

Investment Report

Blue Owl Credit Income Corp.

Private Credit

SCORE



CLASS

S

MANAGED BY

Blue Owl

RELEASE DATE

09/09/23



Net Asset Value \$5.87B	Amount Raised \$2.27B	Min. Investment \$25,000	Distributions Monthly	Advisor Blue Owl Credit Advisors LLC
Max. Offering Size \$75B	Legal Construction Maryland Corporation	Annualized Distribution Rate 8.84%	Carried Interest 12.5%	Deal Manager Blue Owl Securities LLC
Investment Style Core	Asset Class Private Credit	Net Total Return 6.21%	Management Fee 1.25% of NAV	Auditor KPMG LLP
HQ Location New York, NY	Inception April 2020	Target Return N/A	Holding Period Permanent Capital	Counsel Eversheds Sutherland (US) LLP and Alston & Bird LLP
Eligibility Non-Accredited		Target Equity Multiple N/A		

Strategy

Blue Owl Credit Income Corp. (OCIC), formerly known as Owl Rock Core Income Corp. (ORCIC), is a **private credit** strategy that seeks to generate risk-adjusted **current income** and to a lesser extent, long-term capital appreciation. OCIC focuses primarily on **direct lending** to middle-market companies in the US, including senior secured loans. Blue Owl defines middle-market companies as companies with EBITDA between \$10M - \$250M on an annual basis and/or annual revenue of \$50M - \$2.5Bn at the time of investment. They aim for each position to comprise 1-2% of the portfolio. With that stated, this is a very diversified fund, and it has investments in 228 companies. Ninety of these companies are private equity backed companies.

Blue Owl takes a **defensive and income-orientated** approach that considers the potential **long-term** credit performance of companies. **Principal protection** is a fundamental ideology of the fund. It only invests in companies with **low loan-to-value (LTV) ratios** which are LTVs below 50%. Blue Owl performs a multi-stage selection process for each investment (each loan they lend out) and then continues to monitor each investment. With active portfolio monitoring, they are always on the lookout for any credit deterioration.

OCIC's structure allows it to offer **monthly closes** (periods where investors may contribute to the fund). Similar to a bond fund, this **private credit fund** also offers **monthly distributions**. Despite the monthly closes and distributions, this fund should not be considered liquid. Liquidity is only offered to investors on a quarterly basis of up to 5%.

Style

	Value	Core	Growth
Large			
Mid			
Small			

ELIGIBILITY

The OCIC Fund is available to non-accredited investors. The investor requirements for Blue Owl include either a \$70,000 gross annual income and \$70,000 net worth subject to additional state standards, or a \$250,000 net worth.

SUITABILITY

The Fund is only appropriate for investors that do not require liquidity and are able to tolerate a high degree of risk. Investors should not expect to sell shares on any exchange and only through the Fund's quarterly repurchase program, which is not guaranteed. While there is no lock-up period, there is an early repurchase fee of 2% for shares repurchased within 1 year.

Portfolio Snapshot

As of July 31, 2023



Score Breakdown

BULLS SAY



- **Attractive distribution rate:** Fund provides monthly income and a healthy 8.8% annualized distribution rate.
- **High quality portfolio:** The majority of the portfolio consists of floating rate debt which benefits investors in inflationary and rising rate environments. The Fund consists of directly originated, senior secured loans that should help deliver stable risk-adjusted returns.
- **Focus on downside protection:** The diversified nature of this portfolio helps reduce overall risk within the fund, softening the impact of potential defaults.

BEARS SAY

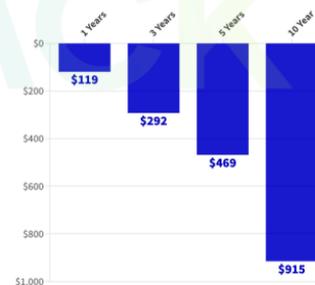


- **High fees:** The fund has high upfront and annual fees for Class S shares. The performance fee and hurdle rates are not investor friendly but may help improve alignment of interest with investors.
- **Illiquidity:** This is an illiquid fund. While it may be considered more liquid than most private credit funds, these shares are only available for repurchase on a quarterly basis. Quarterly repurchases are not guaranteed by the fund.
- **Short track record:** While performance has been relatively stable since inception (April 2020), the lack of a material track record makes it hard to determine skill and how the manager adds value over a full market cycle.

Fees

Fees & Expenses	Class S	Class D	Class I
Minimum initial investment	\$25,000	\$25,000	\$1,000,000
Availability	Through participating broker-dealers and RIA's.	Through participating broker-dealers and RIA's.	Through participating broker-dealers and RIA's.
Upfront Sales Load	Up to 3.50%	Up to 3.50%	None
Management fee	1.25%	1.25%	1.25%
Ongoing Servicing Fee	0.85%	0.25%	None
Interest payment on borrowed funds	6.40%	6.40%	6.40%
Other expenses	0.28%	0.28%	0.28%
Total Annual Expenses	8.78%	8.18%	7.93%

To help you compare the cost of investing in the Fund with the cost of investing in other funds, we have provided an example of the projected dollar amount of total expenses that would be incurred over various periods with respect to a hypothetical investment in the minimum amount required for each class of the Fund's Common Shares.



Disclaimer

In calculating the projections above, we made a few assumptions:

- (1) A hypothetical 5.0% annual return, as required by regulation of the SEC and applicable to all registered investment companies. The assumed return is not a prediction of, and does not represent, the projected or actual performance of the Fund. Performance will vary and may result in a return greater or less than 5.0%.
- (2) Annual operating expenses and offering expenses remain at the levels set forth in the Price Tag table above. They should not be considered a representation of future expenses. Actual expenses may be greater or less than those shown.
- (3) Net return after payment of fees and expenses is distributed to shareholders and reinvested at NAV.

Managers



Doug I Ostrover, CEO —

Industry Experience 30+ years.

Career highlights Co-Founded Blue Owl, an industry-leading alternative asset manager and lender with about \$140 billion assets under management. Previously, Mr. Ostrover co-founded GSO Capital Partners (GSO), Blackstone's alternative credit platform and served as a Senior Managing Director at Blackstone for a decade.

Education B.A. in Economics from University of Pennsylvania and M.B.A. from New York University Stern School of Business.



Mark S Lipschultz, Co-Founder, Co-CIO —

Industry Experience 30+ years.

Career highlights Co-founded and co-presides Blue Owl. Prior to founding Owl Rock, Mr. Lipschultz held various leadership roles in private equity, infrastructure and direct asset-investing at KKR, and in M&A at Goldman Sachs.

Education B.A. from Stanford University and M.B.A from Harvard Business School



Craig Packer, Co-CIO —

Industry Experience 30+ years.

Career highlights Co-founded Owl Rock in 2016, after leading the Leveraged Finance and High Yield Capital Markets divisions at Goldman Sachs for 10 years. Prior to joining Goldman Sachs, Mr. Packer was Global Head of High Yield Capital Markets at Credit Suisse for 6 years.

Education B.Sc. University of Virginia and M.B.A. from Harvard Business School

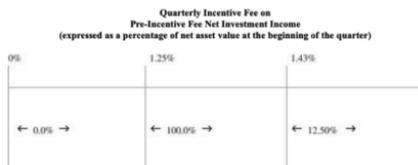
Full Review

ALIGNMENT

BELOW AVERAGE

The Fund has **high fees**. Class S shareholders may be charged a sales load up to 3.5% of the transaction price. This means that if you invest \$100 in OCIC, only \$96.50 will be invested. Along with that, all share classes are charged a 1.25% annual management fee and class S is charged an additional 0.85% annual servicing fee on net assets. High upfront and ongoing fees may be a cause for concern when evaluating alignment of interests with investors.

There are two layers of performance (incentive) fees paid, one for **net investment income** and one for **capital gains**. The performance fee on **investment income** equals 100% of income between 1.25% - 1.43% and 12.50% of returns greater than the 1.43% upper level breakpoint. This means that once the income from the fund has surpassed the upper level breakpoint of 1.43% in a quarter, Blue Owl collects 12.5% of every dollar from income paid above the 5% annual hurdle rate. A **hurdle rate** refers to the minimum rate of return that investors expect to receive before the fund manager can start earning a share of the profits. No performance fee is charged before the initial 5% return in a year (**investors keep 100% of the first 5% of all investment income in a year or 100% of the first 1.25% in a quarter**). Depicted in the graph below, there is also a **catch-up fee**. When the net investment income is between 1.25% quarterly preferred return and the 1.43% upper level breakpoint per quarter, the investment manager collects 100% of investment income. This is **not a shareholder friendly fee structure**. With a catch-up fee, the fund manager receives a larger share of profits.



related to the Adviser, together with investment professionals and other employees, have committed \$25M to OCIC. Additionally, Blue Owl I promissory note through Owl Rock Feeder PIC LLC, an affiliate of the Adviser. The promissory note was subsequently upsize to \$250M as on Blue Owl to OCIC which is funded by partner capital. As of 6/22/22 the promissory note has been terminated.

PERFORMANCE
AVERAGE

Total Net Returns (as of July 31, 2023)					Distribution Rate
	1-YEAR	3-YEAR	5-YEAR	INCEPTION TO DATE	ANNUALIZED DISTRIBUTION PER NAV
Class S	8.81%	-	-	6.21%	8.84%

As of July 31, 2023

NAV	\$9.33	Annualized total distribution rate ¹	8.84%
-----	---------------	---	--------------

Total net return²

Share Class	1-Month	3-Month	YTD	1-Year	ITD
Class S (No Sales Load)	1.41%	3.54%	8.54%	12.62%	7.79%
Class S (Max Sales Load)	-2.02%	0.04%	4.87%	8.81%	6.21%

The Blue Owl Credit Income Corp. has performed average since its inception, delivering a 6.21% return (April 22, 2020). It does have a relatively high distribution rate of nearly 9% for Class S shares.

It is important to note that the Class S performance includes a 3.5% sales load fee. After one year, if the distribution rate remains the same, or even increases, the nominal performance numbers should start to increase over time as the sales load is a one-time fee.

As of March 31, 2023, virtually 100% of the debt investments were performing loans. This includes \$10 billion of performing loans and only \$3.7 million as non-accrual debt or only 0.03% of investments were non-performing. A loan is considered non-performing when the borrower has failed to make scheduled interest or principal payments for a specific period.

RISK ASSESSMENT
AVERAGE

This fund has several risk factors that investors should consider before making an investment.

Market Risk – This credit fund has a below average amount of market risk. Performance going forward may be affected by inflation risk. Higher than average inflation in the US is likely to continue in the near to medium-term. US short term interest rates may remain volatile in the near-term. Distribution payouts will be affected by interest rate volatility which has been elevated for the past year.

Business Risk – The business risk for OCIC is considered low. OCIC is part of Blue Owl's credit platform which focuses on direct lending. Blue Owl (NYSE: OWL) is an established firm and market leader in direct lending with a proven track record and over \$71 billion of AUM. Blue Owl has multiple direct lending credit funds. Blue Owl is a scaled direct lender with the ability to commit to deals as large as \$1B. While we could not source the default rate for this fund, this fund is extremely large and well diversified. Even if low to moderate default rates increase, with the higher interest rates, they have low risk given their size and diversification. While Blue Owl has been around for decades, investors should keep in mind that OCIC is a new fund.

OCIC does use leverage to make investments. Their target leverage ratio is 0.9x – 1.25x. As of the end of May 2023, OCIC's debt-to-equity ratio was 0.95x. This is in line with their target ratio and on the lower end of it. This fund uses leverage to make more loans which can create possible issues for the fund if portfolio companies default. The debt risk is average since the fund is so highly diversified.

Liquidity Risk – With monthly distributions, this offering may be appealing for investors looking for regular and stable income. The Fund is meant to be a long-term investment and investors need to take this into consideration before investing in the fund. Investors need to understand that this is an illiquid fund with quarterly 5% repurchases as the only available liquidity events. These quarterly repurchases are not guaranteed and could potentially be gated, however, Blue Owl has never gated any share repurchases.

The fund does not intend to list its shares on any exchange and does not expect a secondary market in its shares to develop. Investors may be unable to reduce their exposure in any market downturn. If investors are able to sell their shares before a liquidity event, if any, is completed, they will likely receive less than their purchase price. This all gives OCIC a below average rating for liquidity risk.

TRANSPARENCY

HIGH

The amount of transparency that Blue Owl offers for its funds, including OCIC, is high. Their prospectus, fact sheet, key terms, and other materials were all available on the website and were easy to find. All of their information is updated regularly on their website.

Also, all their materials have been updated with the latest name changes which just went into effect this past June. Contacting Blue Owl's sales team was not difficult at all.

[Check out the NOYACK scoring methodology.](#)

Peer Group

	 BLUE OWL	 Blackstone	 APOLLO
Vehicle name	Blue Owl Credit Income Corp. (Class S)	Blackstone Private Credit Fund (Class S)	Apollo Debt Solutions BDC (Class S)
Minimum investment	\$25,000	\$2,500	\$2,500
Holding period	Permanent capital	Permanent capital	Permanent capital
Annual management fee	1.25%	1.25%	1.25%
Distribution and Servicing Fee	0.85%	0.85%	0.85%
Sales Load	Up to 3.5%	Up to 3.5%	Up to 3.5%
Inception Date	April 22, 2020	Jan. 7, 2021	July 1, 2022
1-Year Net Returns (With Upfront Placement Fee)	8.81%	5.50%	8.30%
Net Returns Since Inception (Annualized) (With Upfront Placement Fee)	6.21%	6.90%	2.94%
Annualized Distribution Rate	8.8%	9.70%	7.99%
NOYACK® Score			

Disclaimer

All Rights Reserved. The data and analyses contained herein are the property of Noyack and are protected by copyright and other intellectual property laws. The information provided is intended solely for informational purposes and should not be construed as investment advice. It is not an offer to buy or sell a security, and it is not intended to be used as the sole basis for any investment decision. The information contained in this document is believed to be accurate and reliable based on sources believed to be reliable, but Noyack makes no representation or warranty, express or implied, as to its completeness, accuracy or timeliness. The data and analyses are subject to change without notice and Noyack is not obligated to update this information. The use of the information contained in this document is at the sole risk of the reader, and Noyack shall not be responsible for any losses, damages, or expenses incurred by any person as a result of reliance on the information contained herein. Noyack does not endorse or approve any investment or trading strategy and does not guarantee any specific outcome or profit. The reader should always conduct their own independent analysis and consult with a qualified financial advisor before making any investment decisions. This document may contain forward-looking statements and projections which are subject to risks and uncertainties, and actual results may differ materially. Past performance is not indicative of future results. This document is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation. Noyack reserves the right to modify or discontinue the provision of the information contained in this document, in whole or in part, at any time and without notice. The information contained in this document is provided "as is" and Noyack makes no representation or warranty of any kind, express or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of the information contained in this document. Noyack shall not be liable for any errors or omissions contained in this document or for any damages whatsoever arising out of or in connection with the use of this document.

To learn more about Noyack's Investment Reports, or the NOYACK Wealth Club please email newsletter@wearenoyack.com or visit wearenoyack.com

Confidential and Proprietary.

For internal client use only. Copyright © 2023 NICL LLC.

Any review, dissemination, distribution, or copying of this document or information other than its intended client business purpose is strictly prohibited.