Short Duration High Income: A Potential Solution to Enhance Returns While Retaining Liquidity

SHENKMAN
Discipline Drives Performance ®

Mark R. Shenkman
Founder & President

Justin W. Slatky
Chief Investment Officer

Nicholas Sarchese, CFA
Portfolio Manager

For more information, please contact:

Richard A. Keri, CPA
SVP, Global Head of Business Development & Investor Relations
(212) 867 – 9090

InvestorRelations@shenkmancapital.com

We serve many institutional investors, some of which are increasingly focused on strengthening their liquidity profiles in today's uncertain environment. At the same time, they remain committed to maximizing returns while staying mindful of risks and volatility. In our experience, the Short Duration High Income ("SDHI") segment of the market can effectively align with these objectives.

Potential Benefits of Short Duration High Income[1]:

- **Enhanced Yield:** Offers higher income potential than most traditional fixed income.
- **Low Volatility Profile:** Historically low standard deviation relative to other high yield strategies.
- **Attractive Risk-Adjusted Returns:** Strong Sharpe ratio and consistent performance over time.
- **Limited Drawdowns:** Minimal frequency and magnitude of negative return periods.
- **Liquidity:** Suitable for short, intermediate, and long-term allocations with flexible access to capital.
- **Diversification Tool:** Complements both core fixed income and operating liquidity pools.
- **Capital Preservation Orientation:** Emphasis on higher-quality, shorter-duration bonds can help reduce downside risk.

We define the universe of short duration high income ("SDHI") as the higher credit quality and shorter duration segment of the broader high yield bond market. More than simply shortening the tenor and duration of a broad high yield exposure, the strategy typically focuses on higher credit quality (BBs and Bs) and de-emphasizes the lowest rated issues (CCCs), which we believe is appropriate for investors seeking to mitigate downside volatility and capital losses while increasing yields relative to other fixed income alternatives. For the purpose of this analysis, we utilize the ICE BofA 0-2 Year Duration BB-B U.S. High Yield Constrained Index (H42C) to highlight SDHI's performance and characteristics (the "SDHI Index"). We believe the historical return and risk characteristics of the strategy are highly compelling for investors. Over the past 15 years through April 30, 2025, the SDHI Index has delivered an average annual return of 4.7% with a Sharpe ratio of 1.13—strong compensation for its relatively low volatility, as measured by a 3.0% standard deviation. Notably, the SDHI Index has experienced only one negative calendar year since 2010, posting a modest decline of 1.7% in 2022. Moreover, out of 184 rolling one-year return periods, it produced positive results more than 94% of the time.[2]

Please reach out to InvestorRelations@ShenkmanCapital.com for the full letter.

[1] Using ICE BofA 0-2 Year Duration BB-B U.S. High Yield Constrained Index (H42C) to represent SDHI. Statistics measured using a time period of 1/1/2010 through 4/30/2025.
[2] Returns for each rolling one-year period over 1/1/2010-4/30/2025

DISCLAIMERS

The Shenkman Group of Companies (the "Shenkman Group") consists of Shenkman Capital Management, Inc., and its affiliates and subsidiaries, including, without limitation, Shenkman Capital Management Ltd, Romark Credit Advisors LP, and Romark CLO Advisors LLC.

Shenkman Capital Management, Inc. ("Shenkman" or "Shenkman Capital") is registered as an investment adviser with the U.S. Securities and Exchange Commission (the "SEC"). Romark Credit Advisors LP is also registered as an investment adviser with the SEC and Romark CLO Advisors LLC is registered as a relying adviser of Romark Credit Advisors LP (together, "Romark"). Shenkman Capital Management Ltd is a wholly-owned subsidiary of Shenkman Capital Management, Inc. and is authorized and regulated by the U.K. Financial Conduct Authority. Such registrations do not imply any specific skill or training.

The views and opinions expressed herein are those solely of Shenkman Capital as of the date of this email and are subject to change at any time due to market, economic or other conditions. Such views and opinions are for informational purposes only. Furthermore, none of the information contained herein constitutes a recommendation by any of the Shenkman Group's officers, directors, employees or affiliates that any particular security, portfolio of securities, transaction, or investment strategy is suitable for any specific person

Unless otherwise stated, all information and characteristics presented herein are based on the Shenkman Group's internal records and valuation. The information and opinions expressed herein are provided for informational purposes only. The information is not intended to be, and should not be construed as, impartial investment advice, an offering of investment advisory services or an offer to sell or a solicitation to buy any securities in any jurisdiction, including without limitation any interest of an investment fund or vehicle managed by the Shenkman Group. Any offer to sell or any solicitation to buy securities of an investment fund or vehicle managed by the Shenkman Group will be made only by means of the Prospectus or Offering Memorandum relating to that fund or vehicle. The information is expressly qualified in its entirety by reference to any such Prospectus or Offering Memorandum. The information provided herein is not intended to be, and should not be, considered as a substitute for reviewing such documents carefully. To the extent of any inconsistency or discrepancy between any such Prospectus or Offering Memorandum and this presentation, the Prospectus or Offering Memorandum shall control. All interests in securities of any fund or vehicle shall not be offered or sold in any jurisdiction in which such an offer, solicitation or sale would be unlawful or would require registration or disclosure until the requirements of the laws, rules and regulations of such jurisdiction have been satisfied. It is the responsibility of every person reading this material to satisfy oneself as to the full observance of any laws of any relevant jurisdiction applicable to such person, including obtaining any governmental or other consent which may be required or observing any other formality which needs to be observed in such jurisdiction.

Certain information contained in this Report constitutes "forward-looking statements," which can be identified by the use of forward-looking terminology such as "may", "will", "should", "expect", "anticipate", "target", "project", "estimate", "intend", "continue" or "believe" or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events or results or the actual policies, procedures and processes of Shenkman and the performance of any investment funds may differ materially from those reflected or contemplated in such forward-looking statements and no undue reliance should be placed on these forward-looking statements, nor should the inclusion of these statements be regarded as the Shenkman representation that any investment funds will achieve any strategy, objectives or other plans. Unless otherwise indicated, the information contained in this Presentation is current as of the date indicated on its cover. Such information is believed to be reliable and has been obtained from sources believed to be reliable, but no representation or warranty is made, expressed or implied, with respect to the fairness, correctness, accuracy, reasonableness or completeness of the information and opinions. Additionally, there is no obligation to update, modify or amend this Presentation or to otherwise notify a reader in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

These materials do not undertake to explain all of the risks associated with any investment strategy referred to herein. No person or entity should invest in any strategy referred to herein unless satisfied that it (or its investment representative) has asked for and received all information that would enable it (or them) to evaluate the merits and risks thereof. The performance of any investments discussed in this document is not necessarily indicative of future performance, and you should not assume that investments in the future will be profitable or will equal the performance of past portfolio investments. PAST PERFORMANCE IS NOT A GUARANTEE OF FUTURE RESULTS.

Unless otherwise stated, all performance information is based on the Shenkman Group's internal records and valuation and reflects gross performance. Gross performance results include reinvestment of interest and other income, but are before the deduction of all fees and expenses, which vary depending on size and type of account and are described in Shenkman and/or Romark's Form ADV, Part 2A. You should consider the effect that advisory fees and any other expenses that may be incurred in connection with the account (e.g., operating and investment related expenses) would have on performance results. A copy of Shenkman's Form ADV, Part 2A, and/or Romark's Form ADV, Part 2A is available upon request. For example, an account with gross performance of 5% per year would have a cumulative return over a 3-year period of 15.76%. If that account had an advisory fee of: (i) 0.80% per year, the account would have a 3-year cumulative performance net of advisory fees of 13.01% (4.16% per year); (ii) 0.65% per year, the account would have a 3-year cumulative performance net of advisory fees of 13.52% (4.32% per year); or (iii) 0.50% per year, the account would have a 3-year cumulative performance net of advisory fees of 14.03% (4.48% per year). The actual performance and characteristics of another portfolio, account or investment may vary significantly from the performance and other information provided.

Unless otherwise stated, any exposure, issuer, security, or similar classification (each a "Classification") was determined by the Shenkman Group by assigning such Classification as the Shenkman Group deemed appropriate. The assignment of any Classification may have been determined with the benefit of hindsight. The determination of any Classification may have changed over time and is subject to change in the future at the sole discretion of the Shenkman Group. The Shenkman Group has no obligation to provide notice of any change to any Classification.

Third-party information contained in this presentation was obtained from sources that the Shenkman Group considers to be reliable; however, no representation is made as to, and no responsibility, warranty or liability is accepted for, the accuracy, adequacy completeness, timeliness or availability of such information, including ratings. The Shenkman Group is not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. THE SHENKMAN GROUP DOES NOT GIVE ANY EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. THE SHENKMAN GROUP SHALL NOT BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, EXEMPLARY, COMPENSATORY, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES, COSTS, EXPENSES, LEGAL FEES, OR LOSSES (INCLUDING LOST INCOME OR PROFITS AND OPPORTUNITY COSTS OR LOSSES CAUSED BY NEGLIGENCE) IN CONNECTION WITH ANY USE OF SUCH THIRD-PARTY CONTENT.

a rating or any observation concerning an investment that is part of the Content is not a recommendation to buy, sell or hold such investment or security, does not address the suitability of an investment or security and should not be relied on as investment advice. Credit ratings are statements of opinions and are not statements of fact.

Any information in these materials from ICE Data Indices, LLC ("ICE BofA") was used with permission. ICE BofA PERMITS USE OF THE ICE BofA INDICES AND RELATED DATA ON AN "AS IS" BASIS, MAKES NO WARRANTIES REGARDING SAME, DOES NOT GUARANTEE THE SUITABILITY, QUALITY, ACCURACY, TIMELINESS, AND/OR COMPLETENESS OF THE ICE BofA INDICES OR ANY DATA INCLUDED IN, RELATED TO, OR DERIVED THEREFROM, ASSUMES NO LIABILITY IN CONNECTION WITH THE USE OF THE FOREGOING, AND DOES NOT SPONSOR, ENDORSE, OR RECOMMEND THE SHENKMAN GROUP, OR ANY OF ITS PRODUCTS OR SERVICES.

References to indices are for information purposes only. The Shenkman Group believes that any indices discussed herein are broad market indices and are indicative of the type of investments that the Shenkman Group may purchase, but may contain different securities than those held in the Shenkman Group portfolios managed pursuant to the strategies described herein. The indices have not been selected to represent an appropriate benchmark. The strategies referred to herein are not designed to mimic the investments on which any index is based. The indices are unmanaged and not available for direct investment and do not reflect deductions for fees or expenses. Portfolios managed by the Shenkman Group do not trade in all (or possibly any) of the securities or loans represented in such indices, and a portfolio may employ leverage, hedging, and other investment strategies that may not be incorporated in these indices.

The ICE BofA 0-2 Year Duration BB-B U.S. HY Constrained Index (H42C) is a subset of the HUC4 that consists of all securities that have a duration-to-worst of 2 years or less. The ICE BofA U.S. High Yield, BB/B Rated, Constrained Index (HUC4) has an inception date of December 31, 1996, and is a subset of the ICE BofA U.S. High Yield Index (H0A0) that consists of all securities rated BB1 through B3, based on an average of Moody's, S&P and Fitch, but caps issuer exposure at 2%. The ICE BofA U.S. High Yield Index (H0A0) has an inception date of August 31, 1986 and tracks the performance of U.S. dollar denominated below investment grade corporate debt publicly issued in the U.S. domestic market.

Shenkman Capital does not provide tax or legal advice. This material is not intended to replace the advice of a qualified tax advisor, accountant, or attorney. All decisions regarding the tax or legal implications of any investment should be made in consultation with your independent tax or legal advisor.

The data, information, and opinions contained herein are current and/or accurate as of the date stated or the date of this presentation, whichever is later; Shenkman Capital is under no obligation to update any data, information, or opinions contained herein.

Australian Investors: This material is provided to you on the basis that you are a Wholesale Client within the meaning of 761G of the Corporations Act 2001 (Cth) ("Corporations Act"). If you are unsure about your classification, or believe that you may be a retail client under these rules, please contact the Shenkman Group and disregard this information. Shenkman Capital is exempt from the requirement to hold an Australian financial services license under the Corporations Act in respect of the financial services it provides. Shenkman Capital is regulated by the U.S. Securities and Exchange Commission under United States laws, which differ from Australian laws.

Bahamian Investors: This material is provided to you on the basis that you are licensed by or registered with the Securities Commission of The Bahamas. If you are unsure about your classification, or not a current registrant approved by the Securities Commission of The Bahamas, please contact the Shenkman Group and disregard this information.

Bruneian Investors: This material is provided to you on a cross border basis and in accordance with your classification as an Institutional Investor as defined in the Securities Market Order 2013. If you are unsure about your classification, or do not meet the requirements of an Institutional Investor, please contact the Shenkman Group and disregard this information. This document is being made available on the basis that you acknowledge and understand that the entities and securities to which it may relate have not been approved, licensed by or registered with any licensing authority or governmental agency in Brunei.

Chinese Investors: This material does not constitute a public offer, whether by sale or subscription, in the People's Republic of China (the "PRC"). This material is provided to you because you have been classified as an Eligible PRC Investor. If you are unsure about your classification, or do not meet the requirements of an Eligible PRC Investor, please contact the Shenkman Group and disregard this information. Further, no legal or natural persons of the PRC may directly or indirectly purchase any of Shenkman Capital's services, products or beneficial interest therein without obtaining all prior PRC governmental approvals that are required, whether statutorily or otherwise. Persons who come into possession of this document are required to observe these restrictions.

European Economic Area Investors: This material is provided to you because you have been classified as a Professional Client in accordance with the Markets in Financial Instruments Directive (Directive 2014/65/EU) (known as "MiFID II") or as otherwise defined under applicable local regulations. If you are unsure about your classification as a Professional Client please contact the Shenkman Group and disregard this information.

Hong Kong Investors: The content of this document has not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offering. If you are in any doubt about any of the content of this document, you should obtain independent professional advice.

Israeli Investors: Shenkman Capital is the investment manager of the products it markets and it does not provide investment advice. Shenkman Capital does not hold a license to conduct investment marketing, investment advice or portfolio management services under the Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law, 5755-1995 (the "Advice Law") and does not carry insurance pursuant to the Advice Law. These materials are only intended for those categories of Israeli residents who are qualified investors listed in the First Addendum to the Securities Law and who are also qualified clients listed on the First Addendum to the Advice Law; in all cases under circumstances that will fall within the exemption from the license requirement under the Advice Law and the private placement or other exemptions of the Joint Investment Trusts Law, the Securities Law and any applicable guidelines, pronouncements or rulings issued from time to time by the Israel Securities Authority. If you are unsure about your classification, or do not meet these requirements, please contact the Shenkman Group and disregard this information. These materials have not been approved by the Israel Securities Authority. Nothing in these materials should be considered investment advice and investors are encouraged to seek competent investment advice from a locally licensed investment adviser, as well as legal, business and tax advice from competent local advisors, prior to making any investment. From time-to-time Shenkman Capital may enter into distribution agreements with third parties whereby they will be remunerated for the promotion of Shenkman Capital's products.

For recipients in Japan: WARNING: You are advised to obtain independent professional advice in relation to any question with respect to this material. This material has not been and will not be approved by the Financial Services Agency of Japan and is limited to the intended recipient. Neither Romark nor Shenkman Capital is registered under the Financial Instruments and Exchange Act of Japan, is supervised by a governmental or regulatory authority in Japan or is a member of any self-regulatory organization or authority in Japan. The provision of this material and/or references to prior transactions, or with respect to the past performance of sectors or markets within this material, does not constitute investment advice, a recommendation, an offer to buy or sell any security or an offer of services and should not be relied upon to engage in or implement any investment strategy.

Singaporean Investors: Shenkman Capital is not licensed, registered or authorised to conduct any regulated activity by the Monetary Authority of Singapore. Nothing herein shall be considered as a solicitation to buy or an offer to sell a security or service to any person. If you did not request this material please contact the Shenkman Group and disregard this document and the information herein.

Swiss Investors: This document is provided to you on the basis that you are a Qualified Investor as defined under the Swiss Federal Act of 23 June 2006 on Collective Investment Schemes, as amended ("CISA") and an Institutional or Born Professional Client as defined under the Swiss Federal Act of 15 June 2018 on Financial Services, as amended ("FinSA"). If you are not a Qualified Investor under CISA and an Institutional or Born Professional Client under FinSA, please contact the Shenkman Group immediately and disregard this document and the information herein. In Switzerland this is an advertising document.

United Arab Emirates Investors: This document does not constitute or form part of any offer to issue or sell, or any solicitation of any offer to subscribe for or purchase, any securities or investment products in the UAE (including the Dubai International Financial Centre and the Abu Dhabi Global Market) and accordingly should not be construed as such. Furthermore, this document is being made available on the basis that the recipient acknowledges and understands that the entities and securities to which it may relate have not been approved, licensed by or registered with the UAE Central Bank, the Securities and Commodities Authority, the Dubai Financial Services Authority, the Financial Services Regulatory Authority or any other relevant licensing authority or governmental agency in the UAE. The content of this document has not been approved by or filed with the UAE Central Bank, the Securities and Commodities Authority, the Dubai Financial Services Authority or the Financial Services Regulatory Authority.

United Kingdom Investors: This material is provided to you because you have been classified as a Professional Client as defined in the Financial Conduct Authority's Handbook. If you are unsure about your classification as a Professional Client please contact the Shenkman Group and disregard this information.