

CDLI final return is 2.78% for 1st quarter 2019 and 8.70% for the trailing 4 quarters

CDLI Index

The Cliffwater Direct Lending Index (CDLI) seeks to measure the unlevered, gross of fee performance of U.S. middle market corporate loans, as represented by the asset-weighted performance of the underlying assets of Business Development Companies (BDCs), including both exchange-traded and unlisted BDCs, subject to certain eligibility requirements. The CDLI Total Return Index includes three components: Income Return, Realized Gain/Loss, and Unrealized Gain/Loss.

[Click here to view CDLI Index on Bloomberg](#)

[Methodology](#) [History \(//storage.googleapis.com/cdli/CDLI-History.xls\)](https://storage.googleapis.com/cdli/CDLI-History.xls)

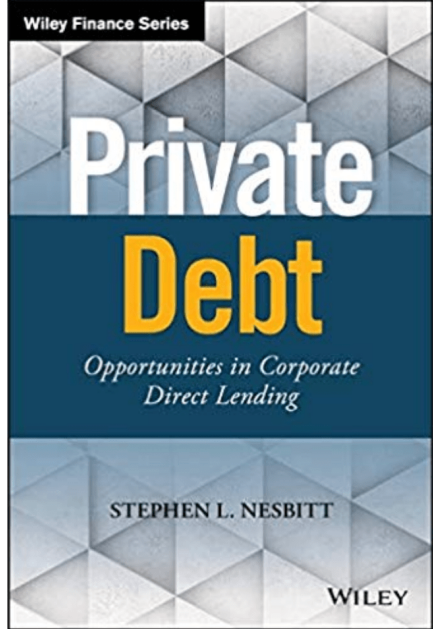
Index Characteristics

Index Value (Mar 31, 2019): 3787.78
 Assets (Fair Value): \$104.9 Billion
 Number of Loans: > 6,000
 Yield: 10.24%

Asset Seniority
 Senior Debt: 65.9%
 Subordinate Debt: 20.7%
 Equity: 8.2%
 Other: 5.2%

2019 Q1 Report

[View \(https://www.cliffwater.com/storage.googleapis.com/cdli/Cliffwater%20US%20Direct%20Lending%20Index%20Report%20Q1%202019.pdf\)](https://www.cliffwater.com/storage.googleapis.com/cdli/Cliffwater%20US%20Direct%20Lending%20Index%20Report%20Q1%202019.pdf) [Download \(114\)](#)



Capital Market Assumptions

Cliffwater Q1 2019 Long Term (10 Year) Capital Market Assumptions

(See Cliffwater's 2019 Asset Allocation Report (Jan 2019) for detailed explanation of assumptions)

The following table of Capital Market Assumptions shows forward-looking return and risk expectations as estimated by Cliffwater for asset classes that compose Cliffwater's investment universe. The table also shows estimated forward-looking correlations among the various asset classes. Cliffwater uses these Capital Market Assumptions to inform its process for determining asset allocation recommendations.

Asset Class	Annual Return (%)	Annual Risk (%)	Correlation	...
U.S. Stocks	7.10	8.55	17.00	1.00
Non-US Developed	7.10	8.72	18.00	0.85
Emerging Markets	7.60	10.96	26.00	0.85
Global Equity	7.40	8.97	17.70	0.90
10-yr Treasury	2.70	3.02	8.00	-0.20
10-yr TIPS	2.70	2.95	7.00	0.00
High Yield Bonds	5.90	6.51	11.00	0.65
Bank Loans	5.90	6.05	7.00	0.65
Emerging Market Debt	6.05	6.55	12.00	0.55
Private Real Estate (US)	6.80	7.13	15.00	0.60
Public REITs	5.85	8.27	22.00	0.70
Private RE Partnerships	8.00	12.50	30.00	0.60
Diversified Private Equity	10.10	12.10	20.00	0.80
Diversified Hedge Funds	5.60	5.70	4.48	0.70
Energy Funds	9.85	14.66	31.00	0.60
Commodity Futures	4.25	5.87	18.00	0.35
Infrastructure	7.00	7.72	12.00	0.70
MLPs	7.00	6.50	17.00	0.50
Private Debt (US)	7.30	7.48	8.00	0.65
Private Debt (LCOB)	9.25	9.85	11.10	0.65
Public BDCs	7.85	9.95	20.00	0.80
Bayouls	10.10	12.10	20.00	0.80
Venture Capital	11.00	15.50	30.00	0.80
Directional HFs	6.33	6.54	6.40	0.81
Allocation Return HFs	4.86	4.92	3.36	0.42
Market Neutral HFs	4.09	4.16	3.63	0.40
Credit Distressed HFs	6.09	6.26	5.98	0.49
Event Driven HFs	6.59	6.81	7.25	0.75
Equity US HFs	6.52	6.81	7.54	0.88
Macro (Discretionary) HFs	5.17	5.29	4.94	0.10
Macro (Trend) HFs	4.75	5.09	8.30	0.00
Multi Strategy HFs	4.99	5.09	4.48	0.50
CPI	1.70	1.72	2.28	-0.10

(<https://www.cliffwater.com/reader/viewer.html?file=https://storage.googleapis.com/cdl/CliffwaterCapitalMarketAssumptions.pdf>)

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Performance (%) through Mar 31, 2019

Year	Q1	Q2	Q3	Q4
2019		2.78	-	-
2018		2.18	2.44	0.84
2017		2.36	2.00	2.02
2016		2.46	3.62	2.61
2015		2.46	2.46	-0.28
2014		2.90	2.81	1.12
2013		3.20	3.15	3.17
2012		3.97	2.46	3.17
2011		3.88	2.41	3.35

Year	Q1	Q2	Q3	Q4
2010	3.36	3.83	3.36	4.34
2009	2.33	2.82	3.94	3.49
2008	-1.14	2.50	-1.12	-6.68

CDLI	Qtr	1 Yr	3 Yr	5 Yr	Inception	Std. Dev.	2008 Drawdown
Total Return	2.78	8.70	9.75	8.57	9.62	3.33	-7.73
Income Return	2.56	2.82	10.38	10.55	11.09	0.67	5.93
Unrealized G/L	0.36	-1.00	0.74	-0.84	-0.36	3.75	-13.07
Realized G/L	-0.14	-0.74	-1.32	-1.01	-1.03	1.50	-0.30