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## Oaktree Strategic Credit Fund Q1 2026 Podcast Transcript

Introduction: Before we get started, it is our obligation to give you some important information.

Any comments made on this podcast may include forward looking statements. These statements that relate to future results and events are based on current expectations. Actual results in future periods may differ materially from those currently expected because of a number of risks, uncertainties and assumptions. The risks, uncertainties and assumptions that we believe are material are outlined in publicly accessible regulatory filings.

**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.**

A Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The prospectus contains this and other important information about the investment company, and it may be obtained by visiting [privatewealth.brookfield.com](http://privatewealth.brookfield.com)

Read the prospectus carefully before investing.

This podcast is for direct and indirect shareholders of Oaktree Strategic Credit Fund.

Oaktree Strategic Credit Fund is structured as a perpetually offered, non-listed business development company ("BDC"), which primarily invests in privately negotiated loans to U.S. companies.

Alison Mermey (Alison): Hi, everyone, and welcome to the latest edition of The Manager Minute podcast for the Oaktree Strategic Credit Fund. My name is Alison Mermey, and I'm head of BDC investor relations.

Joining me today is Lindsay Berz, assistant portfolio manager for Oaktree's global private debt strategy. Lindsay, it's great to have you on.

Today, we'll start off by discussing Strategic Credit Fund's performance and positioning for the quarter ended March 31st, 2026 and the Fund's outlook. Then we'll discuss how we're thinking about recent industry headwinds and dive deeper into a software transaction.

The Fund sits at approximately \$7 billion in total investments at fair value at the end of March.

For the Fund's Class I shares, we generated a net return of -0.14% for the quarter, bringing our trailing three-year net return to 8.78%, trailing one-year net return to 5.94%, and 7.73% since inception.<sup>1</sup>

As of the end of March, the annualized net distribution rate stood at 8.58% for Class I shares.<sup>2</sup>

<sup>1</sup> Inception is June 1, 2022.

<sup>2</sup> Annualized Net Distribution Rate reflects the current month's distribution annualized and divided by the prior month's last reported NAV. There is no assurance we will pay distributions and distributions may be modified at the Board's discretion. Distributions may be Funded from sources other than cash flow from operations, including, without limitation, the sale of assets, borrowings, return of capital or offering proceeds. Distributions paid from offering proceeds may constitute a return of capital. We have no limits on the amounts we may pay from such sources to Fund distributions. For the three months ended December 31, 2025, the Fund estimates that approximately 94% of the distribution referenced herein is attributable to current fiscal year net investment income and that the remaining portion (6%) may be considered a return of capital, each as determined in accordance with generally accepted accounting principles. Final determination of our annualized distribution rate's tax character will be reported on Form 1099-DIV, which is sent to shareholders each January (as applicable). Distributions may also be Funded in significant part, directly or indirectly, from temporary waivers or expense reimbursements borne by the Adviser or its affiliates, and which may be subject to reimbursement to the Adviser or its affiliates, and therefore can reduce future distributions to which you would otherwise be entitled. The extent to which we pay distributions from sources other than cash flow from operations will depend on various factors, including the level of participation in our

In terms of positioning, the portfolio is comprised of approximately 83% private investments as of March 31st, 2026. We are staying senior in the capital structure, with roughly 93% of our investments in senior secured debt, mostly first lien, across 160 portfolio companies. We think it is important to stay on top of credit quality, and we believe the portfolio is in solid shape. Median portfolio company leverage is 4.8 times, loan to value of about 45%, and interest coverage at 2.2 times, which we think speaks to the underlying stability of the companies we're lending to. Non-accruals also remain very low, and are currently at less than one basis point<sup>3</sup> of fair value in just one loan. We've also remained conservative on payment in kind, or PIK,<sup>4</sup> loans, which represent just 1.2% of total investment income. Furthermore, the vast majority of our PIK is by design, meaning that PIK was structured at underwriting.

The Fund has taken a disciplined approach to its balance sheet since inception, managing Fund leverage conservatively at 0.57 times net debt to equity, which is well below the two to one leverage limit applicable to BDCs, and below the perpetual BDC pure average. Alongside our low leverage, we maintain multiple layers of liquidity.

At March 31st, the Fund had \$1.8 billion of available liquidity from cash and undrawn credit facilities. Beyond that, we had approximately \$1.2 billion of tradable assets at quarter end. After deducting unfunded commitments, we estimate total available liquidity of approximately \$2.1 billion, nearly 50% of net assets. We believe the combination of a defensive credit portfolio and a conservative capital structure positions OSC well to navigate the evolving markets from a position of strength.

Lindsay, let's bring you into the fold. Given the headlines and uncertainty around private credit, including some of the high-profile situations, how are you framing what's happening in the market today?

Lindsay Berz (Lindsay): Thanks, Ali. There's definitely a lot going on, but overall, our view is that what we're seeing is a period of recalibration, rather than something more systemic. While there are real risks present, investors are reacting to a combination of factors that include rising impairments, questions around valuations, the use of leverage, liquidity mismatches, elevated net redemptions in non-traded BDCs, and concerns around software and AI. Even though underlying borrower performance has been relatively stable, sentiment has certainly turned more cautious as all these dynamics have come together. Touching briefly on why we think these issues are not systemic, the direct lending market today differs meaningfully from the banking system heading into prior credit cycles. Alternative lenders generally operate with lower leverage and more flexible capital structures. Where banks do participate, it's often through senior secured structures with meaningful junior capital beneath them.

That said, we're in a more challenging environment today. Higher base rates are increasing interest burdens, and companies that were underwritten more aggressively earlier in the cycle are starting to feel that pressure. We're increasingly seeing a bifurcation between borrowers that can still access capital on attractive terms and those that are facing much more limited financing options. In some cases, that's been compounded by company-specific issues or even governance concerns. So rather than one common thread linking all these situations, we see it as a combination of borrower-specific challenges meeting a less forgiving backdrop. And that's typically when dispersion increases and credit selection becomes more important. In more complex situations, scale, relationships, and deep restructuring experience can become increasingly important in helping lenders navigate these scenarios.

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*distribution reinvestment plan, how quickly we invest the proceeds from this offering (and any future offering) and the performance of our investments. Funding distributions from the sales of assets, borrowings, return of capital or proceeds of this offering will result in us having less Funds available to acquire investments. As a result, the return you realize on your investment may be reduced. Doing so may also negatively impact our ability to generate cash flows. Likewise, Funding distributions from the sale of additional securities will dilute your interest on a percentage basis and may impact the value of your investment, especially if we sell these securities at prices less than the price you paid for your shares. We believe the likelihood that we pay distributions from sources other than cash flow from operations will be higher in the early stages of the offering. Where distributions are Funded through borrowings, the distribution rate may not be sustainable.*

<sup>3</sup> A basis point (bp) is a unit of measurement used in finance, equivalent to one one-hundredth of one percent (0.01%).

<sup>4</sup> PIK occurs when a borrower pays interest "in-kind," deferring and adding interest payments to the outstanding balance of a loan in lieu of cash payment. Sometimes called toggle notes or toggle loans, PIK allows borrowers to switch between paying interest in cash or in-kind. PIK often commands a higher interest rate to compensate the lender for additional risk.

Alison: Thanks, Lindsay. So where specifically are you seeing this pressure show up in the market?

Lindsay: This pressure is primarily concentrated in loans originated prior to 2022 and annual recurring revenue, or ARR, loans. These issuers are primarily constrained by higher leverage and less cashflow flexibility in today's higher rate environment. Many of these companies are also facing '27 and 2028 maturities, which introduces refinancing risk, especially given how different today's market conditions are versus when those deals were originally underwritten. Importantly, though, OSC has relatively limited exposure to segments of the market that have experienced greater stress. Less than 1.5% of loans originated before 2022, and approximately 60 basis points of ARR as a percentage of portfolio fair value.

Alison: And in the March quarter, we saw net asset value, or NAV, trend downward across BDCs. Should investors be concerned about private credit marks?

Lindsay: Thanks, Ali. That's a fair question. A lot of the NAV movement we saw this quarter was driven by spread widening in software loans. This creates a mark to market impact, but is not necessarily indicative of a deterioration and underlying company performance. Importantly, we believe many of these markdowns reflect a repricing of risk, rather than Fundamental operating deterioration, and may reverse over time as markets stabilize or as loans are repaid. It's important to note a few things with respect to valuation. BDC managers typically engage third-party firms to value most of their assets on a regular basis, with each manager tending to use multiple firms. Also, valuations are refreshed periodically, and BDCs have majority independent boards of directors who oversee this valuation process and the contents of BDC regulatory filings. The biggest discrepancy in marks across BDCs is when there's uncertainty relating to the company, for instance, a restructuring process or just general broader market volatility. Ultimately, we believe investors should select a BDC manager they trust to act prudently.

Alison: Thanks. And against this backdrop, where are you seeing opportunities?

Lindsay: Yeah, we think we're moving out of a period of tight spreads and limited dispersion into one where there's much more differentiation across credits. In this type of environment, preserving principle and avoiding weaker credits becomes equally as important as generating income. That said, we're encouraged by the quality of the pipeline and emerging opportunities. We're now seeing materially wider spreads on new private credit deals, roughly SOFR<sup>5</sup> plus 500 to 550 basis points, which is approximately 50 to 100 basis points wider than the 2025 tights, along with improved documentation and stronger lender protections, all of which we believe are more constructive for return potential over time.

This type of environment tends to favor managers who can be selective and flexible, especially those with visibility across public and private markets, because opportunities are showing up in multiple places, from wider spreads on new deals to dislocations in secondary markets. We also believe Oaktree's broader platform and the growing Brookfield ecosystem help provide strategic sourcing advantages as opportunities emerge across not only sectors, but geographies and asset classes.

Alison: That's interesting, Lindsay. You mentioned secondary markets. What are you seeing in the secondary market?

Lindsay: Our view is that secondary private transactions, partial or full portfolio sales, will reshape the private credit landscape for years to come as certain market participants look to optimize their asset portfolios or satisfy liquidity demands. We think we're well positioned to evaluate and potentially capitalize on these opportunities as they arise. As the market continues to refine views, including with respect to AI disintermediation and liquidity needs across portfolios, we expect to see more secondaries processes launch in the second half of the year.

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<sup>5</sup> The Secured Overnight Financing Rate (SOFR) is a broad measure of the cost of borrowing cash overnight collateralized by Treasury securities.

Alison: Thanks, Lindsay, for providing a market overview. I want to switch gears a bit and turn to software. As we've discussed in our previous episode, there have been many headlines around artificial intelligence, or AI, and potential disruption in traditional software. We don't view software as a monolithic category, and while some companies may face genuine disruption risk, we believe others continue to demonstrate durable business models, strong customer retention, and meaningful competitive advantages.

As a refresh, we evaluate business strength against potential AI disruption across the following criteria: one, market size and growth profile, two, company market position, three, mission criticality, four, switching cost, five, customer pricing, six, network effect, and seven, management and sponsor readiness in the face of AI. We then overlay these factors with financial metrics and operating KPIs. Each issuer is assigned a numeric score and categorized into low, medium, and high risk.

I would note to listeners that we've conducted a portfolio-wide review of software and technology exposure using this framework, and we believe the vast majority of these companies fall into medium or low-risk AI categories, and we believe many companies may ultimately benefit from AI adoption over time. With that context, I thought it would be appropriate for us to discuss our largest software holding, Rover.<sup>6</sup> Lindsay, do you mind sharing a little bit about the investment?

Lindsay: Yeah, happy to. Rover provides the world's largest online marketplace<sup>7</sup> that pet parents and pet care providers use to find, communicate, and interact with one another. We invested in the first lien term loan in February of 2024 to support Blackstone's acquisition of the business. The business has performed well to date, and the company has continued to make acquisitions and grow the business.

Alison: And using our AI risk framework, how do we think about Rover as a business and the risk around AI disintermediation?

Lindsay: We think Rover is relatively insulated from the risk of AI disintermediation. When thinking about the services offered through Rover's marketplace, there has to be a level of trust between pet parents on the one hand and providers on the other. This is built through having a scaled platform with a very extensive history of online verified or real customer reviews that allow pet parents to feel safe with the providers that they choose. These same customer reviews also help to encourage providers to remain on the platform, as they're extremely helpful in motivating the transaction. This dynamic similarly creates high switching costs.

Additionally, we look to network effects and mission criticality as two competitive advantages. Rover is the world's largest online marketplace, and is continuing to expand into international markets as an additional source of growth. As far as mission criticality, transactions take place on the platform itself, and Rover is the party facilitating the payment.

To strengthen these competitive advantages, the company is investing in personalization to better match providers with pet parents, and is using large language models, or LLMs, to help support marketing and customer acquisition efforts. Lastly, I would say the company offers a Rover guarantee reimbursement program, which assists with out-of-pocket costs incurred by pet parents or providers if a service doesn't go as planned.

We believe programs like this help strengthen trust in the platform and create an additional layer of customer loyalty, which can be difficult for new competitors or AI-driven alternatives to replicate in a quick manner. The company's also backed by a large sponsor, which has expertise in the consumer and internet software space. We believe this provides additional operational and strategic support, expertise, and potentially other resources as the business continues to scale.

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<sup>6</sup> The case study discussions are provided for informational purposes only and are intended to illustrate the investment process. Does not constitute a recommendation nor investment advice and should not be used as the basis for any investment decision. This is not a representation that an investment in the securities described were or will be profitable.

<sup>7</sup> Source: <https://www.rover.com/blog/press-release/rover-worlds-largest-network-of-pet-sitters-and-dog-walkers-goes-public/>

Alison: Thanks, Lindsay. Hopefully that provides some good context for how we underwrite our loans. Before we break, we tried out some rapid-fire questions with Raghav in the last episode, so we thought we'd bring them back for today's session. Are you ready?

Lindsay: Let's try it. All right.

Alison: What is one misconception about private credit you would like to correct?

Lindsay: I think it's important to dispel the notion that private credit is any less relevant today than it was last year or the year before that. We need to separate the fact that public BDCs are trading at a discount to NAV from the reality that private credit plays a very important role in the market. Private credit will continue to offer bespoke financing solutions that cannot be manufactured in the syndicated market. It simplifies counterparty management for borrowers who may prefer to deal with a smaller number of lenders, and it provides for streamlined issuance, particularly with sponsors who have deep lender relationships that can act as consistent funding sources. Private credit used to be a tool used by underbanked sponsors, but this has permanently changed.

Alison: That's awesome. What is one early warning sign in a credit that you never ignore?

Lindsay: I'd say price-cost compression. This is so important, particularly for procyclical sectors in inflationary environments. If the demand side of the equation isn't there to drive volume and or push price, a credit could be poised to experience material margin headwinds going forward.

Alison: Lindsay, what is your favorite use case for AI?

Lindsay: Within my financial services coverage, we often receive vast depositories of information in the form of loan or equity tapes outlining KPIs or entire portfolios. AI allows me to parse through this data much quicker to pick out trends and pull statistics driving portfolio outcomes. I'm also a mom of two kids, whose schedules have become vastly easier to manage with the use of AI.

Alison: I could use some tips, Lindsay. Thank you for sharing your insights.

That wraps up our latest edition of The Manager Minute podcast for Oaktree's Strategic Credit Fund. Thanks again to Lindsay for joining us, and to our listeners for tuning in. We hope you found this discussion insightful, and we look forward to catching up again next quarter with more updates and perspectives. Take care.

As of March 31, 2026.

### **Important Information**

This shareholder update is neither an offer to sell nor a solicitation of an offer to buy any securities. An offering is made only by the Fund's prospectus. This literature must be read in conjunction with the Fund's prospectus in order to fully understand all of the implications and risks of the offering of securities to which the prospectus relates. A copy of the Fund's prospectus must be made available to you in connection with any offering. Neither the Securities and Exchange Commission nor any other state securities regulator has approved or disapproved of our common shares, determined if the prospectus is truthful or complete, or passed on or endorsed the merits of the offering. Any representation to the contrary is a criminal offense.

### **Risk Factors**

An investment in common shares (the "shares") of beneficial interest in Oaktree Strategic Credit Fund involves a high degree of risk. You should only purchase shares of Oaktree Strategic Credit Fund if you can afford to lose your complete investment. Prior to making an investment, you should read the prospectus, including the "Risk Factors" section therein, which contains a discussion of the risks and uncertainties that Oaktree Strategic Credit Fund believes are material to its business, operating results, prospects and financial condition. These risks include, but are not limited to, the following:

- Oaktree Strategic Credit Fund has only a limited prior operating history and there is no assurance that it will achieve its investment objective.

- This is a “blind pool” offering and thus you will not have the opportunity to evaluate Oaktree Strategic Credit Fund’s investments before it makes them.
- You should not expect to be able to sell your shares regardless of how well Oaktree Strategic Credit Fund performs.
- You should consider that you may not have access to the money you invest for an extended period of time.
- Oaktree Strategic Credit Fund does not intend to list the shares on any securities exchange, and it does not expect a secondary market in the shares to develop prior to any listing.
- Because you may be unable to sell your shares, you will be unable to reduce your exposure in any market downturn.
- Oaktree Strategic Credit Fund has implemented a share repurchase program, but only a limited number of shares will be eligible for repurchase, and repurchases will be subject to available liquidity and other significant restrictions.
- An investment in the Fund’s shares is not suitable for you if you need access to the money you invest. See “Suitability Standards” and “Share Repurchase Program” in the prospectus.
- Oaktree Strategic Credit Fund cannot guarantee that it will make distributions, and if it does, it may Fund such distributions from sources other than cash flow from operations, including, without limitation, the sale of assets, borrowings, return of capital or offering proceeds, and there are no limits on the amounts Oaktree Strategic Credit Fund may pay from such sources.
- Distributions may also be Funded in significant part, directly or indirectly, from temporary waivers or expense reimbursements borne by Oaktree Fund Advisers, LLC (the “Adviser”) or its affiliates and which may be subject to reimbursement to the Adviser or its affiliates. The repayment of any amounts owed to Oaktree Strategic Credit Fund’s affiliates will reduce future distributions to which you would otherwise be entitled.
- Oaktree Strategic Credit Fund is using and expects to continue to use leverage, which will magnify the potential loss on amounts invested in it.
- Oaktree Strategic Credit Fund intends to invest in securities that are rated below investment grade by rating agencies or that would be rated below investment grade if they were rated. Below-investment-grade securities, which are often referred to as “junk,” have predominantly speculative characteristics with respect to the issuer’s capacity to pay interest and repay principal. They may also be illiquid and difficult to value.

*Forward-Looking Statements*

This fact sheet contains contains forward-looking statements about Oaktree Strategic Credit Fund’s business, including, in particular, statements about its plans, strategies and objectives. You can generally identify forward-looking statements by the use of forward-looking terminology such as “may,” “will,” “expect,” “intend,” “anticipate,” “estimate,” “believe,” “continue” or other similar words. These statements include Oaktree Strategic Credit Fund’s financial projections and estimates and their underlying assumptions, plans and objectives for future operations, including plans and objectives relating to future growth and availability of Funds, and they are based on current expectations that involve numerous risks and uncertainties. Assumptions relating to these statements involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to accurately predict and most of which are beyond Oaktree Strategic Credit Fund’s control. Although Oaktree Strategic Credit Fund believes the assumptions underlying the forward-looking statements, and the forward-looking statements themselves, are reasonable, any of the assumptions could be inaccurate and, therefore, there is no assurance that these forward-looking statements will prove to be accurate, and Oaktree Strategic Credit Fund’s actual results, performance and achievements may be materially different from that expressed or implied by these forward-looking statements. In light of the significant uncertainties inherent in these forward-looking statements, the inclusion of this information should not be regarded as a representation by Oaktree Strategic Credit Fund or any person that Oaktree Strategic Credit Fund’s objectives and plans, which it considers to be reasonable, will be achieved.

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