

Credit: The Multi-Asset Investing Advantage

Traditional fixed-income strategies constructed over more than a decade of historically low interest rates are under pressure from a tricky combination of persistent inflation, higher interest rates and ongoing economic uncertainty. To help adjust to these challenges, we believe investors should consider adding multi-asset credit strategies to their fixed-income portfolios.

Multi-asset credit strategies may offer the following important benefits which make them attractive now:

- **Diversification:** They expand portfolios into a more diversified universe of public and private assets.
- **Enhanced return potential:** They create opportunities for skilled active managers to generate potentially higher returns than passive options.
- **Risk mitigation:** They have the potential to protect portfolios during periods of rising rates/inflation and enhance risk-adjusted returns in all market environments.

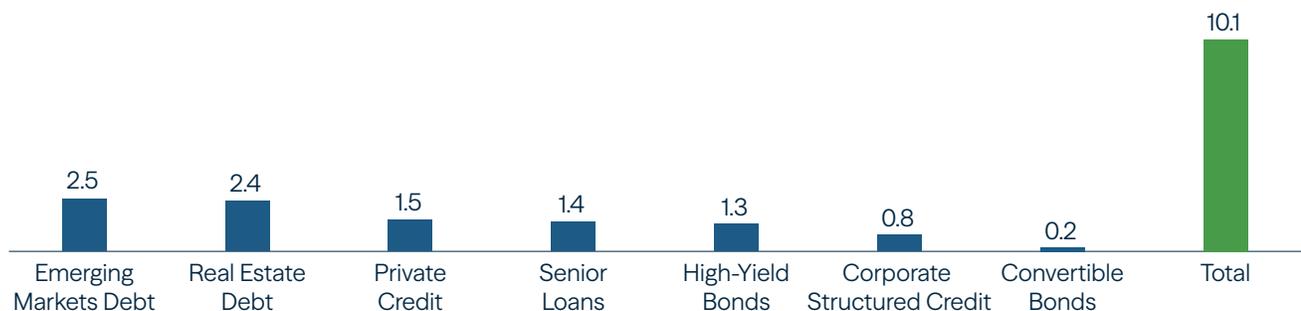
Expanding the Universe of Investable Assets

Assembling a portfolio of different segments of the fixed-income and credit markets is impractical for most investors to do alone and especially difficult to replicate with a passive, index-tracking approach. We believe investors are better served by adopting an actively managed multi-asset approach, which can help broaden investment opportunities and add exposure to private assets and harder-to-access parts of the credit market.

Figure 1 illustrates just how substantially this can widen the opportunity set.

Figure 1: A Global Multi-Asset Approach Helps Maximize the Opportunity Set

Approximate market size (\$ trillions)



Emerging Markets Debt represented by J.P. Morgan Corporate Emerging Market Bond High-Yield Index, Real Estate Debt represented by Bloomberg CMBS 2.0 BBB Index, Private Credit market size as reported by Prequin’s Global Private Debt Report, Senior Loans represented by S&P UBS Leveraged Loan Index, High-Yield Bonds represented by ICE BofA Merrill Lynch U.S. High-Yield U.S./CAD Issue Constrained Index, Corporate Structured Credit represented by J.P. Morgan CLO Post-Crisis BB Index, Convertible Bonds represented by ICE BofA Yield Alternative U.S. Convertible Index.

Source: SIFMA, J.P. Morgan. Data as of December 31, 2024. U.S. market size represents the total amount of outstanding issuance.

Credit: The Multi-Asset Investing Advantage

Portfolio Diversification and Opportunities for Attractive Returns

By investing within this expanded universe of available assets, a multi-asset strategy can add portfolio diversification because various assets tend to perform differently at various stages of the economic cycle (**Figure 2**). Over time, diversification has enhanced long-term risk-adjusted returns while unlocking opportunities for active managers seeking to outperform passive investments through dynamic asset allocation.

Figure 2: With No Consistent Winner, a Multi-Asset Approach Has Historically Enhanced Return Potential

Annual returns of credit indexes ranked in order of performance (2013-2024)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Corporate Structured Credit	14%	15%	6%	22%	18%	8%	14%	23%	13%	6%	25%	23%
Convertible Bonds	13%	10%	4%	16%	10%	7%	14%	8%	11%	-3%	14%	19%
Private Credit	13%	6%	1%	16%	10%	2%	13%	7%	10%	-4%	12%	12%
Multi-Asset Credit Index Blend	9%	5%	0%	12%	9%	0%	13%	6%	8%	-4%	12%	11%
Global High-Yield	7%	3%	-2%	11%	9%	-1%	11%	6%	3%	-10%	12%	10%
Global Senior Loans	7%	2%	-2%	8%	8%	-2%	11%	6%	3%	-12%	11%	9%
Real Estate Debt	4%	1%	-2%	5%	7%	-3%	9%	5%	2%	-16%	10%	9%
Emerging Markets Debt	1%	-1%	-6%	2%	6%	-3%	7%	-6%	-1%	-16%	-6%	7%

Past performance is no guarantee of future results. For the period January 1, 2013 through December 31, 2024. Reflects the longest full-year time period available for all indexes shown. Multi-Asset Credit Index Blend reflects a custom index blend consisting of 25.0% Private Credit, 18.0% Senior Loans, 16.9% High-Yield, 11.3% Real Estate Debt, 11.3% Corporate Structured Credit, 3.8% Emerging Markets Debt, 5.6% European High-Yield, 4.5% European Loans, and 3.8% Convertibles. Corporate Structured Credit represented by J.P. Morgan CLO 2.0 BB Post-Crisis Index, Convertibles by FTSE Qualified Global Convertible Index, Private Credit by Cliffwater Direct Lending Index, European High-Yield by ICE BofA Global High-Yield European Issuers Non-Financial Excluding Russia Index (HQSC), European Senior Loans by S&P UBS Western European Leveraged Loan Index, Emerging Markets Debt by J.P. Morgan Corporate Broad CEMBI Diversified High-Yield Index Level. U.S. Investment-Grade by ICE BofA U.S. Corporate Index, High-Yield bonds by the ICE BofA U.S. High-Yield Index, U.S. Investment-Grade by ICE BofA U.S. Corporate Index, Global High-Yield as ICE BoFA Global High-Yield Index, Real Estate Debt represented by Bloomberg Capital CMBS 2.0 BBB, Global Senior Loans as Morningstar Global Leveraged Loan Index, U.S. Agg Bonds by the Bloomberg U.S. Aggregate Bond Index. An investor cannot invest in an index. Indices do not reflect the impact of transaction costs, management and other investment-entity fees and expenses or the costs associated with raising capital or being a public company, which lower returns.

The indexes are unmanaged and cannot be purchased directly by investors. Index performance is shown for illustrative purposes only and does not predict or depict the performance of any investment.

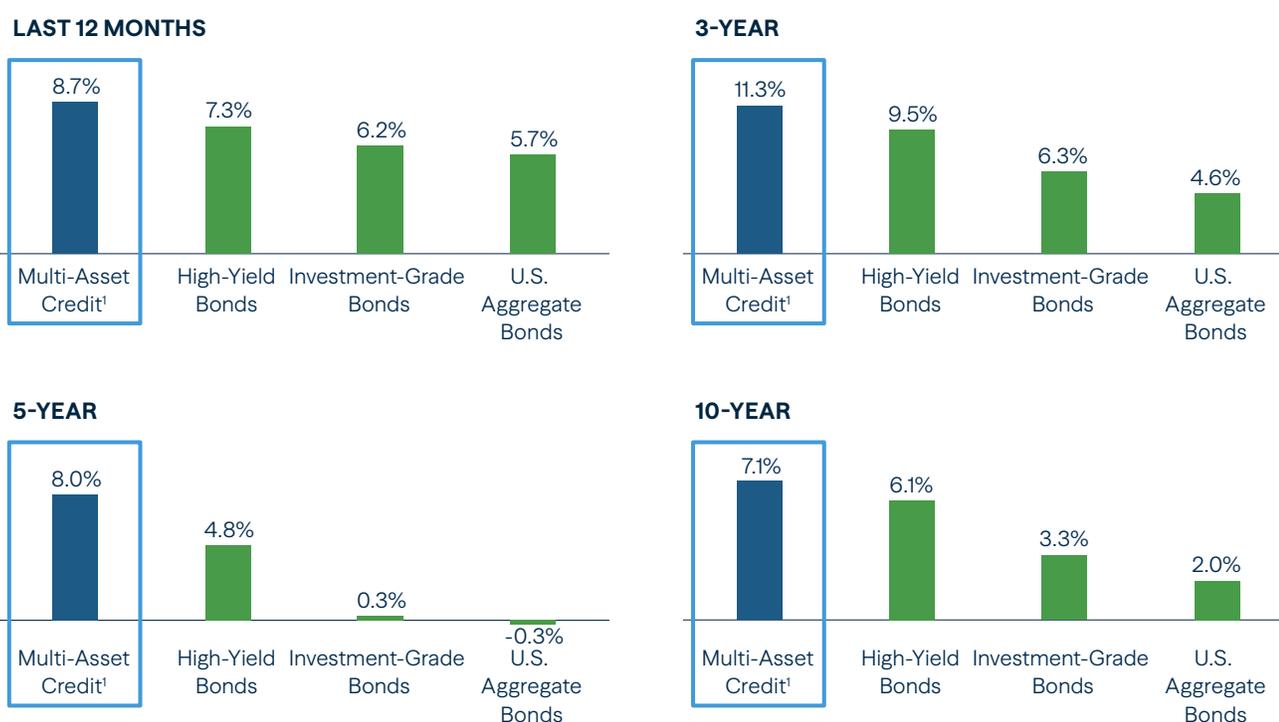
Source: Bloomberg, Cliffwater, FTSE, ICE BofA, J.P. Morgan, S&P UBS as of September 30, 2025.

Inflation Protection and Potentially Enhanced Long-Term Performance

Multi-asset credit strategies have outperformed traditional fixed-income strategies (**Figure 3**) over longer historical periods, spanning both periods of high and low inflation. Additionally, multi-asset credit strategies typically shorten overall portfolio duration by incorporating floating-rate assets—an important benefit in high/rising interest-rate environments.

Figure 3: The Average Multi-Asset Credit Strategy Has Consistently Outperformed Traditional Bonds

Median multi-asset credit peer universe vs. traditional bond indices (total returns)



Past performance does not guarantee future results. For the period October 1, 2022 to September 30, 2025. Reflects the longest full-year time period available for all indexes shown. Multi-Asset Credit Index Blend represented by a custom index blend consisting of 25.0% Private Credit, 18.0% Senior Loans, 16.9% High-Yield, 11.3% Real Estate Debt, 11.3% Corporate Structured Credit, 3.8% Emerging-Market Debt, 5.6% European High-Yield, 4.5% European Loans and 3.8% Convertibles (Private Credit represented by Cliffwater Direct Lending Index; Senior Loans by S&P UBS Leveraged Loan Index; High-Yield by ICE BofA U.S. High-Yield Index; Real Estate Debt by Bloomberg Capital US CMBS 2.0 BBB Index; Corporate Structured Credit by J.P. Morgan CLO 2.0 BB Post-Crisis Index; Emerging-Market Debt by J.P. Morgan Corporate Broad CEMBI Diversified High-Yield Index; European High-Yield by ICE BofA Global High-Yield European Issuers Non-Financial Excluding Russia Index (HQSC); European Loans by S&P UBS Western European Leveraged Loan Index; Convertibles by FTSE Convertible Global Focus Index; High-Yield Bonds by ICE BofA U.S. High-Yield Index; Investment-Grade Bonds by ICE BofA U.S. Corporate Index; U.S. Aggregate Bonds by Bloomberg U.S. Aggregate Bond Index.

Index are unmanaged and cannot be purchased directly by investors. Index performance is shown for illustrative purposes only and does not predict or depict the performance of any investment.

Source: Bloomberg, Cliffwater, J.P. Morgan, FTSE, ICE BofA, S&P UBS. Bloomberg data as of September 30, 2025.

Multi-Asset Credit Strategies: Guarding Against Inflation, Enhancing Risk-Adjusted Returns

We believe the current market environment represents an opportune time for investors to consider integrating a multi-asset credit strategy into their fixed-income portfolios. By increasing diversification, multi-asset credit strategies can expand opportunities for investors by moving into harder-to-access areas of the credit market. Furthermore, they can create opportunities for skilled active managers to generate potential outperformance. They can also help protect against inflation and market volatility in the short term and enhance risk-adjusted returns over the long term.¹

Endnotes

1. Risk-adjusted returns as measured by Sharpe ratio. The Sharpe ratio is the measure of risk-adjusted return of a financial portfolio, calculated here by dividing annualized return by annualized standard deviation. For the period October 1, 2015 through September 30, 2025, the 10-year annualized Sharpe ratio for Multi-Asset Credit was 0.83, and for High-Yield Bonds, Investment-Grade Bonds, and Aggregate Bonds it was 0.54, 0.18, and -0.04, respectively. Source: Bloomberg, Cliffwater, ICE BofA, J.P. Morgan, Morningstar, Refinitiv, S&P UBS. Data as of September 30, 2025.

Important Disclosures

All investing involves risk. The value of an investment will fluctuate over time, and an investor may gain or lose money, or the entire investment. **Past performance is no guarantee of future results.**

As an asset class, private credit is composed of a large variety of different debt instruments. While each has its own risk and return profile, private credit assets generally have increased risk of default, due to their typical opportunistic focus on companies with limited funding options, in comparison to their public equivalents.

Because private credit usually involves lending to below investment-grade or non-rated issuers, yield on private credit assets is increased in return for taking on increased risk.

© 2026 Brookfield Corporation; © 2026 Brookfield Asset Management Ltd.; © 2026 Oaktree Capital Management, L.P.; © 2026 Brookfield Private Wealth LLC; & © 2026 Brookfield Public Securities Group LLC. Brookfield Private Wealth LLC and Brookfield Public Securities Group LLC are an indirect majority owned subsidiary of Brookfield Corporation.

The information contained herein is for educational and informational purposes only and does not constitute, and should not be construed as, an offer to sell, or a solicitation of an offer to buy, any securities or related financial instruments. This commentary discusses broad market, industry or sector trends, or other general economic or market conditions, and it is being provided on a confidential basis.

It is not intended to provide an overview of the terms applicable to any products sponsored by Brookfield Asset Management Inc. and its affiliates (together, "Brookfield").

Information and views are subject to change without notice. Some of the information provided herein has been prepared based on Brookfield's internal research, and certain information is based on various assumptions made by Brookfield, any of which may prove to be incorrect. Brookfield may not have verified (and disclaims any obligation to verify) the accuracy or completeness of any information included herein, including information that has been provided by third parties, and you cannot rely on Brookfield as having verified any of the information.

The information provided herein reflects Brookfield's perspectives and beliefs as of the date of this commentary. © 2026 Brookfield Asset Management Inc.

Forward-Looking Statements

Information herein contains, includes or is based on forward-looking statements within the meaning of the federal securities laws, specifically Section 21E of the Securities Exchange Act of 1934, as amended, and Canadian securities laws. Forward-looking statements include all statements, other than statements of historical fact, that address future activities, events or developments, including, without limitation, business or investment strategy or measures to implement strategy, competitive strengths, goals, expansion and growth of our business, plans, prospects and references to our future success. You can identify these statements by the fact that they do not relate strictly to historical or current facts. Words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe" and other similar words are intended to identify these forward-looking statements. Forward-looking statements can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Many such factors will be important in determining our actual future results or outcomes. Consequently, no forward-looking statement can be guaranteed. Our actual results or outcomes may vary materially. Given these uncertainties, you should not place undue reliance on these forward-looking statements.

Index Disclosures

The quoted indexes within this publication are unmanaged and cannot be purchased directly by investors. Index performance is shown for illustrative purposes only and does not predict or depict the performance of any investment. There may be material factors relevant to any such comparison, such as differences in volatility and regulatory and legal restrictions between the indexes shown and any investment in a Brookfield strategy, composite or fund. Brookfield obtained all index data from third party index sponsors and believes the data to be accurate; however, Brookfield makes no representation regarding its accuracy. Indexes are unmanaged and cannot be purchased directly by investors.

Credit: The Multi-Asset Investing Advantage

Brookfield does not own or participate in the construction or day-to-day management of the indexes referenced in this document. The index information provided is for your information only and does not imply or predict that a Brookfield product will achieve similar results. This information is subject to change without notice. The indexes referenced in this document do not reflect any fees, expenses, sales charges or taxes. It is not possible to invest directly in an index. The index sponsors permit use of their indexes and related data on an "as is" basis, make no warranties regarding same, do not guarantee the suitability, quality, accuracy, timeliness and/or completeness of their index or any data included in, related to or derived therefrom, and assume no liability in connection with the use of the foregoing. The index sponsors have no liability for any direct, indirect, special, incidental, punitive, consequential or other damages (including loss of profits). The index sponsors do not sponsor, endorse or recommend Brookfield or any of its products or services. Unless otherwise noted, all indexes are total-return indexes.

Corporate Structured Credit: J.P. Morgan CLO 2.0 BBB Post-Crisis Index tracks floating-rate CLO BBB securities issued in post-crisis vintages beginning in 2010. It uses a market-value-weighted methodology to reflect the performance of these securities.

Convertibles: FTSE Convertible Global Focus (USD Hedged) Index is represented by the Oaktree custom Global Convertibles Index through December 2015 and the FTSE Convertible Global Focus (USD Hedged) Index thereafter. The index is composed of larger balanced convertibles that meet monthly price and premium tests, with no restrictions on credit rating. Convertibles that act as fixed income surrogates or equity substitutes are excluded and replaced by balanced securities. The benchmark was changed prospectively to better reflect the strategy's current exposures to High Income Convertibles, U.S. Convertibles, and Non-U.S. Convertibles. The index is valued in and hedged to U.S. dollars. Prior to January 2016, the benchmark was the Custom Global Convertibles Index, a weighted blend of Oaktree's primary benchmarks for U.S. and Non-U.S. Convertibles strategies. The U.S. Convertibles benchmark is the ICE BofA All U.S. Convertible Index, and the Non-U.S. Convertibles benchmark transitioned from the JACI Global ex-U.S. (Local) Index (through December 31, 2014) to the FTSE Convertible Global Focus ex-US Index following the discontinuation of the Jefferies index. The FTSE index was selected for its alignment with Oaktree's convertibles investing approach and its widespread use in Europe. The custom index reflects the Composite's asset allocation policy weights and is rebalanced monthly based on policy changes implemented in the next full measurement period.

Emerging Markets Debt: J.P. Morgan Corporate Emerging Market Bond High-Yield Index (CEMBI HY) is a global, liquid index that tracks U.S.-denominated high-yield corporate bonds issued by entities in emerging markets.

European High-Yield Bonds: ICE BofA Merrill Lynch Global High-Yield European Issuers Non-Financial 3% Constrained, Ex Russia Index includes all securities from the broader index except those from financial issuers or those with Russia as their country of risk. Issuer exposure is capped at 3%, and the index is rebalanced monthly. It is USD-hedged.

European Senior Loans: S&P UBS Western European Leveraged Loan (USD Hedged) Index is designed to mirror the investable universe of the Western European leveraged loan market. The index includes loans denominated in U.S. dollars and Western European currencies. Loans must be rated Moody's/S&P Baa1/BBB+ or lower, have a minimum initial spread of Libor + 125 bps, and be funded loans. This index is EUR-hedged for the European Senior Loan Composite and USD-hedged for the European senior loan component within Oaktree's Global Credit strategy.

Global High-Yield: ICE BofA Global High-Yield Index measures the performance of USD, CAD, GBP, and EUR-denominated below-investment-grade corporate debt publicly issued in major domestic or Eurobond markets. The indexes are capitalization-weighted based on current amount outstanding times the market price plus accrued interest.

Global Senior Loans: Morningstar Global Leveraged Loan Index is designed to measure the performance of the global leveraged loan market. It is a fixed-weight composite index consisting of 75% weight from the Morningstar LSTA U.S. Leveraged Loan Index and 25% weight from the Morningstar European Leveraged Loan Index.

Private Credit: Cliffwater Direct Lending Index measures the unlevered, gross-of-fees 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.

Real Estate Debt: Bloomberg Capital CMBS 2.0 BBB Index is a rules-based index designed to measure the market of investment-grade CMBS BBB conduit and fusion deals issued since 2010.

U.S. Aggregate Bonds: Bloomberg U.S. Aggregate Bond Index is a broad-based flagship benchmark that measures the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries and government-related securities.

Credit: The Multi-Asset Investing Advantage

U.S. High-Yield Bonds: ICE BofA U.S. High-Yield Index is market-capitalization-weighted and tracks the performance of U.S. dollar-denominated below-investment-grade corporate debt publicly issued in the U.S. domestic market.

U.S. Investment-Grade: ICE BofA U.S. Corporate Index tracks the performance of U.S. dollar-denominated investment-grade corporate debt publicly issued in the U.S. domestic market. Index constituents are market-capitalization-weighted.

U.S. Senior Loans: S&P UBS Leveraged Loan (USD Hedged) Index is designed to mirror the investable universe of U.S.-denominated leveraged loans. The index includes only loans rated “5B” or lower, or if unrated, loans with initial spreads of Libor + 125 basis points or higher. The index includes only funded loans with a tenor of at least one year.

© 2026 Brookfield

Investment Products: Not FDIC Insured | May Lose Value | Not Bank Guaranteed

Contact Us



privatewealth.brookfield.com



privatewealth@brookfield.com



Follow us on LinkedIn