and running them for great success. And we get all that essentially for free. Like I don't lift a finger, that's all happening every day. It's happening now. They all understand rates are higher, it's going to pressure their coverage, and they are all understanding that there's a likelihood of a recession. And they're taking action today to manage the businesses for that environment. That is happening now. They share that with us. We see that flowing through in terms of cost structure and the outlook. So they do that. Now so like, what do we do? We had great information. I think that was covered earlier, so I won't repeat what was said. Covenants, I think, get talked about almost too much as it's sort of a simple thing. We have covenants, we got a seat at the table. We're the revolving credit provider to these companies. And we don't give big revolvers. $20 million, $30 million revolver. If the company is having issues with cash flow, that's the revolver, right? They're coming to us. The CFO of the company, when they're struggling — I sat at a CFO conference last week, we had 60 CFOs. They want to communicate with us, we're their bank. And so the covenants that might take 6 or 9 months, liquidity happens right away. In COVID, that's what happened. Within a month, we're on the phone with every single company. Here's our plans, here's what we're doing, because they knew they were going to need us.

So, the sponsors manage the structure. They are — they have put in more equity, they're going to put in more equity. It's happening now, by the way. They'll call us up and say, hey, can you give us another $50 million or we want you to waive this and that, and we'll price it out, and they'll say, I'll screw it. We'll just put some money in. And they do. It's happening right now. So — of course, I agree with your point. We're not just waiting. It's really the opposite of that. But that 45% loan-to-value, where we are and where they have so much money and it's extremely powerful. We don't even have a lot of conversations that way.

If you talk to the sponsor, I don't have to have that conversation. They're highly intelligent people with lots of money at stake. They understand what the debt obligations are, and they don't want to be in a position where they're beholden to a lender, and they do generally a great job. And certainly, the sponsors we work with, they do a great job, and they're just economically motivated to do so. Every so often, smaller deals, smaller sponsor, less acumen, we'll have to have a more painful process.

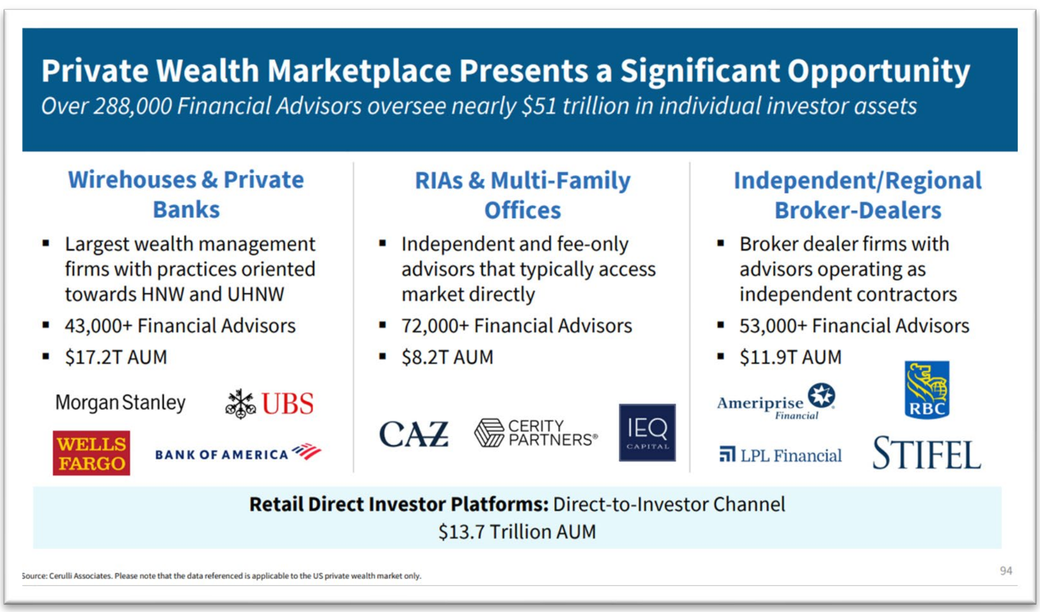
We've got — you can work on it for a year or two years, but eventually, they may not have the wherewithal. The bigger sponsors, they have their own portfolio teams. They have a whole bench of management team they can bring in, consultants they can bring in. They will throw whatever resource is necessary to save their equity and they do that. And that's why private equity, it's been most popular asset class for institutional investors by a long shot. Returns have been terrific as they work through problems.

Dana Sclafani

Craig, thanks. I'm going to try to keep us on track with time. So, I know you could go on forever, but we're going to change gears a little and talk about our evergreen BDCs with Sean Connor, our Global Head of Private Wealth and Kaitlin Howard, our Head of Unsecured Funding.

Kaitlin Howard

Great. Thanks. Welcome, everyone, to our panel on nontraded BDCs. It's certainly been a hot topic of late due to the growth in the popularity of the structure. I'm joined by Sean Connor, President of Global Private Wealth at Blue Owl and one of the firm's original employees. So, we're excited to hear your perspective, and thanks for being here.



To kick off before we drill down into the specifics around the nontraded BDC structure, can you set the stage for us regarding how large the addressable private wealth market is, what are the key subsegments? And what's unique about these different access points?

Sean Connor

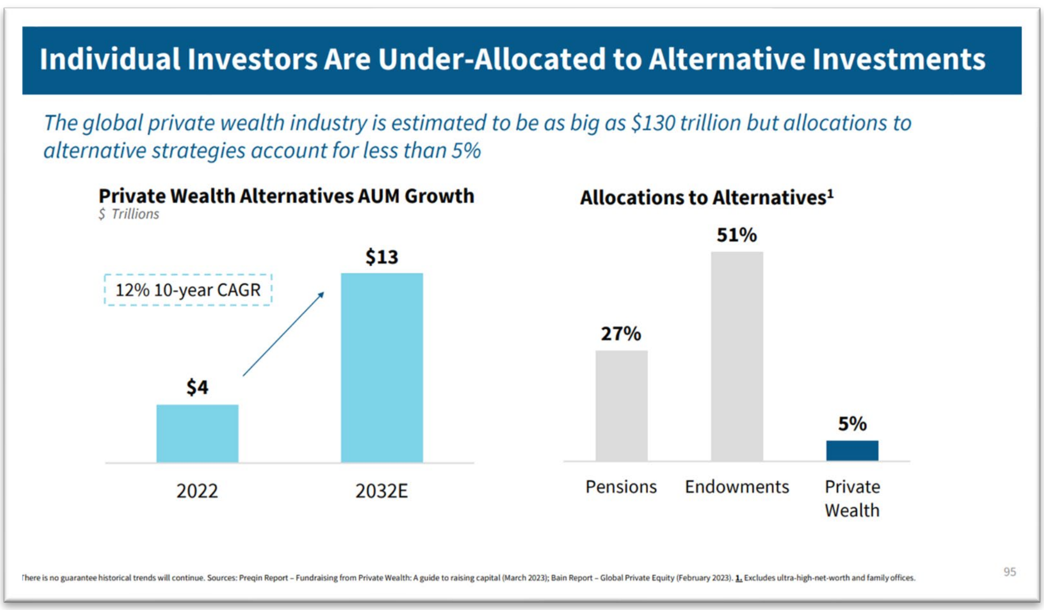
Yes, sure. Well, great to be here and good to see everyone. I guess the easy answer is it's enormous. It's a really, really big market. It's about the same size as the institutional market by just about any metric, except by when you look at the granularity of it, right? That's the core difference. And a lot of people say I'm in retail, I'm in wealth, but that is a broad brush that really does not do justice to the complexity of the market.

And so just in the U.S. alone, generally speaking, you have kind of three segments, you have sort of the wire houses, which you are your Morgan Stanley, UBS, Bank of America, Wells Fargo. You've got the RIAs and multifamily office, which are more independent managers, and there's actually quite a lot of variety within that universe, and then more of the independent broker-dealers, as well as some of the regional banks. Then you actually have a fourth column, which will be your more traditional private banks.

Each one is very different. Each one is very large. Each one has a different set of considerations, where you engage with them. And that's just domestically, if you extend it outside the U.S., and my team covers the whole market, you can extend that to different areas, whether it's Canada, Europe, Asia. And then there's different regulations there as well. So very big, very large, very complex market, but one that is just based on the sheer size, it is, by definition, a very large opportunity. It's roughly half of the market in terms of investors that are available.

Kaitlin Howard

Great. And can you spend a minute walking through the opportunity set, specifically in alternatives for investors and how the market expects allocations to this asset class to shift over the next, call it, 5 to 10 years?



Sean Connor

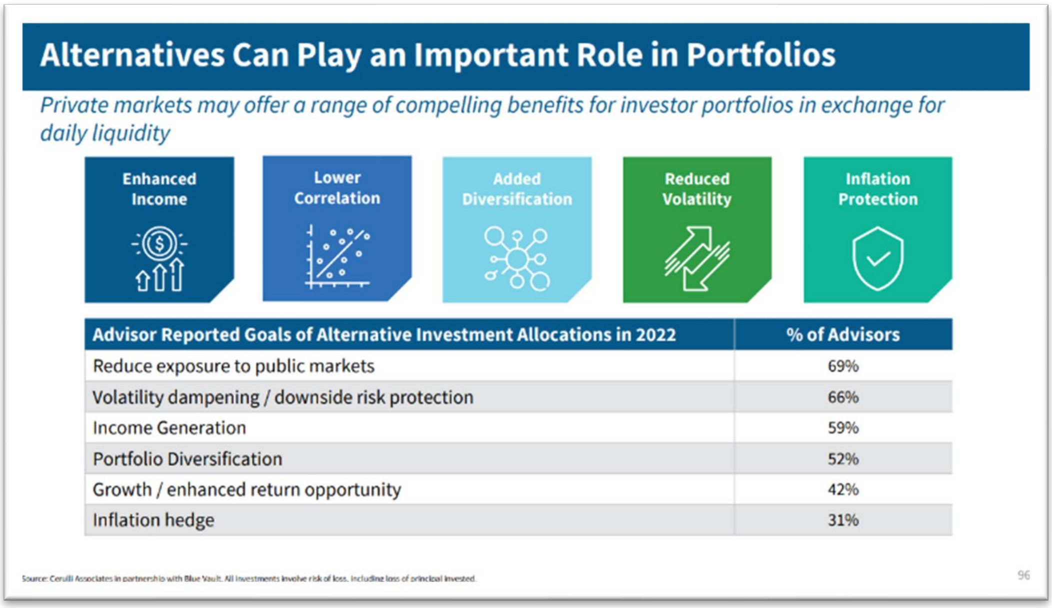
It's pretty widely, I think, communicated out there. But the interesting thing about this market is it is large but underallocated. And so when you look at it, it's not like this got large all of a sudden, it was like a surprise. Like it's been big for a long time, but it's been underallocated as compared to your more traditional kind of pension, endowment, sovereign wealth fund, et cetera. And there's a variety of reasons for that.

But there's a very large push to grow that number, particularly going back to the prior slide, there are some people from some of these firms, a lot of the platforms out there are prioritizing growth of alternative adoption within their clients, within their financial advisers. It is a way to differentiate their business models.

When you think about the liquid markets, it's much more commoditized now. Alternatives can not only enhance returns, but it can make the financial advisers better. Add more value to their clients and thereby help grow their business. And so there's a very large shift in this kind of growth of adoption and by any metric, the opportunity set of kind of dollars that's not allocated to what could be allocated 5, 10, 15 years from now, huge opportunity set that we're quite focused on.

Kaitlin Howard

And pivoting off of that, maybe spend a minute talking about what are the actual advantages that an individual investor enjoys from having an allocation to alternatives in their portfolio.



Sean Connor

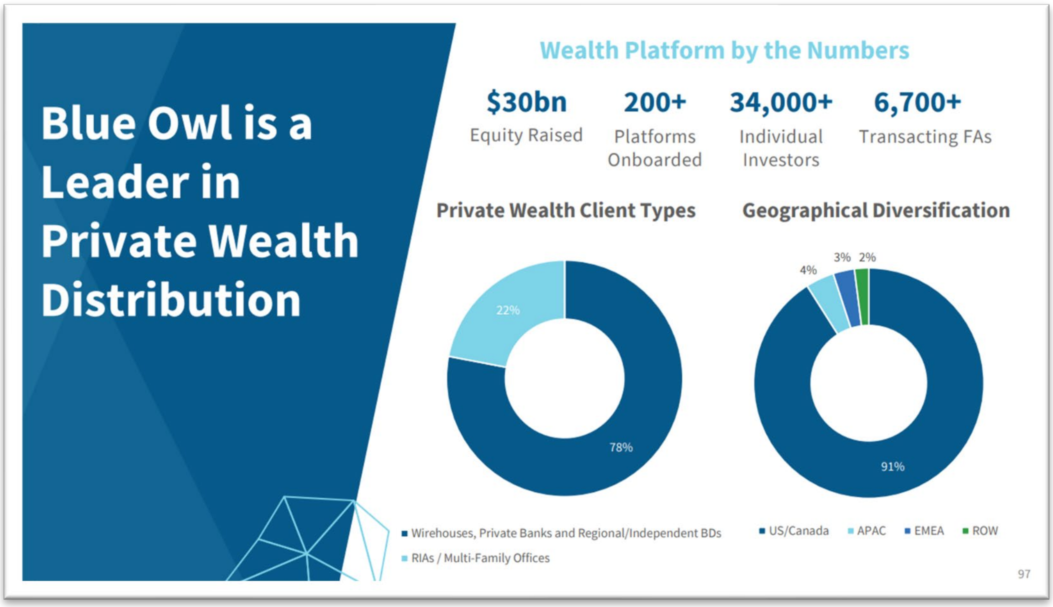
Yes. Well, that's kind of the job, right, is to explain exactly what that is. So, I'll give you my pitch, and then you can fill out a sub doc after. So, look, I think at the end of the day — I was just speaking at a big conference yesterday. Historically, alts particularly in this universe, was viewed as, I think, for the most part, hedge funds and viewed as this kind of very complex, like high-risk, high absolute return strategy. And the real shift in our market is more around portfolio construction, more around diversification and really more around kind of like creating just a better portfolio. And like the way I like to think about it is, it's an oversimplification, but there are way more private companies than there are public companies.

So, if you're not investing in the private markets, whether it's an equity or in credit, you're missing out on an enormous part of the economic opportunity, and that is just — you are doing your clients as a financial adviser a disservice by limiting yourself. And so, when you look at it through that lens, there's just a big opportunity that they're missing for their clients.

And then when you kind of slice and dice the various opportunities within those markets, you'll see most of them are now increasingly not looking at it. I always like the survey because enhanced return is like at the bottom of the list. It's more around diversification, less volatility. And it's that kind of trade-off of liquidity for a better experience which is really where it's starting to resonate. It's kind of diversifying away from that 60-40, which had a horrible, horrible year last year, like worse than 100 years or so. And that's really the value-add to the portfolio, is that diversification, that stability and that access to a market that is enormous, attractive, but otherwise, historically at least, hasn't been accessed by that set of clients.

Kaitlin Howard

Great. And turning to Blue Owl's Private Wealth platform specifically, can you discuss our distribution efforts, because they're pretty incredible and maybe talk a little bit about how we built our organization for success and what are some of our major milestones to date.



Sean Connor

Yes. So, look, we're really proud of this. We are, by any metric, a top two or top three player. I think we're top three in terms of gross sales, top one or two in net sales across all the things that we do within wealth. My group covers not only our credit business, but also our real estate, GP estates and really, our goal is to bring the Blue Owl platform to the market.

So just to hit on the team quickly. So, where we started, you mentioned I started back when we didn't even have an office, there were six or seven of us, it was Alexis, Nicole, a few others. And I think that's an important distinction because this was part of the game plan from the very beginning. And particularly, we're very woven into the credit side of the business because of where we started, which was we had always decided that this was a very large market. It was either underserved or poorly served depending on who you want to compare us to. And we thought we could kind of do it different, do it better, have a blank sheet of paper. And we built a franchise around kind of that notion, which is bring them the same investment team, bring them the highest quality product, bring them good people, get them access to the investment team and really treat them no different than any institutional investor, but really then just kind of focus on the experience, both in terms of the personnel as well as how they access that strategy, which I'm sure we'll get to in a moment. And it's worked.

As I said, we're one of the #1 players today. So, it seems about 100 people we work with, all of the major wire houses. We have pushed globally over the last two years now. And I think a lot of you work for some of the clients we work with. So, you can or will go check. I think we're viewed as a partner that they like to work with. They view us as trusted. They view us as a real thought leader. We have a really high-quality team that's going out there and helping grow the business.

Kaitlin Howard

Great. And alongside our own growth, we've seen a significant evolution in the BDC structure over the past few years. Broadly, there's public, private and evergreen BDCs. And then even within the evergreen structure we've seen meaningful changes over time. Can you give us some context on the evolution of the evergreen structure, sort of where we started and where we are today?

Structure of BDCs Have Evolved to Meet Investor Preferences

There are three types of BDCs, each with distinct, structural attributes

- The BDC marketplace continues to evolve, attributable to regulatory shifts and manager innovation
- Since entering the market in 2016, Owl Rock has strived to make enhancements to the BDC structure, especially with respect to non-traded BDCs, in order to facilitate an improved investor experience

	Public BDC	Private BDC	Evergreen BDC
Offering Type	-Traditional IPO -Permanent equity	- Private BDC with drawdown capital (called over time) - Finite life with option to become publicly-traded	Continuous offering
Access	All Investor Types	-Limited offer period - Accredited investors only	Private Wealth, RIAs, Independent Broker/Dealers
Liquidity	Exchange-traded; however, average daily volume of shares can be a constraint for institutional investors	Typically, none while private; Liquidity event when portfolio is listed, merged or wound down	Typically, periodic share repurchases (quarterly)
Can Offer Multiple Share Classes	No	No	Yes
Owl Rock BDCs	ORCC	ORCC II, ORCC III, ORTF, ORTF II	ORCIC, ORTIC

All investments involve risk of loss, including loss of principal invested. The information above is not an exhaustive list of all differences among these products.

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Sean Connor

Yes. So, the first thing I think it's important to hit on, which is a lot of people do get hung up on the structure. I think I'm being a bit optimistic. But I think five years now, I'd love for this not to even be relevant because nobody asks BlackRock why they use an ETF, right, or a mutual fund? Like, the structure piece is really, especially in my market, is just a legal mechanism through which the client accesses the strategy, right? So, a big part of what we're trying to do is to get them the strategy, which I can get them to.

But the experience matters. And that's really where the structure kicks in, and this is where a lot of that innovation has happened, which is, obviously, the public BDC structure, this market — this universe knows about this. That's ORCC is today. You go buy it on exchange, easy to do, folks get that. A lot of the evolution has been on the sort of not listed on exchange.

So, the private side, what ORCC started as, what ORTF and ORTF II are today, that sort of commit your capital, draw it down, you have no liquidity, you've get a bit of a fee break while you don't have liquidity. The whole idea is your liquidity is — you're going to go public at some point or end up in the public markets. We're very active in that. And we have a big set of clients that like that, both in wealth and institution.

And then the newer iteration has been these kind of evergreen BDCs, and they are sort of in their 3.0 version, as I call it today. This really started with Franklin Square back in 2009. They did the first non-traded BDC. So, sort of registered. It was an IPO without actually listing the shares in the exchange. The early version came out of the non-traded REIT space, so you had super high cost as a result, generally an adviser, sub-adviser model where someone is distributing it. Somebody was investing it.

And then we were at the forefront of the kind of the 2.0 version, where we brought costs down, we got rid of the adviser, sub-adviser model. We had it all integrated. That was our ORCC II product. But all of those ultimately had some form of intermittent liquidity through a tender offer. But really, the goal was to get you public. And that was what — again, clients knowing they bought off on.

The most recent iteration, which has been, by far, the most successful, are these kind of perpetually private, nontraded BDCs. We were very early to this. Us and Blackstone were the first two by a wide margin to this market. And it really got driven by the change in the leverage rules as well as the change in the multiple share class rules. You could finally issue multiple share classes.

And the real value of these products, the structure, is it allows a client and their financial adviser to treat this in a way that allows them to make an allocation across their book. The multiple share classes and the way these things are structured, the financial adviser can say, all my clients need 60% equity, 40% fixed income. And within fixed income, I need 5% in direct lending. And these products make it very easy to effectuate that. That has been the key to the success of these products, in my mind.

And then they can add to it on a monthly basis through the close, they can take it down a bit through the tender offer, but the idea of using it as a portfolio allocation for the less liquid part, and particularly the fixed income book has allowed these evergreen BDCs to really take off because historically, they just couldn't do it. That was very difficult.

Kaitlin Howard

And as you mentioned, version 3.0 is really where we've chosen to focus. Maybe you talk a little bit about our two nontraded BDCs and how we thought about their product development.

Overview of Owl Rock Perpetual Non-Traded BDCs

	Owl Rock Core Income Corp.	Owl Rock Technology Income Corp.
Asset Coverage Ratio	150%	
Fundraising Commenced	March 2021	May 2022
Fundraising Ceased	n.a.	
Exit Strategy/Timing	Do not intend to complete a liquidity event within any specific time period, if at all	
Net Leverage Ratio	0.94x	0.79x
Investments at Fair Value ($mm)	$11,591	$2,110
Unsecured Debt (% Funded)	33%	n.a.
Investment Grade Credit Ratings	Baa3 / Moody's BBB- / S&P BBB (low) / DBRS BBB / KBRA	BBB / KBRA

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time. Net leverage is subject to change.

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Sean Connor

Yes. So, the core income fund is where we started, sort of in the middle there. We launched that in March of last year. We sort of launched it pretty quickly on a relative basis through the registration process and all the rest when you were allowed to, which is this multiple share class thing, that was the real catalyst. And it has been really successful. I think it's the second largest out there. We're approaching north of $12 billion in assets today. And actually, the prior version of it was the ORCC II fund, which we closed to open this. And you can see we had a version of this, and then this is a better mousetrap.

So, it's been really well received. It is our largest syndicate across Blue Owl in terms of where it's available globally. And it really just leverages what we call diversified direct lending strategy. It's everything Craig just kind of walked though in the ORCC. It's that, but it's obviously a newer vintage and in a different format. We then added about a year ago, our technology fund that we talked about this earlier.

We have a really, really tremendous franchise there that does both the software lending as well as more of the kind of the growth capital investments. And this is actually a reverse inquiry from a client who loved the structure but didn't like the drawdown version of it. And so, we built this with them, they anchored it and then we've been scaling that and that's about $2 billion in size. So collectively, today, it's approaching around $15 billion in total size, and it's doing as it's seen in design. It's meant to be out there available for funds.

Kaitlin Howard

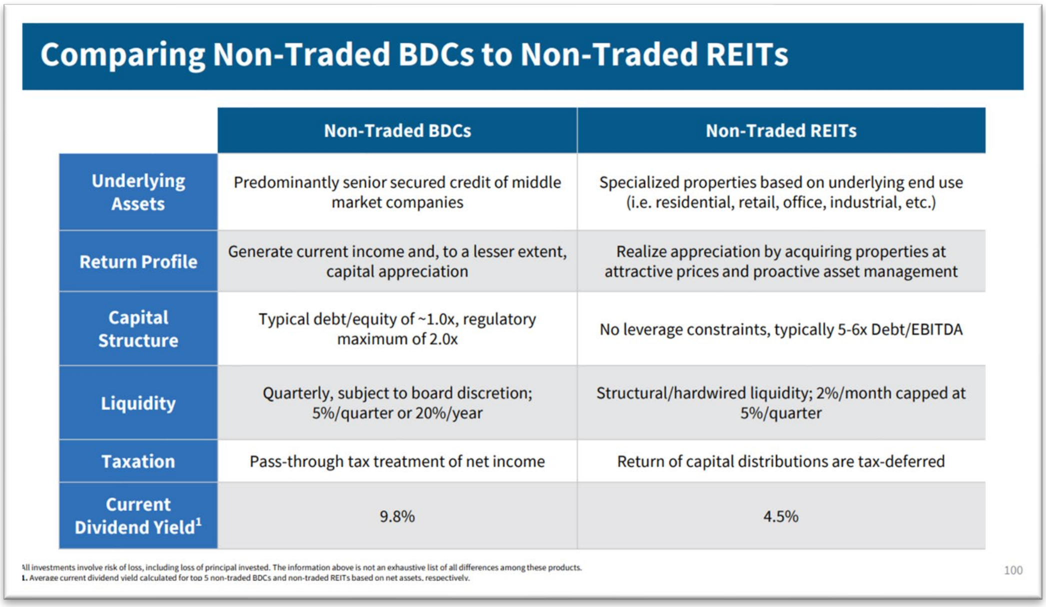
Great. Broadly, the perpetual nontraded BDC structure has certainly resonated with private wealth investors, but there's also been a fair amount of recent headlines.

Sean Connor

You don't say?

Kaitlin Howard

Yes. Shockingly. Surrounding liquidity management, the tender process and redemption limits. I think it's easy for investors to maybe conflate what's happening in the nontraded REIT space with nontraded BDCs. And so maybe laying out some of the key differences would be helpful.



Comparing Non-Traded BDCs to Non-Traded REITs

	Non-Traded BDCs	Non-Traded REITs
Underlying Assets	Predominantly senior secured credit of middle market companies	Specialized properties based on underlying end use (i.e. residential, retail, office, industrial, etc.)
Return Profile	Generate current income and, to a lesser extent, capital appreciation	Realize appreciation by acquiring properties at attractive prices and proactive asset management
Capital Structure	Typical debt/equity of ~1.0x, regulatory maximum of 2.0x	No leverage constraints, typically 5-6x Debt/EBITDA
Liquidity	Quarterly, subject to board discretion; 5%/quarter or 20%/year	Structural/hardwired liquidity; 2%/month capped at 5%/quarter
Taxation	Pass-through tax treatment of net income	Return of capital distributions are tax-deferred
Current Dividend Yield[1]	9.8%	4.5%

All investments involve risk of loss, including loss of principal invested. The information above is not an exhaustive list of all differences among these products.
1. Average current dividend yield calculated for top 5 non-traded BDCs and non-traded REITs based on net assets, respectively.

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Sean Connor

Yes. Believe it or not, someone's asked me this before. So yes, look, this picked up, I think, back half of last year. But if you go back and actually look at the data, this has been building up all the way in 2022. And now I think if you look at the data, it's pretty clear, this is a very specific REIT challenge. And I'll get into the why, but just the structural differences are quite important. The way the BDCs work, ours and most others out there, it's a tender offer process.

Every quarter, we file it, there's a term sheet, goes to clients, they have roughly a month to make their decision, they put their order in, they get out of NAV. And if it's oversubscribed, you get pro-rated. 5% per quarter. That's the model. We have to go to our Board, we have to get sign off from it. So, we sort of take action to do that. The REITs are a little bit different. They fall under a different set of rules and guidelines, where they — most of them do it — ours actually is different, but most of the market and certainly the ones in the news are doing it monthly. And it's a plan that the Board has already approved. So, it's actually a bit harder to turn off because you don't have to take action to start it.

So, there's like kind of a technical thing there. I also think one of the flaws that we're seeing now is because it's monthly subject to a 5% quarterly cap, but it's 2% per month, is people kind of front run it. And so, you put in your big orders in the first month, then it gets oversubscribed, then people get spooked and then they put big orders in the second month, and then the availability is smaller in the third month, and it creates this kind of always-on negative feedback loop.

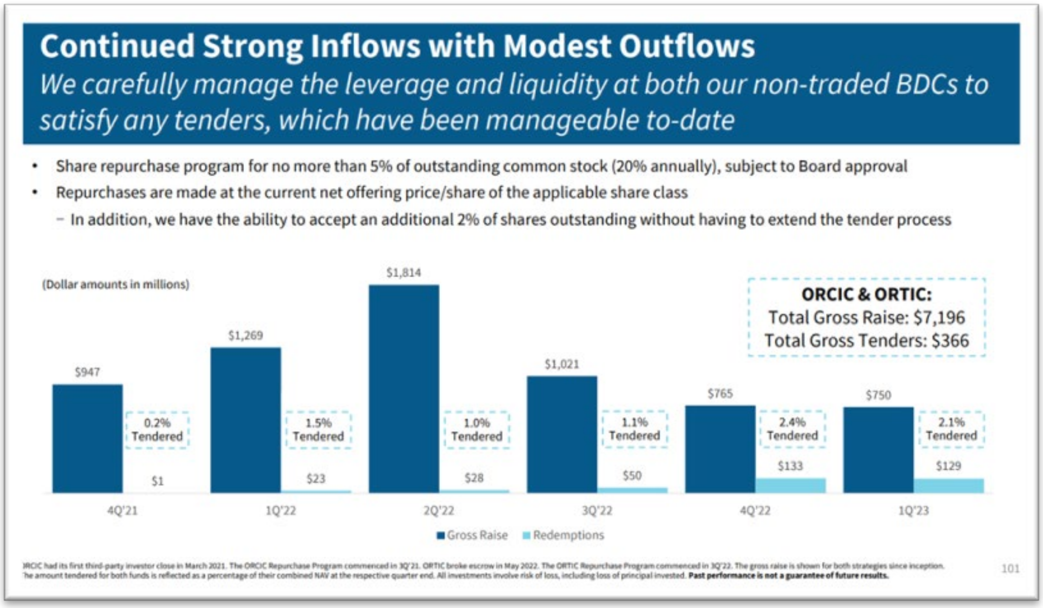
So, with the benefit of hindsight, I think that was a bit of a flaw. But very different structures. But like, you didn't ask it this way, but just — I think the reason that's happening from my perspective is you went from a sort of low-rate, high-growth environment where the REITs are a total return play. The nontrading REITs, generally speaking, are trying to generate 12%, 13%, but only like 4% of that is getting paid on cash flow. So, to actually make your returns, you have to sell, right? And rates went up so quickly. And all of a sudden, a 4% dividend doesn't look so attractive because you can take less risk and earn 4% in a lot of different places, and it's very hard to pivot, right, when you have that?

Our vehicles on the credit side, rates go up, we make more money, rates go down, you make less money. And so really, it doesn't have the same susceptibility to that. And so, there's no real reason to sell to make your return because the return is getting paid to you every month or every quarter through the dividends. And that's really been the challenge and the distinction in the marketplace.

So structurally very different on how to do the liquidity, but I think more importantly, I think the strategy of having a total return – you motivate people that say, all right, I just want to take my return. You give them a reason to sell, and we just don't have that. And I think that's why you're seeing a big distinction in the marketplace.

Kaitlin Howard

Yes. And I think kind of dovetailing off of that, redemption requested our nontraded BDCs compared with some of our peers have been incredibly resilient. What, I guess, from your perspective is driving this? And maybe you could do a little victory lap, I guess?



Sean Connor

Yes, I think that's because I'm very convincing. No, I think part of it is what I just mentioned, right, which is the strategy itself is well suited for this environment, and I think that helps. I think there's a couple of kind of like more nuanced answers to this. I think one of them is, we're very proud with the numbers — large numbers. We've raised a lot. It's taken a lot to build this business. And it's a very hard business to build. People say they're going to be in retail. The fragmentation, the size, the complexity of the market. It took us years to raise any meaningful dollars, and it's not something you can hang up your shingle. And so, I think what we benefit from, especially in today's market is, not only did we build organically and it's kind of interwoven into our business, but we also had to build our brand alongside of it.

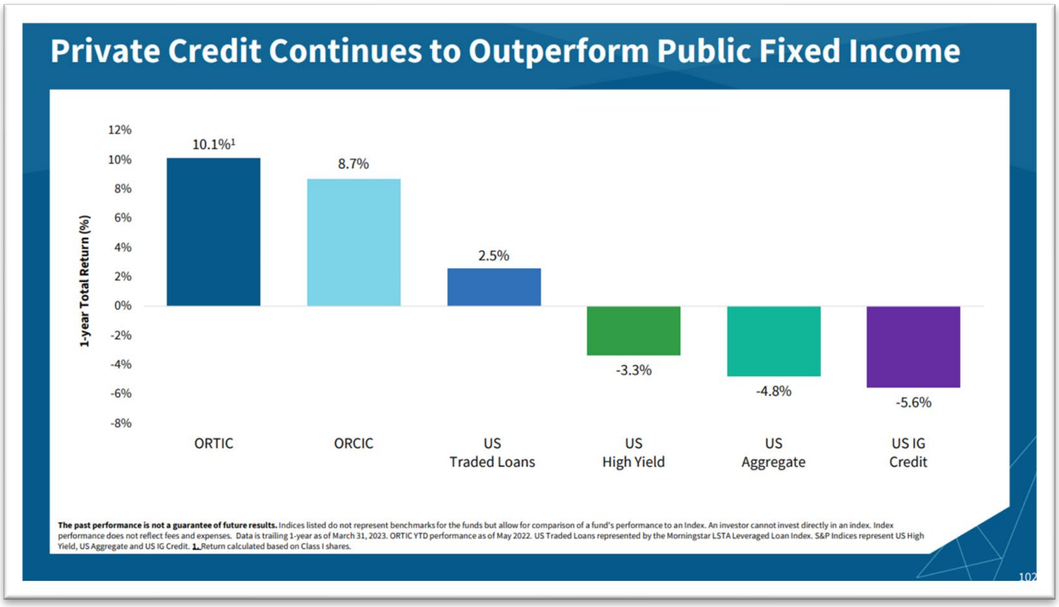
And so, I can assure you, almost nobody in our funds bought Owl Rock because we were Owl Rock. I've yet to meet that person. They don't exist. And that was a challenge for us early on, is because we were a newer brand, we had to explain who we were, how we do it, relatively shorter track record as compared to our peers, things like that.

And so, we had to, I think, work very, very hard to explain to people how we're going to underwrite, what the losses will look like in a stress scenario, how do we navigate through COVID, what companies do we like, what companies do we don't? How do we finance them? Like all of these very technical things that I think we got held to a much higher standard, which made the sale side harder, but now we're seeing the reverse of that, which is we said what we're going to do, we do what we're going to say, and we position these not to be the highest absolute return thing in our portfolio, but the thing that is going to add value to your fixed income and be a ballast to your portfolio when the markets are choppy.

And all of that happened. And I think our team did a very good job of sort of articulating that upfront. We have very knowledgeable investors. And so, you see our sales are down relative to the market. They're down, but they're down substantially less. Our redemptions are way, way down. I can assure you we've got lots and lots of conference calls around COVID, last year, Silicon Valley Bank, like we've got no shortage of reasons for people that want to kind of pull the rip cord. And I think it's a testament to the franchise that we built. And I mean that not just in wealth, but across the credit business. And I think the first two months of 2Q are already out there, like these numbers are going to be higher in terms of sales, and I think they'll be lower in terms of redemptions. And so, I think we're in a pretty good, unique spot.

Kaitlin Howard

Yes. And I think my last question is a two-parter, I guess. It's clear on the screen, but maybe just talk a little bit about how our evergreen BDCs have performed relative to competitors and other major fixed income indices over the past year.



Sean Connor

Well, this is Craig's victory lap.

Kaitlin Howard

Yes, yes.

Sean Connor

Look, I mean, at the end of the day, it's kind of what I said, which is we tell our clients we're not going to be the thing that generates 30% returns in your portfolio. Like that's just not what we're doing. We're trying to protect your capital. We're trying to make a premium relative to the public markets in terms of fixed income with less volatility. That's it. Right?

Rates will go down, our returns will go down, rates will go up, our returns will go up. But that — it's not an absolute game, it's a relative game. And what we're really trying to do is add ballast to your portfolio, and I'll steal that word from one of our institutional investors who actually allocates to these products, which I forgot to mention earlier, but performance has been really good, right?

So, this is kind of the walk the walk, talk the talk, which is we have meaningfully outperformed the markets that people think about this in. And again, we try to position this as a real complement to the 40, and this is kind of the 40. And then I think the other thing we've done, it's not on here, probably because compliance wouldn't let us. But if you put the other nontraded BDCs, we've done a better job in them because these are very complicated products to manage. The team behind this is extraordinary.

The amount of calls and meetings and bodies that are on that. There's a lot that goes into doing this. It's not just picking loans. It's a real kind of operating mechanism behind it. And so, these returns make my job much easier, right? And so, we articulated it, we delivered, and that's what gives me a lot of positive momentum, I think, going into the rest of the year.

Kaitlin Howard

And finally, what from your perspective, does the competitive landscape look like? Because it seems like everyone wants to start one of these. Does that mean that keep you up at night?

Sean Connor

Yes. Look, I think it's flattering, honestly. For a while, it was kind of like people would look down their nose at the wealth space, at the nontraded BDC space, and a lot of really high-quality peers said they'd never do it, and now they're doing it. And they are copying some of the stuff that some of the early movers like ourselves did.

So, I think to a certain extent, it's quite flattering. It's a validation that this is a good opportunity. I think the other thing that they're hearing is people think about this as like a kind of widows and orphans raising retail dollars. We have significant institutional capital, choosing to allocate into these strategies, because that's how we position our businesses.

Let me tell you about our direct lending business, and let me tell you about the access points to access that strategy. And look, it's not going to be the $1 billion ticket that won SMAs, but your $2 billion endowment and you want to make a 5% allocation to direct lending or maybe 10% with two managers are writing $10 million check. It's a much better way to do it.

Same thing. You want to keep that exposure, you write the check, you put it in. If you want to take your allocation up, you can, if you're going to bring it down, you can. It's a very attractively priced and good structure for lots of clients. And I think a lot of our peers are trying to catch up to that. So, you've seen — I mean, I've lost count how many are trying to come to the market. Plenty of room.

I think they'll find it is much harder because, particularly in the wealth space, there's not a lot of value to them. They're trying to grow their own adoption of alts and try to grow their business. If you have 16 different versions of different shades of gray, you're just competing against yourselves. And actually, in particular, in these products in the U.S., there's state blue sky rules, it's certainly a technical piece. But generally speaking, most of these platforms hold you to 8% of your portfolio when you add up all the nontraded REITS and all the non-traded BDCs, all of it. Not just 8% for each one, but all of them collectively.

And so, if you've already allocated to core income and maybe you've allocated to BCRED or BREIT or Starwood, you just don't have a lot of — and the denominator effect, right, for most people the value their portfolio has gone down the last year. There's not a lot of incremental capacity for these types of products and the platforms because you're all fighting over the same $0.08 in terms of the wallet share.

So, I think first mover will prove to be much more fortuitous. And I think new entrants coming to the market will find you're not adding a lot of value. We're hearing that from our wealth partners. They feel full on real estate. They feel full on credit. They pick their partners. They've done a good job. They need infrastructure. They need private equity. They need something else to help out value and grow that alts adoption.

So, we're always worried about competition, what they're doing, but I think we have a pretty good franchise, and I think they'll find placement, which is very hard to get. It's even harder for them just because of the fact of they're going to be kind of sixth, seventh or eighth to market.

Kaitlin Howard

Great. Well, thank you. We appreciate the comments. I think we have a couple of minutes for Q&A if anyone has any questions.

Question and Answer Session

Unknown Speaker

Can you talk a little bit more about the fundraising outlook? I know you said you expect the redemptions to be lower. So, what is the rationale for that? Or why are you expecting like inflows to be higher in the future?

Sean Connor

So pretty much every day, someone at Blue Owl asks me how much money you're going to raise? I love it. Look, I think my comments are more just to be specific. My comments are more on the fundraising side. So just like, it's public out there, you can go find it. We're two months into the way the fundraising works as you have. We had to close on April 1, we had to close on May 1. And I have a pretty good idea of what we're going to close on June 1. But just April 1 and May 1, collectively across our evergreen vehicles and credit, we raised $650 million.

The last two quarters, full quarters, we raised $750 million. So, if you run rate that, we're almost at $800 million, $900 million. So, I have seen fundraising pick up. You can see it in the public markets. I think also just a sentiment in talking to clients. They've seen the performance. They've seen their fixed income do poorly. I think there's a natural recognition that the banking turmoil will benefit direct lenders and those are looking a way to allocate to that. And in addition, we are adding more platforms to work with.

So, we have added, even in core income, which is a little bit more seasoned, we've added meaningful distributors in the U.S. We've just now expanded that to the non-U.S. market within Asia. We're expanding into Lat Am for a couple of different partnerships.

So, we're not selling to the same set of people. We're also constantly trying to grow what we call a syndicate who has the ability to actually buy this. We didn't hit on this earlier, but you can't just create a fund and then sell it to like a Morgan Stanley financial advisor. That's not the way it works. Morgan Stanley has a process, they diligence you, IDD, ODD, it's no different than a big institutional kind of underwriting, then there's an operational onboarding, and then it's available to their clients. And so, we're onboarding constantly to try to get access to that, and that's that moat around this business that I talked to.

So, you're seeing it in the sales, we're seeing it in the account for onboarding. It's just general sentiment as we talk to clients is quite positive for direct lending.

Unknown Speaker

Just thinking about the chart you had on geographic diversity, are you seeing any trends in terms of either fundraising or redemptions by geography? And are there any areas where you think you could expand further in particular?

Sean Connor

Yes. So, the vast majority of our business is still U.S.-focused. That's kind of where we started, and it was sort of easier to do. We were slower to build out APAC. APAC in particular, has been the other kind of big driver of these products. And that was largely due to COVID, it is kind of hard for us to get out there. I'd say APAC is seeing the most pressure on the real estate side because they don't get the benefit of the tax advantage, right?

So, a dividend for a REIT at 4.5% in the U.S. is more like if you're in New York City, like an 8% because you get the flow through depreciation. In Asia, that doesn't exist. They don't get the tax benefit, so it's just 4.5%. So, you're seeing a lot more redemptions in Asia, particularly in the real estate side, because it's just 4.5%. And you can go get 4.5%, Google it, HSBC savings account, 4.5% like it's 5%. So, the people are redeeming to rotating to safer assets. I think we can grow that, though, on the direct lending side. It's quite a yield-focused market, but our brand is newer there. So, I think that's an area where we are growing. I have a team out there, and we're seeing some success.

We were first to Canada. We're starting to see some significant onboarding in Canada. They are essentially 0% allocated alts despite a pretty large market. And I think LatAm will be the other area. So, I would say Asia, kind of Canada, LatAm and some area will be growth areas for us. We fortunately don't have any exposure to any of those markets, any meaningful towards those markets right now. And so, we're not seeing any redemption pressure really anywhere, but certainly not there, mostly because we don't have the clients yet.

Unknown Speaker

I thought you made a really interesting point about the total return aspect of the REITs versus the BDC. And so with the public comps to the REITs going down in price, there was almost this reverse arbitrage where you would sell your private

REIT and then just to put the money into public REITs that went down 20% to 30%. And I'm just really more thinking out loud — is that opportunity present in BDCs, not really? And what kind of questions do you get about the integrity of your NAV? Certainly, Craig and others have talked about a lot of charge-offs, but I'd be interested.

Sean Connor

Yes. So, I think there's two questions in there I'm going to go over. I think on the valuation side, it's a really key point on the valuation, which is we get at the valuation piece all the time because you extend it to like private equity, right? There's a lot of just press and news in general, a question about, well, the markets are going to come down, right? It was in real estate, it was in private equity, and they're saying that in credit.

The thing that we stress to people is actually, we're held to a very different standard on valuation. We mark our book to market for what we can sell it for right now. The REITs, the private equity firms, they have a different standard. They project out like, how much will rents be in the future? What will cap rates be? What if I improve like, they have a whole host of things that they can do to sort of — there's a lot of assumptions in that. I'll just call it that way. You really don't have the benefit of loans, which is just credit quality and credit spreads, what can you sell for today, there's enough public data and you can check us on this because you can see the par value, fair value cost.

So, people ask us, but I think our valuation is actually a selling point, particularly in the volatile market because we'll show them like core income was down in May, a lot, and it was down in June a lot and public fixed income was down a lot. Like that's what happens. Spreads widen and our marks go down. And people like that as opposed to, well, REITs were up, like, how is that possible? Like so that question comes up a lot, and we actually have really good information to show them, we have a lot of integrity around our valuation.

On the first part of your question, we get asked almost every day, should I buy one of these or should I buy ORCC, right? Because ORCC is trading at a very attractive level. And that is a question our team gets all day, every day. And our answer to that is we love all of our children equally. They are all access points and they come with various considerations, and we have many clients that buy both and they're buying ORCC, knowing that it's going to be more volatile, but more liquid because it's just traded. They'll just trade for reasons or they prefer something that just trades at NAV, and they know they're foregoing an opportunity, but they don't want to deal with it.

And so, it's a common conversation we have. We have lots of clients that do both. There is a very tiny amount to think about it in the more like arbitrage, buy one, sell the other, like rotate back and forth. There's a little bit of that, that happens. But mostly, we explain to the people that there are trade-offs, right, in the various structures. And more of them than not, they end up buying both. Like they'll hit that 8% cap, they still like us and then we'll go by ORCC, which is outside of that 8% cap.

Kaitlin Howard

Okay. I think that's all the time we have. Thank you again, Sean for being here. We're going to take another short break and come back in 15 minutes.

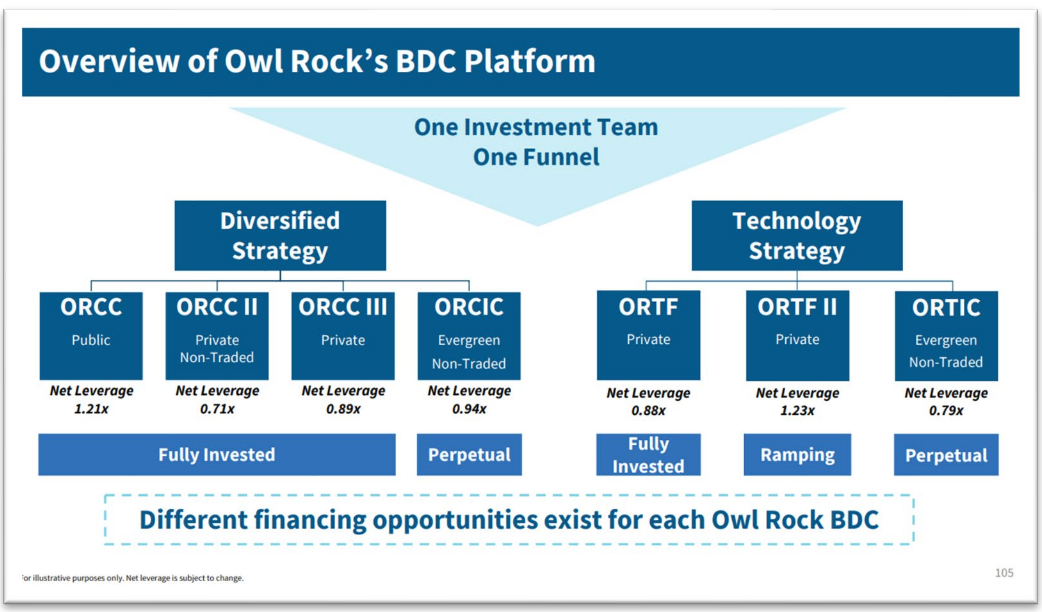
So, thank you, everyone.

Approach to Financing Our BDCs

Jonathan Lamm – Chief Financial Officer, Owl Rock
Jerry Devito – Managing Director, Head of Structured Products and Fund Finance

Kaitlin Howard

Okay. Welcome back, everyone. Now I'd like to introduce Jonathan Lamm, CFO of the Owl Rock platform; and Jerry Devito, Head of Structured Products and Fund Finance to the stage to discuss Owl Rock's approach to financing its BDCs.



Jonathan Lamm

Good afternoon, and thanks for joining us. As mentioned, I'm CFO of our Owl Rock platform, I'm joined today by Jerry Devito, our Head of Structured Products and Fund Finance. Jerry's team has been instrumental in building out financing at Blue Owl. He and his team has structured more than $20 billion of secured financing across the platform. He is our secret weapon.

I'd like to start by setting the stage briefly on how we are structured and why. I know we've gone through this a few times over the course of the day, but I think it's good for setting the stage. It's always one of the first questions we get with regards to our platform. As you heard earlier today, our direct lending business has one investment team and one deal funnel. There aren't different processes, decision-makers for our different BDCs.

Once an investment is approved, it's allocated pro rata across the BDCs based on available capital and suitability to strategy. We have two general strategies, diversified direct lending and technology lending, more specifically, as you heard from Erik earlier today, software lending. Within each strategy, we have multiple BDCs, which are effectively the same portfolio, and the difference is driven by vintage.

As Craig touched on earlier, there is a reason why we ended up with seven BDCs across our two strategies. We launched different BDCs to provide alternate subscription and tender or liquidity structures to different types of equity investors. Institutional and retail investors have different requirements, and our structures are intended to meet them where they live. Some investors want ongoing access to liquidity through a tender process. Others are fine with no liquidity for a period of time, with an ultimate goal of an IPO. We're often asked why we don't finance all of our BDCs out of a single finance company. Many of you in this room have asked me that question. Believe me, it would be much easier for us. Jerry would still be the secret weapon.

Jerry Devito

I may not be there.

Jonathan Lamm

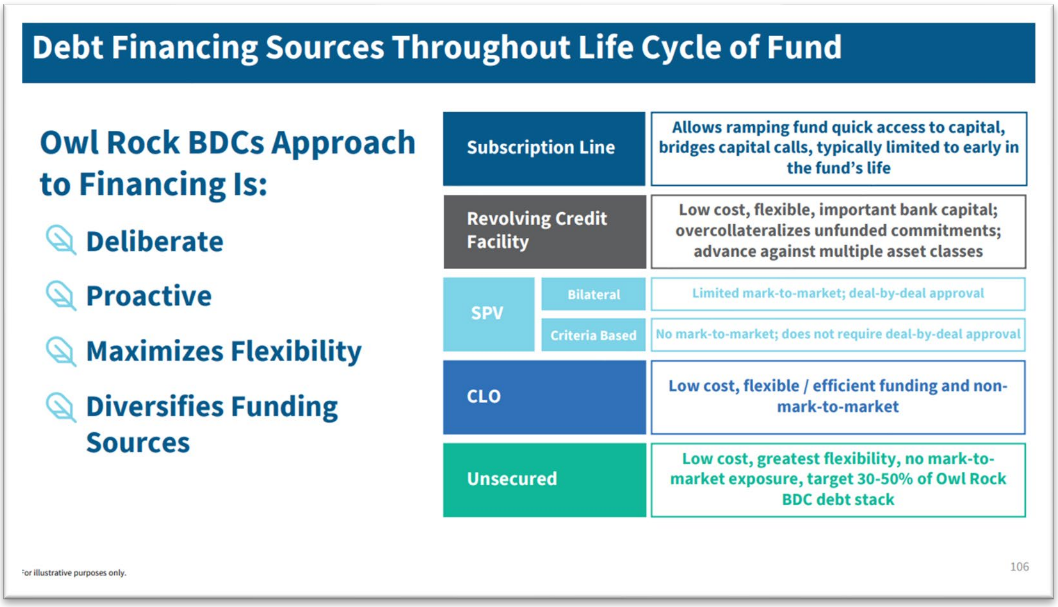
But we can't — unfortunately, the different sets of equity investors and the rules governing BDCs were required to finance each entity on its own. This is really no different than other private credit managers that have many private funds and managed accounts. We've mentioned, north of 30 for many private credit managers. They're financing each entity individually. In the end, we dedicated an enormous amount of resources to our financing to ensure that each BDC is carefully structured to meet its needs.

So, turning to how we're structured on the diversified direct lending side. We have four BDCs there. ORCC launched in 2016 is our flagship fund, beginning as an institutional drawdown fund, it went public in 2019. ORCC II launched in 2017 to target retail, took in capital without a drawdown feature, which is more appealing to retail investors. It offers a small tender on a quarterly basis to allow for some ongoing liquidity, has an ultimate goal to get a full liquidity event through a merger or IPO. ORCC III, launched in 2020 is the successor fund to ORCC. And ORCIC also launched in 2020, an evergreen non-traded retail offering, which we just talked about, offers liquidity through a quarterly tender process, it will never seek a public listing.

ORCC I, II and III are all no longer raising equity capital. They are also fully invested and fully financed. As you heard from Sean, ORCIC raises monthly subscriptions, and therefore, we'll continue to be an issuer of that as it continues to grow. We'll get to what that may look like a little later. Within our technology strategy, we have three BDCs with the same playbook to the diversified strategy. ORTF, launched in 2018 is our flagship institutional drawdown fund and at some point, should have a liquidity event through an IPO.

ORTF II launched in 2021 is our successor institutional drawdown fund, and it should complete its equity capital raise this year at about $4.5 billion. ORTIC launched in 2022 as an evergreen non-traded BDC targeting retail investors, similar in structure to ORCIC. So ORTF is fully invested and fully financed. We'll be raising that in ORTF II as we continue to draw down that equity capital over the next few years as well as in ORTIC as it continues to raise new capital.

So, while we have seven BDCs, we are very proactive about financing our earlier funds when financing costs were at much greater lows. We're sad about that. We nevertheless have financing opportunities at some of our funds, which we will pick up on in more detail later. So, I'm now going to turn it over to Jerry to just talk about how — what our strategy is for financing each BDC.



Jerry Devito

Great. Thank you, Jonathan. Thanks, everyone, for being here. I'm in one of the unusual positions where I'm a borrower amongst lenders. So, we're going to kind of change things up a bit in our discussion here. But we — when we think about financing the portfolios, when we think about financing the BDCs, we want to tailor our financing to our investment strategy, right? So, we don't want financing to drive how we make investment decisions. We want our financing to accommodate our portfolio construction and how we do things.

Now that's fortunate because what you've heard today, the types of assets we originate, the diversification that we seek to have, our focus on senior secured loans, et cetera, lends itself to secured financing in the markets that exist today. Everything that we do is very deliberate. Everything that we do is calculated, everything that we do is on purpose in terms of how we finance the funds. We've also been fortunate that many of us on our financing team, we have been doing this for a long time. We've been in various markets. We believe we've seen what works. We've seen what doesn't work. So we've utilized all of that from day 1, and again, we had the fortune of building our financing infrastructure basically from scratch with that prior knowledge and experience.

So, we've used all of that to develop what we think is the most appropriate way and the most efficient way to provide leverage. You can see on the slide, deliberate, we want to maximize flexibility. We want to diversify funding sources. But let me talk a little bit about what all that means, what we think is important and the different financing tools that are available to us. So, number one, everyone talks about diversity amongst lenders. We want to have a diversified lender base and investor base in our debt. That's true. However, I would argue more importantly is we also want diversity of financing structures. So, we don't want to have a lot of lenders in one market. We want to have a lot of lenders across different markets. What do I mean by that? Our bank revolving lenders, that's an end fixed income market.

CLOs on the other extreme is an entirely separate investor market. They're generally not correlated with one another in terms of lending. And between that, we have private securitized bank facilities, and I'll talk about the differences. Again, different investor base, different end market. We have rated private bank credit facilities. There's an agent bank. They syndicate to say insurance companies. Again, very different investor base than you would see in a revolving credit facility and an unsecured debt, which Kailin is going to talk about at length.

So really important from day 1 is we wanted to build a debt ecosystem where we have access to all of these different markets. The time to get access isn't when you need it, it's when you don't need it. So, we're accessing a number of different investor bases. And if you look at — on the right side of the chart, subscription financing, everybody is familiar with, and the drawdown funds, we utilize that as our initial sort of source of leverage. It's temporary, but it serves a very important purpose. It allows us to ramp up assets very efficiently at a very low cost. It also provides a high degree of flexibility. We can draw down same day, we can do currency, we can backstop unfunded commitments in the portfolio.

So, on a drawdown fund, first leg of our financing is typically subscription line. We then will add in, as we accumulate assets, our revolving credit facility. I'm talking about BDC specifically. Revolver is kind of our anchor financing across our BDCs. Why? Again, very flexible, allows us to backstop unfunded commitments. We have currency options and generally attractive financing levels. It's secured by the portfolio sitting at the BDC, but it tends to be about 20% of our debt stack. So, the amount of collateral backing that revolving credit facility is way above the borrowing base requirements that it has. And it is "mark-to-market" but we utilize our marks in calculating the borrowing base. It's not a bank-marked facility.

So, we have a lot of visibility on what kind of movements might be on a borrowing basis. We understand exactly what our risks are. So very, very useful, very, very important form of financing. However, it's not an unlimited market, right? It's a large market, but there are a lot of consumers of that debt out there, other BDCs, and there's a large group of banks, but there's not endless capital. So, we then move into, generally speaking, secure advertised financing. What do I mean by that? I think securitization structure, bankruptcy remote entity, it's a finance subsidiary of the BDC.

We take a specific portfolio of assets. It's moved into that financing subsidiary. And then we borrow against that portfolio, either through a bank facility, a criteria-based facility, which I'll talk about, which is rated, or a CLO financing. All of those are nonrecourse to the parent. So, the investors and lenders in those facilities only have recourse to the portfolio that's in their finance subsidiary. They can't reach up to the parent. All they have is what's in that portfolio. Now what's attractive about that, there's a number of things attractive about it. But first and foremost, there's a much larger pool of capital available for securitized debt.

Number one, if it's rated, that brings in a whole universe of investors, insurance companies, asset-backed buyers, banks, pension funds, et cetera, and it's international. Number two, banks get a better capital charge on securitized facilities than they do on, in most cases, traditional revolving credit facilities. So, banks like it, better capital charge, asset-backed investors like it, if it's rated. So, we tap into, again, different markets even within the securitization market.

One thing that we learned early on, and there are two types of securitized facilities away from CLOs. One, we often call bilat facilities or you'll hear a drop-down facility. And what that is — and that's the most traditional form of financing private credit has used historically. A bank provides a facility to a bankruptcy remote subsidiary of the BDC or the credit fund. The bank has approval rights on the assets that go into the facility. You have to meet a bunch of additional eligibility criteria, concentration limits and so forth.

But probably most importantly, the banks have a right upon the occurrence of a credit event to re-mark the asset to a level that they think is an appropriate mark. So, I hesitate to call the mark-to-market facilities because when you hear mark-to-market facility, you think of a repo transaction where every day, the bank re-marks the portfolio. It's not a mark-to-market facility in that sense. But if we have a series of credit events in the portfolio and credit events, think payment default, bankruptcy, material modifications. Somebody mentioned PIKs earlier. If a company goes from cash pay to PIK because they can't afford to pay interest, that would be a credit event. Banks can mark it down. If enough of that happens, you fail your borrowing base, you have to start repaying the bank. So that's what we call bilat facilities, very large part of the credit market relies upon that type of financing.

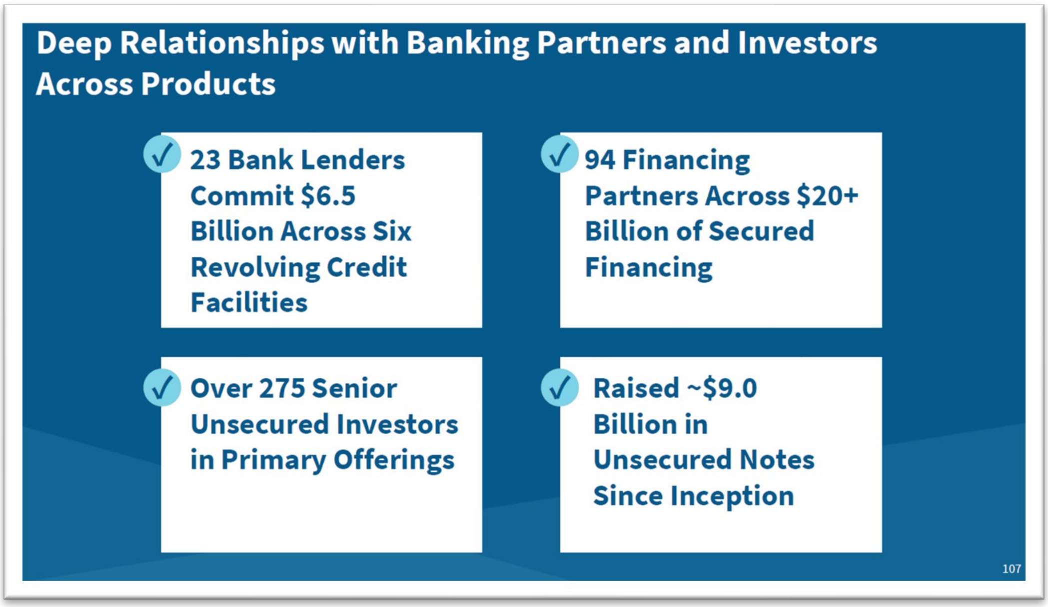
The second type, we call criteria-based facilities. So very similar, but no approval rights, no re-marking capability by the banks. So, it looks like a CLO transaction, meaning no mark-to-market, no forced liquidation, no forced paydown, but it's done in private form, typically with an agent bank who then syndicates it to a bunch of other investors. One thing that we did very intentionally, very early on is we used bilateral facilities, the approval type I discussed, but we also, at the same time, developed a program where we have these criteria-based facilities. That limits our risk because we're not entirely dependent upon bank lenders accepting assets or marking assets down.

The next iteration of that would be traditional CLO issuance. CLOs, as you know, are issued as 144A bonds into the capital markets. Generally, those investors are different than we see in our bilateral and criteria facilities. There's some crossover, but generally, they're different. CLOs are the most efficient, in my opinion, a form of secured financing, low cost, term, no mark-to-market, large investor base. But in order to issue them, you need a very diversified portfolio. And by that, I mean 50-plus individual line items. It also takes time and effort to build a brand in that market. You have to attract investors.

They have lots of other alternatives to look at. So very early, starting in 2019, we issued our first CLO, knowing that over time, that will become a more and more important part of available capital to finance the funds, or at least we believed it at the time, and that's turned out to be quite true. So, the critical thing that we're trying to accomplish is, we want to have access to as many available markets in fixed income that we can so that we have alternatives. We're not just relying upon one type of financing. Now unsecured plays a big part in that as well. I'm specifically talking about secured financing.

So, in different markets, we will see different behaviors by the end investors. Unsecured spreads and demand can change. CLO spreads and demand can change, bank financing, demand spreads, it can change, other than in a very disruptive market, we don't see them all behaving the same way at the same time. So, being able to tap any of these markets as and when we need to, we think, is critical. We also think a lot about having available liquidity. So, we generally have more financing at any given point in time than we need at that moment, right, particularly with our retail-based BDCs, we're raising capital every month. We want to be ahead of our financing needs. We want to maintain target leverage, same at ORCC and some of our other BDCs.

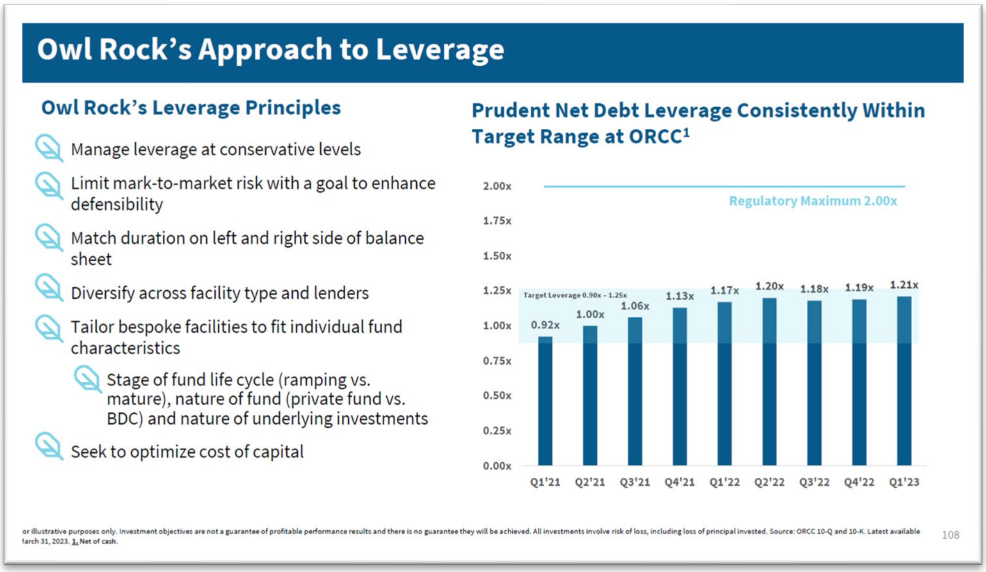
We always want to have excess liquidity. It costs a little bit because you have to pay commitment fees on your unused commitments. But it's great insurance and it gives us liquidity in the event that we needed to buy assets in the event we needed to cure a borrowing base failure, for example. We've never had to do that to date. But that's our basic philosophy as to how we approach things.



In terms of our financing partners, we have I would say about 100, plus or minus, of distinct lenders and bond investors, so CLOs being bond investors, lenders being revolving credit and our bilateral and criteria-based facilities.

We have 14 CLOs, for example. We have over 50 unique investors in those transactions. And that's international. It's primarily U.S., but we have Europe, Asia, Nordics. You'll talk about unsecured, Kaitlin. And all of those, as I said, products you might have the same institution, but they are different books within the institution. CLO buyer is not the same as the unsecured buyer, unsecured buyer is not the same as the credit facility buyer. So having that access has enabled us to keep accessing the market as we need to.

And last point I'll make on that is we also pay a lot of attention to who our financing partners are. We want to work with banks, for example, that have a history of financing this market, that have shown that they're going to be reliably there when we need them. And we've also by diversifying our structure types, for example, by doing CLOs, we're not tapping out availability from a bank. So, if a bank, for example, has a $2 billion exposure limit to Blue Owl. Rather than drawing that full $2 billion, we will do a series of financings with them, but then we'll do, say, a CLO that reduces their exposure. So, we try to keep available capital from our primary lenders as best we can as opposed to just tapping them out and moving on to the next one. So, I'll pause there.



Jonathan Lamm

So, let's pick up here. Jerry started to allude to it, but how we think about leverage. We are extremely purposeful with how we manage leverage across the BDCs. You many times here, 0.9 to 1 in a quarter, but it's not as simple as that. But I want to reemphasize some of the things that Jerry said. We adhere to several important principles that are intended to ensure that not only can we absorb real losses in the portfolio, but that we can also sustain significant mark-to-market volatility such as was observed during the financial crisis in '08 as well as during COVID. These tend to be more severe than the real losses.

First, as Jerry stressed. We limit mark-to-market risk in our facilities. In ORCC, our most mature fund, we only have mark-to-market exposure on 8% of the funded debt. Jerry mentioned, that's the revolver. That's our own marks. That's not the marks of our counterparts. So, it's effectively no mark-to-market risk when you think about exposure to the types of facilities that Jerry was referencing.

Jerry Devito

If I could interject on that one, which I failed to mention is in the early stages of a fund's life, when we don't have a lot of diversity in the portfolio, we do have to rely upon facilities with some mark-to-market component. These bilateral type facilities. They give — and by the way, they're not all bad. They do have benefits, larger concentrations, you can have larger second lien baskets for example. Oftentimes, the banks will approve assets that may not be otherwise eligible under the credit agreement. So, they give us a lot of flexibility.

But we worry about the mark-to-market component. So generally, what we're seeking to do is to eliminate those facilities over time as the fund matures. When we have access to the other markets, unsecured CLOs will take advantage of that and ORCC is a good example, where earlier, we had $1 billion of those types of facilities. And over time, we clean them down to 0 and replace them with non-mark-to-market facilities. So again, market permitting, we will do that opportunistically when we and that's our strategy.

Jonathan Lamm

Yes, and it's not unique as to why we didn't see any issues during COVID as a result of the way that we structure our financing. Just hitting on a couple of other points. Second, we focus on matching the duration of our assets to our liabilities. We're always looking for the opportunity to extend out our reinvestment periods and the maturities on our financings. And Jerry mentioned the significant diversification in our lenders and facilities. We have access to every form of financing that exists to a BDC as far as we know in total...

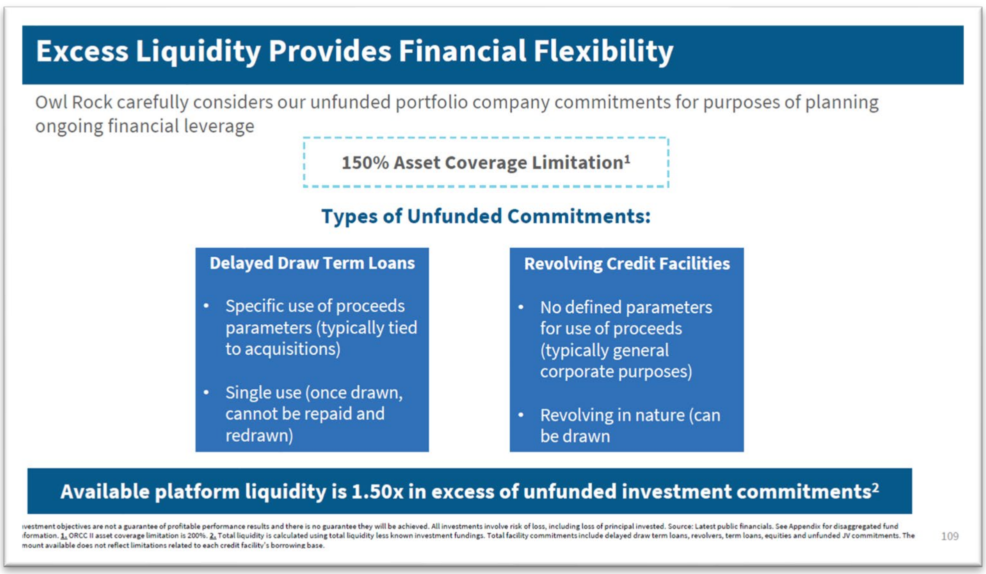
Jerry Devito

We're working — we're working on some new ones.

Jonathan Lamm

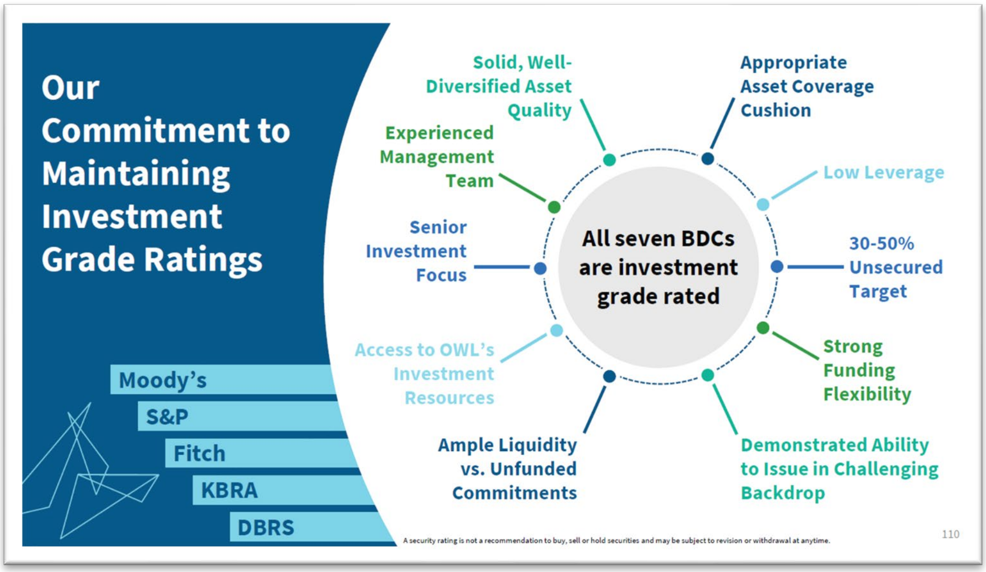
Exactly. Okay. So, our stated leverage for — under the 2:1 regulatory framework is 0.9 to 1.25. So, at the high end of the range, even though we limit the mark-to-market facilities, we still ensure that we have significant amounts of cushion versus that regulatory limit of 2x in the event of any of this mark-to-market volatility that might happen in a COVID or '08 type like event. But we're very comfortable running our leverage within our target range. But I want to point out that we are very careful as to where we are in the range with respect to a particular BDC. You can see when you look at our different BDCs, we have different — we're holding at different leverage points in each of our individual BDCs and that's not just by happenstance.

There are other factors, it's excess liquidity, over-collateralization of our secured facilities, other elements that go into how we set where our leverage is. So currently, only 2 BDCs are running leverage toward the high end of the range, while five of our BDCs are the low to middle part of the range. The two at the high end, ORCC, and we've just heard how ORCC has been set up, has significant amounts of overcollateralization, significant amounts of excess liquidity, which we'll talk about in a minute, alongside the very low level of these mark-to-market facilities. The other — the only other fund that's running at the top end is ORTF II, which has recently launched and it's still ramping and investing, and it has $3 billion of uncalled equity capital. So, it's still maturing as a fund, and therefore, its leverage is much less consequential obviously, at this point in time.



So, we just touched upon diversity of funding and leverage. Third pillar is liquidity, and Jerry touched on it. Our liquidity is paramount. We have seen the importance of this play out real time with the regional banking crisis over the past few months. All of our BDCs have liquidity well in excess of any and all unfunded commitments, even those that may be unlikely to fund. We have delayed draw term loans. Those delayed draw term loans are normally tied to a specific use of proceeds, an M&A type of event and their single use. Revolvers obviously, could be drawn without defined parameters. But notwithstanding that, we're covering all of that. We're focused on running liquidity at these elevated levels, not only to support our DDTLs and revolver commitments but also to support our businesses during a crisis, protecting our portfolio during periods of stress and any other opportunities that may come out throughout a cycle.

Available liquidity at the platform level right now is 1.5x in excess covering our unfunded commitments, a massive amount of excess liquidity.



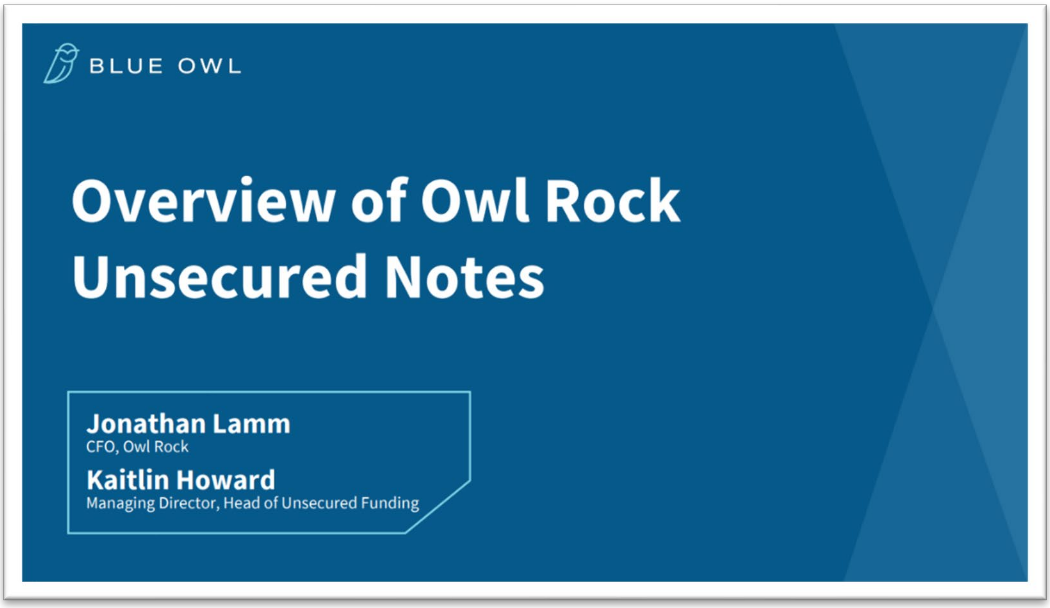
I'm going to touch on the rating agencies, and I will say that whatever was said at the sponsor panel earlier today, we don't necessarily endorse here at Blue Owl. One incredibly important additional reason we're hyper focused on leverage and liquidity is because they're critical components to remaining investment grade rated with all five of our rating agencies.

On the top 10 commandments at Owl Rock, I think it's top three, but I'd say top one, is maintaining and improving our investment-grade ratings. This is mission critical to the success of our business. All seven of our BDCs are investment-grade rated. We're on positive outlook from Fitch at ORCC for an upgrade, which could take place once the market sees some prolonged stability. One final comment on this point. One of the biggest challenges for the BDC sector is the lack of ratings differentiation. That's my sponsor comment.

We firmly believe that Owl Rock's size, scale, larger portfolio companies, stellar credit performance, low leverage, prudent liquidity management, over collateralization, our operating history through COVID and the recent banking crisis. I can continue to go on and on. I think the rating agencies are on now. It all supports a higher rating. And we expect that the agencies are going to start to differentiate platforms like Owl Rock in the near future. So, we spent a lot of time today walking through the merits of our platform in exceptional detail. We want to spend some time dedicated to focusing on why we believe Owl Rock's BDC bonds are an excellent investment for unsecured bondholders. With that, I'm going to pass it back to Kaitlin, who's our Head of unsecured funding for the Owl Rock platform.

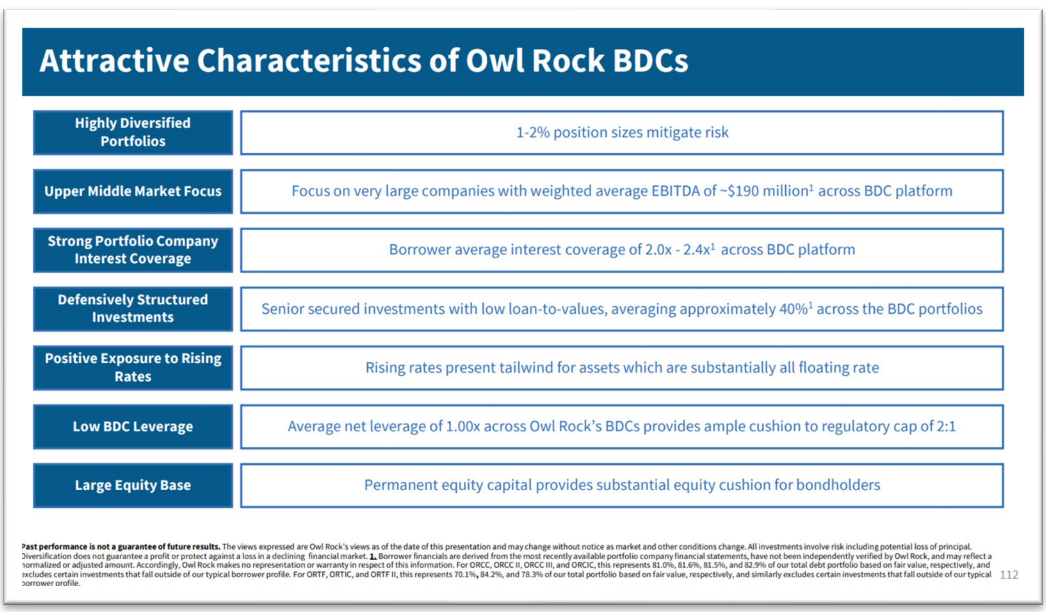
Overview of Owl Rock Unsecured Notes

Jonathan Lamm – Chief Financial Officer, Owl Rock
Kaitlin Howard – Managing Director, Head of Unsecured Funding



Kaitlin Howard

Thank you, Jonathan, and thank you, everyone, for bearing with me at the end of a whole day. It's nice to see everyone this afternoon.



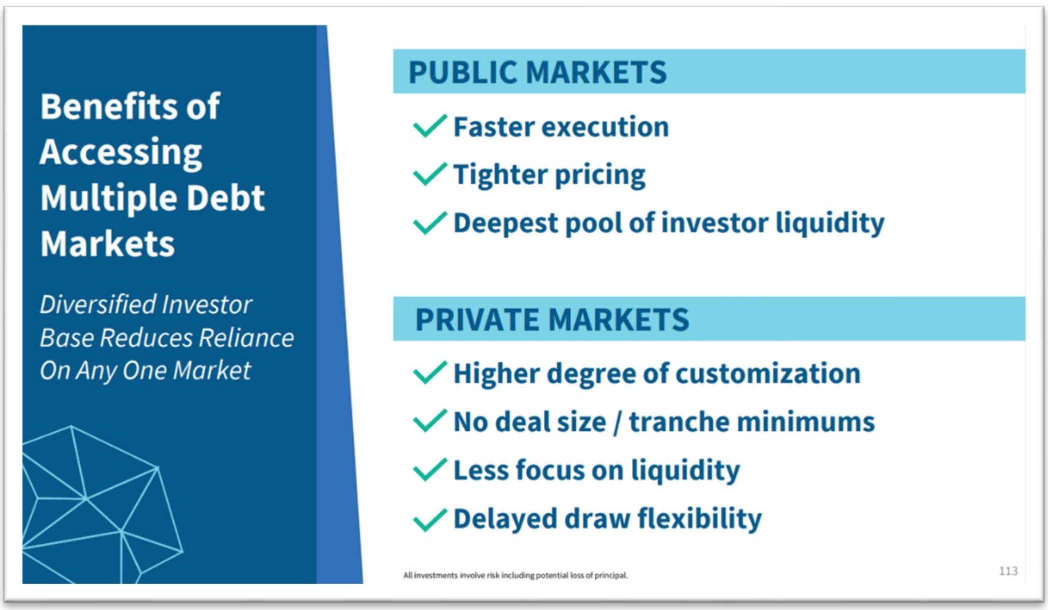
I've been out on the road meeting many of you in person over the last few months. And I think there are certain key themes and questions that consistently come up that we think are worth addressing today as it pertains to what makes the Owl Rock BDC unsecured platform and attractive investment.

Starting with how the portfolio is structured, all seven of our BDCs when fully invested, target 1% to 2% average position sizes. Diversification is of the utmost importance. You heard Craig mention it earlier. We took a very measured approach to deployment when starting and ramping our funds, and that was because diversification was a paramount for us. You've also heard it many times today, but I think it bears repeating, we lend to upper middle market sponsor backed companies with a weighted-average EBITDA of close to $190 million.

These are exceptionally large companies that are mission-critical to the sectors they operate within. And lending here mitigates a significant amount of the risk that the true middle market will likely face in a more challenged macro environment similar to the one that we're in today. One of the most frequent questions we receive understandably so is around portfolio company interest coverage.

This dovetails nicely with the size of the companies that we lend to. Bigger companies are more stable and therefore, have better resources when it comes to making their interest payments, especially in a slowing economy and higher interest rate environment. Our companies have an average interest coverage of 2 to 2.4x as of the end of Q1.

We focus on senior secured first lien unitranche lending, with LTVs averaging approximately 40% for the platform and closer to 30% for our tech strategy. Our assets are predominantly all floating rate, which has been an incredible tailwind in this rate environment. As Jonathan mentioned, our stated leverage range at nearly all our BDCs is 0.9 to 1.25x and the average across the platform is approximately 1x. We manage all seven of our BDCs very carefully and deliberately within this range depending on where they are in their life cycle, and we hold multiples of excess liquidity relative to unfunded commitments. And finally, our BDCs are built with permanent equity capital, which provides a substantial cushion for our bondholders across the platform.



We were very early adopters in our life cycle, as many of you know, of accessing the public bond markets. We first issued in 2019, and we're the first private BDC to get a public rating and issue into this market. We've since priced approximately $8.5 billion of bonds into the public debt market to well over 250 unique investors. We like this market because it provides a speed of execution, typically the tightest pricing and the deepest, most diverse pool of liquidity. However, it's important for us to stay nimble and react to market dynamics in real time.

Since the back half of 2022, the public debt market has been more challenged than in years prior, largely due to inflationary pressures, rising rates and broader macro volatility. So, we made the decision to pivot to the private market last summer for our incremental 2022 debt needs. We like the private 482 market because it allows for a higher degree of customization, no minimums on dealer tranche sizes, more flexibility on liquidity and tenor and the ability for delayed draws when it makes sense.

We will continue to remain active in both markets and pivot depending on accessibility, pricing and where our BDCs are in their investing and financing life cycles.

Financing Opportunities Exist Across BDC Platform

Fully Invested / Financed Funds

	Total Debt Outstanding	Weighted Average Fixed Coupon	Next 3 Years Unsecured Bond Maturity	% Unsecured of Funded Debt
ORCC	$7.5bn	3.582%	4/2024 3/2025 1/2026	55%
ORCC II	$1.0bn	4.625%	11/2024	45%
ORCC III	$1.7bn	5.545%	7/2025	42%
ORTF	$3.2bn	4.340%	6/2025	47%

Still Ramping / Perpetual Funds

	Undrawn Equity	Weighted Average Fixed Coupon	Average Monthly Inflows	Implied Unsecured Financing NTM	Current Net Leverage
ORTF II	$2.8bn	--	--	$400mm[1]	1.23x
ORCIC	--	5.561%	$200mm	$750mm	0.94x
ORTIC	--	--	$50mm	$200mm	0.79x

Target % Unsecured: Minimum of 30-35% of Total Debt

Past performance is not a guarantee of future results. All investments involve risk of loss, including loss of principal invested. 1. Assumes ORTF II calls $1.0bn of equity from May – December 2023.

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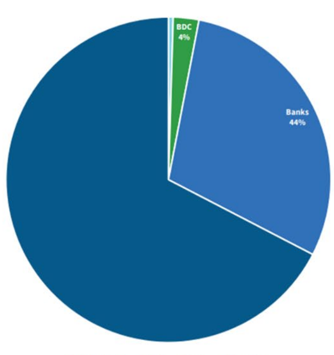
We have been incredibly deliberate in how we have financed our BDCs and took advantage early and often of near 0 interest rates. Four of our seven BDCs, as you can see on the left-hand side of the page are fully invested and fully financed. These include ORCC, ORCC II, ORCC III and ORTF. Our three BDCs were incremental new financing opportunities remain are our two perpetual non-traded BDCs, ORCIC and ORTIC, which raise equity on a continuous monthly basis; and ORTF II, our newest private tech BDC, which is still calling equity capital.

We've mapped out here our expected amount of debt needed at these three BDCs over the next 12 months, targeting a minimum of 30% to 35% unsecured and roughly a turn of leverage. So just to be really clear, we expect approximately $400 million of unsecured needs at ORTF II, roughly $750 million at ORCIC and approximately $200 million at ORTIC over the next 12 months. And we will utilize both the public and private channels depending on the market backdrop, pricing and potential reverse inquiry opportunities, which we are constantly evaluating.

Manageable Upcoming Maturities Within Broader Refinancing Landscape for Financials



- Over the next 3 years, approximately $770 billion of investment grade rated financial unsecured bonds are maturing in the public debt market
- BDCs represent approximately 4% of this total and Owl Rock BDCs represent just 0.7%
- Multiple refinancing channels are available to BDCs and Owl Rock including the public, private and securitized markets, removing concerns of overhang on any one market

Source: Bloomberg. Data as of December 31st, 2022. Owl Rock BDCs include ORCC, ORCC II, ORCIC and ORTF. Selection criteria includes any active banks, commercial finance, consumer finance, diversified banks, financial services, funds and trusts, life insurance, property and casualty insurance that have a rating greater than or equal to BBB- in the United States with at least $200 million issued. Owl Rock BDC maturities as a percentage of total financials maturities for the year.

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In every piece written about the BDC sector, one common thread is the maturity wall that is coming for the BDC sector over the next two or three years. While some of the numbers may look at large in isolation, it's important to provide some context. To start, not every BDC will be forced to refinance these maturities in the public unsecured market. The sector as a whole was fairly proactive with layering in excess unsecured in 2020 and 2021. So some may consider refinancing near-term maturities either fully or partially in the private unsecured market or the secured market as available collateral permits.

The point here is that the overhang in the public market may not be as substantial as many are anticipating. Additionally, when put in the broader context of upcoming bank sector maturities and broader financial maturities, BDCs represent a tiny sliver of what the market is preparing to refinance over the coming years. BDC outstanding bonds make up just 1% of all outstanding investment-grade financial sector bonds and represent approximately 4% of investment-grade financial maturities over the next three years.

It's important to note and understand the following: BDC bonds offer exceptionally attractive yields relative to other BBB and BB rated credits and the broader swath of financial paper outstanding. The sector has grown tremendously over the past few years due to an increased issuance and investor education. And while still relatively small, it is becoming a much more meaningful part of the index, and there are now new investors that have to have exposure to the BDC sector, which was not necessarily the case a few years ago.

Finally, these maturities are refinancings. We are past the new money wave. It has been my experience that refinancings are arguably easier on the margin because the market has visibility into both the magnitude and the timing of the issuance. All of this underlines the point that we are very comfortable with our maturities and that of the broader sectors and believe there is ample flexibility to manage what is coming due despite the higher more challenged rate and refinancing environment.

BDCs Present A Compelling Investment Opportunity for Investors as the Sector Matures

Index	Average (bps)	Current (bps)	Δ to BDC Index (bps)	Δ to ORCC (bps)
BDC	**281**	**347**	**--**	**-43**
Air Lessors	228	214	-133	-176
BB	291	317	-30	-73
BBB	163	183	-164	-207
Financials	121	170	-177	-220
REIT	144	194	-153	-196
ORCC	**301**	**390**	**+43**	**--**
ORCIC	**348**	**412**	**+65**	**+22**
ORTF	**312**	**410**	**+63**	**+20**

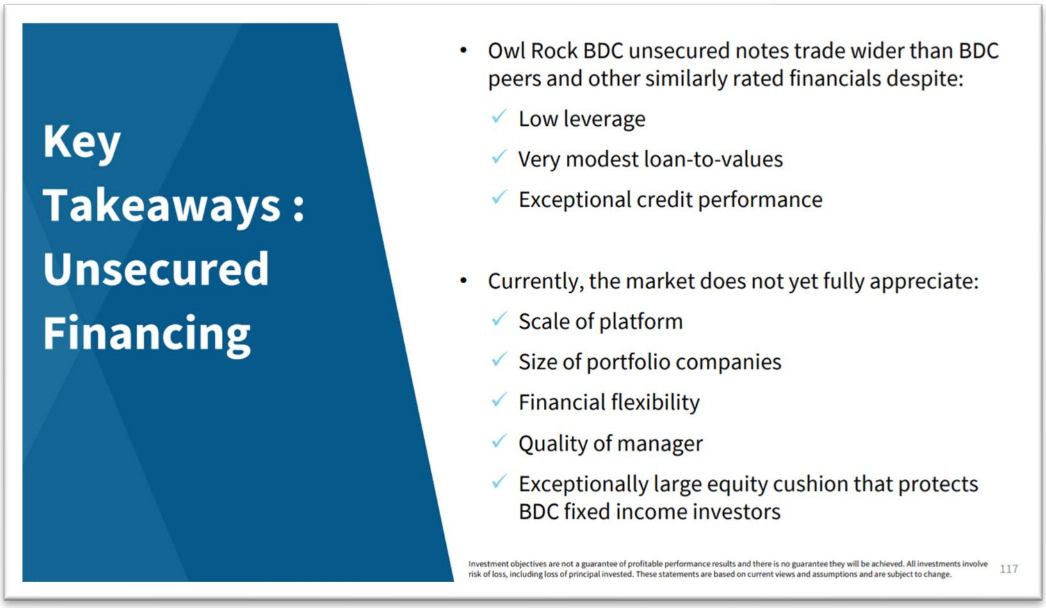
Source: Truist Securities. Data as of May 15, 2023. **1.** BDC Index includes on-the-run 5-year bonds from ARCC, BCRED, BXSL, FSK, ORCC, ORCINC, ORTFIN, GSBDC, MAIN and TSLX. **2.** Air Lessors Index includes on-the-run 5-year bonds from DAE, AL, AVOL, AER, AYR, ACGCAP and BOCAVI. 116

To further put the opportunity that exists for our bondholders in context, the broader BDC sector trades incredibly wide, which Craig reminds me on a daily basis, to both other nonbank financial sectors and other similarly rated credits.

The BDC index trades over 150 basis points wide to REITs, 130 basis points wide to air lessors, several of which are split BB BBB rated, 175 basis points wide to broader financials, 165 basis points wide to other BBB credits and 30 basis points wide to BB rated credits. I want to pause on that for a moment, both because those numbers are pretty incredible, but also to highlight that what I just quoted was relative to the BDC index average. When you compare these other indices to the average for our bonds across the platform, you need to add another 40 to 65 basis points on top of these already elevated levels.

So even if you were to believe that BDCs were appropriately priced, it is a difficult argument to make that despite our exceptional credit performance, low leverage and strong liquidity position, there isn't real value in buying our bonds. I'd also note that the average BB rated credit in the BB index is 2 to 3x levered, while we average a turn of leverage across the platform with some of our funds operating even lower. Additionally, BB-rated bonds are normally structured with only two or three years of call protection, which inherently has a value that the market charges for. Well, we're printing bullet maturities.

Whatever why you cut the data, it is hard to make the argument that current trading dynamics make sense and should persist. We understand the catalyst for our wider trading levels is the relative complexity of our platform and that you have to spend some time digging in to understand us. However, we think that after you do that, it is difficult not to see the value and the risk-adjusted opportunity that our bonds present. So, with that, I'll turn it to Jonathan to make some closing remarks.



Jonathan Lamm

Kaitlin just hit you over the head with a lot of data. But I guess if you want to take a few takeaways Owl Rock BDC bonds traded at a discount to both BBB and BB Financials and sector peers. Despite we've got better quality portfolio of assets, exceptional credit performance and very modest leverage. The market doesn't yet fully appreciate the scale and quality of our platform, the size of our portfolio companies, the exceptionally large equity cushion that protects unsecured investors. And lastly, the complexity of our platform presents a real opportunity. As the market continues to develop and investor education increases, there is the potential for substantial tightening in Owl Rock BDC bonds, presenting a strong risk-adjusted return for bondholders.

Kaitlin Howard

I think with that, we have time for a couple of questions as there is time.

Question and Answer Session

Erik Zwick – Hovde Group

Wondering if you could address — address your thoughts on interest rate sensitivity, your funding profile. And if I use ORCC as an example, currently, you have about a 50-50 mix between fixed and floating. And is that your preferred or desired mix throughout the interest rate cycle? Or does that change?

Jonathan Lamm

We're focused on sensitivity. Obviously, these are all — the vast majority, all of our assets are floating rate assets. We are the beneficiary in particular, in ORCC in having fixed rate liabilities that were issued at extremely low coupons. So, we still take an interest rate risk management philosophy, one where, if you're issuing at higher coupons — overall higher coupons, you would put on hedges and you've seen us do that over time. And so, I wouldn't say that ORCC should be indicative of how you might see other funds evolve unless we go back to that lower coupon type of environment.

Richard Lee

That's great. Maybe two questions. One is what's your SPVs and just the banks facing their own higher funding costs. What's been sort of the latest dynamics and discussion points with them? And then maybe second, Kaitlin, we've talked about this. The rating agencies, I guess, they seem a little bit hesitant to differentiate the profile. So, I'm just curious like what do they need to see to finally start to assess you guys differently. I'm just — what's their thought process and line of thinking. So, two parts to that.

Jerry Devito

So, I can hit the first question. So, first of all, regional banks, U.S. regionals, is a relatively small part of the financing market that we access. I don't know the exact number. I'm going to say, across the market, it's maybe 15%, something like that. It's an important part, but it's not a critical component. Unclear what their behavior will be going forward. Obviously, their costs have gone up. The larger banks, for the most part, availability of capital we see there. Of late, I would say, financing spreads maybe have moved out about 15 basis points. But oftentimes, we are pricing our facilities off of the CLO market. So, the CLO market is sort of the benchmark where spread should be in our financing — our secured financing trades. And that market, as you know, it's kind of widened out, it's tightened up some. But I would say we've seen about a 15 basis points wide of late.

Jonathan Lamm

On the ratings side, there's been — there's a long sorted history in the BDC space. And I think it's only really over the last seven, eight years when this platform launched where you started to see much more scaled platforms where I think the rating agencies are potentially a little bit behind. I think that they ultimately have been constructive with those larger platforms. I think the regulatory asset coverage change gave them a little bit of pause. COVID gave them a little bit of a pause. The sense is that they have been ready to move, but I think it's — there's been a constant ongoing event that would take place. I think the current view is what we might be headed into now should finally be a credentializing type of event to the extent that we go into a recession, and you see how these portfolio companies perform for them to finally move past what might have been their perception on smaller platforms.

Richard Lee

Just a quick follow-up. The comparative you showed about 2 to 3x at BBs versus 1.25 threshold. I'm not going to hold you to it, but what do you think the odds are that the rating agencies will allow you to go beyond 1.25? Which seems somewhat arbitrary.

Jonathan Lamm

We don't want to run out. We are not looking to run on it.

Jerry Devito

One, if I could throw in one final point from me is when I was talking about CLO financing, just one point of clarification. We often — when folks hear CLO financing, they're thinking about the broadly syndicated CLO market, where leverage is 10x in the structure. So broadly-syndicated CLOs are issuing AAA bonds and tranching it all the way down to BB bonds. What we are doing is, for the most part, in our BDCs issuing AAA and AA and then we're retaining all of the junior capital.

So, we're not beholden to a BB CLO buyer to make our deal work. We're at the very top of the capital structure. Why is that? Our fund is levered on time. We don't need to go to 90% loan-to-value on a CLO. It's unnecessary. It's too costly. It presents too much risk. So, in my view and what we've experienced is the ability to get that financing is much more dependent on spread levels as opposed to buyers just stepping out of the market entirely, right? It's a AAA bond. There's a level. So, we think it's reliable type financing, but very different from syndicated CLOs.

Unknown Speaker

Kaitlin, so I assume that you meet with fixed income investors and asset managers and capital markets players like what is their pushback to all the rational points that you're making? Markets can be inefficient for a while, we all play on that, but eventually...

Kaitlin Howard

Yes. It feels like it's been inefficient for a while. I think it's still relatively a small part of the broader financials investment-grade unsecured bonds that are outstanding. And so there is an argument you can take whatever side of it that you like that because it's smaller, there's inherently a lack of liquidity in a lot of these bonds that people really value in secondary trading. I would argue personally that nothing is liquid anymore relative to probably 5, 10 years ago. But I do understand the argument that we are a newer sector to issuing in the investment-grade market and the quantum of debt outstanding for BDCs just isn't at the same magnitude that as some other nonbank financials. And so that will drive liquidity lower.

However, I do think that, that is a little bit of an easy out to just not necessarily fully digging in. We have a — we're very fortunate that we have a great group of investors that have been with us since our inception and have really dug in on both the sector and our story, really understand it. And so they have also helped drive some of the investor education. But I do think education and a continued push on us getting out there, it's part of the reason I joined the platform is to really be on the road and talking to people about pulling the — lifting the veil on the BDC space just because it is newer for this group of investors and helping them understand the credit story and why we are not as scary and as many probably think that we are. So, I think it's a little bit of time and a little bit more education. But I think liquidity is probably from a structural perspective, probably the biggest thing that I hear on a daily basis.

Unknown Speaker

What do you think the drivers of the relative spread are between like an ORCC and then ORCIC market consistently has the latter wider. But as you think about the leverage and...

Kaitlin Howard

I mean they are essentially the same portfolio, too.

Unknown Speaker

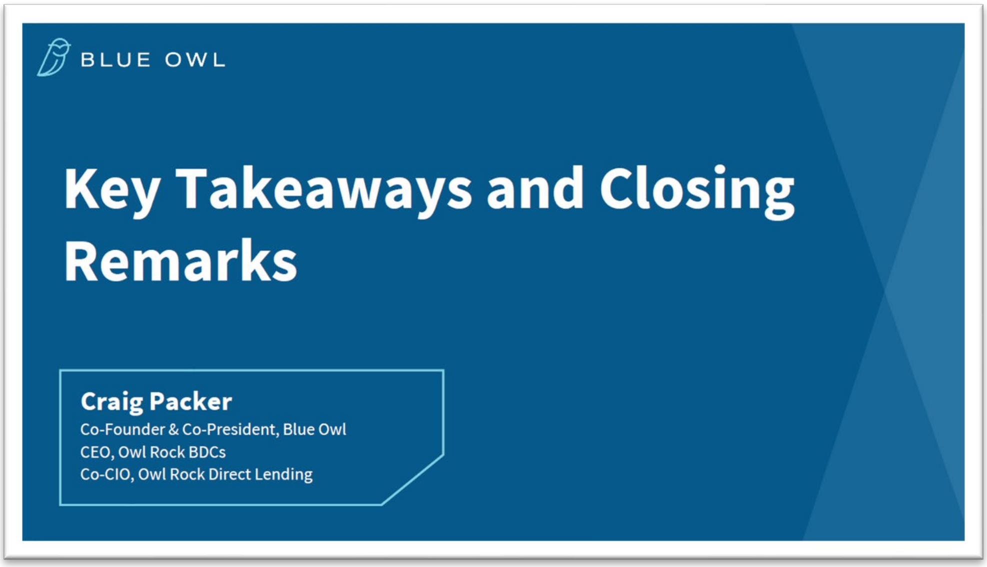
Yes, exactly. I didn't know if it was the unsecured benefits of ORCC being higher or it's the fear of a melting ice cube within an [*indiscernible*] fund. I guess what are your thoughts on it?

Kaitlin Howard

Yes. I mean, look, ORCC our flagship funds, public equity float. I feel like from a just information flow perspective, it's the first fund that people followed that was an Owl Rock fund. And so inherently, there's going to be a sense of security around like, okay, it's public, I understand it. The liquidity there is higher. It's — we have roughly $4 billion of bonds at that entity. And so again, back to the liquidity point, if you're trying to trade our bond complex, that's a good place to start.

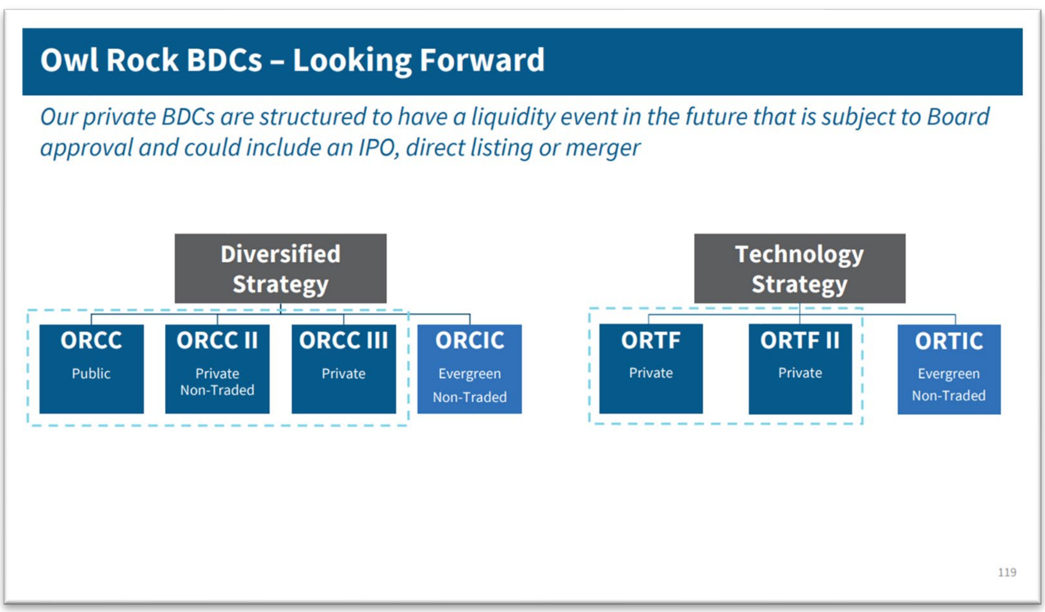
ORCIC, I think, again, some of the structural differences being that it is a perpetual non-traded, I think, again, some people weren't familiar, didn't inherently understand the differences between the public and the non-traded. There's obviously been headline noise around the non-traded. Our funds have both performed exceptionally well. There is over 90% overlap in the names and the two portfolios. And so we feel like the delta between the trading levels of the two is well overblown and that back to an efficient markets like that should collapse over time. So there is a real opportunity from my perspective. If you like our platform and you want exposure to our diversified lending to buy ORCIC because I think there will be significant spread pickup there for fixed income investors.

Thank you. Well, really quickly, We're nearly at the end. I just want to invite Craig Packer back to the stage to make a couple of closing comments.



Craig Packer

Thanks for hanging with us. We're — I'll be very, very brief. Really appreciate everyone being here, staying through the duration. I mentioned much earlier in the day, it seems like two days ago, when we started that I would talk a little bit about the seven BDCs and how that might play out over time. So, I just need to click a slide. Here we go.



So, we talked about why we have seven BDCs. It would be our preference, and it would be logical to have one publicly traded diversified BDC and one publicly traded technology BDC. While there are no guarantees, if we found an attractive opportunity to merge Owl Rock II and Owl Rock III and Owl Rock I, that would be our preference that would make sense and be very attractive.

Somewhere on the tech side, at some point, we'd like to take the tech fund public. It would make sense to have those two entities combined. I think hopefully, you get a much better sense of our commitment to the non-traded space. So those two will stay — they're permanent, they'll stay perpetual. So having one diversified non-traded and one tech non-traded, I think that's a permanent state of affairs. So, what I'm describing is a streamlined platform with instead of seven BDCs, four BDCs, one publicly traded diversified, one non-traded diversified and the same thing on the tech fund. I can't tell you when that will happen. Obviously, ORCC's trading price is a pretty important factor in that.

But that's a logical end state, and it's certainly one that I think would simplify things a bit. Each entity has independent board members. The math has to all make sense. This isn't something imminent. But I just offer it up so you can have an appreciation for how we might think about this longer term. If there are other iterations that will make sense for shareholders, we will pursue them. We're not dogmatic about this. But I certainly would hope at some point that we can simplify things a bit. I'm sure Jonathan and his accounting team would also appreciate that. Can you imagine what a heavy lift it is at the end of the quarter to have seven SEC reporting entities. I mean it's a lot. So anyway, that gives you a little bit of sense there.

Just in closing, there's a couple of things I hope you walk out of here with. First, I really hope you get a sense of the depth and quality of the team. I'm super proud of everyone that's here. Hopefully, you got a sense of that. And as great as they all are, there's another 40 people we could have rolled through here that have similar roles that I think you would have been equally impressed by. It's a deep team. You all see you see Jonathan, you see Dana regularly, but we have a big team behind us that are terrific at what they do. And in the next couple of years, I think you'll see more and more of that.

Second, we really tried to give you insight into how we invest, what our process is like, how careful we are. Hopefully, you got a sense of that in that underwriting section, again, depth — the depth and quality. I really wish you all could sit through one of our investment committee meetings, read one of our memos. I think you'd really be impressed just the quality and depth of the work that we do. Hopefully, you came away with a greater understanding of our focus on the downside. I think we've made it pretty clear how we feel about where our bonds and stock trade. So I won't kind of keep beating that.

But we think if we continue to perform, folks get to understand it. Over time, that should correct itself. I mean there is no reason why our bonds or stocks should trade at a discount to the peers based on our performance. I'm super confident we're going to continue to perform. You all manage money. Your job is to figure out where the opportunities are. I think we're trying to whet your appetite at some point, this should correct itself and that's what the opportunity is. When I always say to investors about ORCIC is it doesn't make any sense, but that's why you should spend time on it. And I believe that to be the case. So, with that, I'll leave it there.

Thank you so much for joining. If you have any feedback, we'd love to hear it. We will do this, again, I won't say soon, but at some point. If there's other formats that you'd like us to consider in a more abbreviated sense, we're open to it. But thank you so much for the time you spent with us. We're going to have drinks next door. Please stay for a few more minutes. And again, thank you. Have a great afternoon.