BlueBay
Asset Management

Municipal Employees' Retirement System of Louisiana

Direct Lending Fund II

Managed by BlueBay Asset Management LLP

December 2018

RBC Global Asset Management

STRICTLY PRIVATE AND CONFIDENTIAL

Disclaimer

This presentation (the "Presentation") is issued on a confidential basis to a selected number of prospective investors for the purposes of evaluating an investment in the Direct Lending Fund III SLP, a Luxembourg Special Limited Partnership, (société en commandite spéciale or SCSp) (and together with any other parallel or feeder vehicles, the "Fund"). This document is issued in the United Kingdom (UK) by BlueBay, which is authorized and regulated by the UK Financial Conduct Authority (FCA), registered as an investment advisor with the US Securities and Exchange Commission (SEC) and is a member of the National Futures Association (NFA) and is registered as a commodity pool operator and commodity trading adviser. In the United States (US), by BlueBay Asset Management USA LLC which is registered as an investment advisor with the SEC and as an introducing broker with the NFA. In the US, this presentation may be provided to Qualified Purchasers (as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended) in a private offering of a 3(c)(7) fund by RBC Global Asset Management (US) Inc. (RBC GAM-US), an SEC registered investment adviser founded in 1983. RBC GAM is the asset management division of Royal Bank of Canada (RBC) which includes BlueBay, RBC Investment Management (Asia) Limited, RBC GAM-US, and RBC Global Asset Management Inc., which are separate but affiliated entities. In Germany BlueBay is operating under a branch passport pursuant to the Alternative Investment Fund Managers Directive (Directive 2011/61/EU). In Hong Kong, the Fund is not authorized by the Securities and Futures Commission for sale to the retail public and this document is only available for professional investors (as defined in the Securities and Futures Ordinance (Cap 571)) only. In Canada, BlueBay is not registered under securities laws and is relying on the international dealer exemption under applicable provincial securities legislation, which permit BlueBay to carry out certain specified dealer activities for those Canadian residents that qualify as "a Canadian permitted client", as such term is defined under applicable securities legislation. The document is provided for informational purposes only. This document does not constitute an offer to sell nor is it a solicitation of an offer to purchase any security or investment product in any jurisdiction. In the provinces of Ontario, Quebec and Newfoundland, BlueBay is relying on an exemption from the Investment Fund Manager registration. Since BlueBay's assets are situated outside of Canada it may be difficult to enforce legal rights against BlueBay. In Australia, BlueBay is exempt from the requirement to hold an Australian financial services license under the Corporations Act in respect of financial services as it is regulated by the FCA under the laws of the UK which differ from Australian laws. Neither the Fund nor BlueBay is making any representation with respect to the eligibility of any recipients of this document to acquire interests therein under the laws of Korea. The Fund has not been registered under the Financial Investment Services and Capital Markets Act of Korea. The registrations and memberships above should not be interpreted as an endorsement or approval of the BlueBay or RBC entities identified from the licensing or registering authorities cited.

This Presentation, its contents and any information provided or discussed in connection with it are strictly private and confidential and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose, without the consent of BlueBay (provided that you may disclose this Presentation on a confidential basis to your legal, tax or investment advisers (if any) for the purposes of obtaining advice). Acceptance of delivery of any part of the Presentation by you constitutes unconditional acceptance of the terms and conditions of this notice. This Presentation does not constitute an offer of interests in the Fund. A private offering of interests in the Fund will only be made pursuant to a confidential offering memorandum (the "Memorandum"), which will be furnished to qualified investors on a confidential basis at their request, and which will supersede the information contained in this Presentation in its entirety. The Memorandum will contain detailed information about the investment objective, terms and conditions of an investment in the Fund and also tax information and risk warnings, which you should review carefully before deciding whether to invest. This Presentation does not constitute legal, tax, investment or other advice nor any other investment services. This Presentation is not intended to be relied upon as the basis for an investment decision, and is not, and should not be assumed to be, complete. It is provided for information purposes only. Any investment is subject to various risks, some of which are outlined herein. All such risks should be carefully considered by prospective investors before they make any investment decision. You are not entitled to rely on this Presentation and no responsibility is accepted by BlueBay or any of its directors, officers, partners, members, agents or advisers or any other person for any action taken on the basis of the content of this Presentation. BlueBay does not undertake to provide the recipient with access to any additional information or to update this Presentation or to correct any inaccuracies therein which may become apparent. No undertaking, representation, warranty or other assurance, express or implied, is made or given by or on behalf of BlueBay or any of its respective directors, officers, partners, members, agents or advisers or any other person as to the accuracy or completeness of the information or opinions contained in this Presentation and no responsibility or liability is accepted by any of them for any such information or opinions. The historical data that accompanies this document relates to the existing Direct Lending Fund I, LP and Direct Lending Fund II, SLP. It is important to note that although the product under consideration would be managed by the same portfolio management team as Direct Lending Fund I, LP, and Direct Lending Fund II, SLP, those funds may have different investment objectives, guidelines and restrictions. No representation is being made that the product under consideration will or is likely to achieve performance similar to that shown for Direct Lending Fund I, LP or Direct Lending Fund II, SLP. Past performance is not indicative of future results. The value of investments may fall as well as rise and investors may not get back the amount invested. Changes in rates of foreign exchange may cause the value of investments to go up or down. No representation is being made that any investment will or is likely to achieve profits or losses similar to those achieved in the past or that significant losses will be avoided. Statements contained in this Presentation that are not historical facts are based on current expectations, estimates, projections, opinions and beliefs of BlueBay. Such statements involve known and unknown risks, uncertainties and other factors, and undue reliance should not be placed thereon. In addition, this Presentation contains "forward-looking statements." Actual events or results may differ materially from those reflected or contemplated in such forward-looking statements. This Presentation contains information about the performance of investments previously made by funds advised or managed by BlueBay. This information has not been audited or verified by an independent party. There can be no assurance that unrealized investments will be realized at the valuations shown. The internal rates of return ("IRRs") or money multiple figures presented on a "gross" basis do not reflect any management fees, carried interest, taxes or allocable expenses borne by investors, which in the aggregate may be substantial. Although BlueBay believes that the assumptions underlying such valuations are reasonable, future events cannot be predicted with any certainty, forecasts are not reliable indicators of future performance and there is no guarantee such value will be achieved. Recipients of this Presentation should review carefully the Notes and Explanations on Direct Lending Fund I, LP and Direct Lending Fund II, SLP track record set out in the Appendix to this Presentation. In considering any return objective information contained herein, prospective investors should bear in mind that past performance or return objectives are not a guarantee, projection or prediction and is not necessarily indicative of future results. There can be no assurance that the Fund will achieve comparable results, that return objectives will be met or that the Fund will be able to implement its investment strategy and investment approach or achieve its investment objectives. Actual gross and net returns for the Fund may vary significantly from any return objectives set forth herein. Any return objectives stated herein are based on BlueBay's belief about what returns may be achievable on investments that BlueBay intends to pursue in light of its experience with similar transactions, as well as the anticipated market for contracted returns in lending instruments. Further, any return objectives stated herein are based on an assumption that economic, market and other conditions will not deteriorate and, in some cases, improve. The return objectives are also based on models, estimates and assumptions about performance (including levels of interest, lending activity and default rates) believed to be reasonable under the circumstances, but actual realized returns on the Fund's investments will depend on, among other factors, the ability to consummate attractive investments, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions and circumstances on which return objectives are based. Certain economic and market information contained herein has been obtained from published sources prepared by third parties and in certain cases has not been updated through the date hereof. While such sources are believed to be reliable, neither BlueBay, nor any of its directors, partners, members, officers or employees assumes any responsibility for the accuracy or completeness of such information. No part of this document may be reproduced in any manner without the prior written permission of BlueBay. In Hong Kong, this document may be provided by RBC Investment Management (Asia) Limited, which is registered with the Securities and Futures Commission. Copyright 2018 © BlueBay, is a wholly-owned subsidiary of RBC and BlueBay may be considered to be related and/or connected to RBC and its other affiliates. ® Registered trademark of RBC. RBC GAM is a trademark of RBC. BlueBay Asset Management LLP, registered office 77 Grosvenor Street, London W1K 3JR, partnership registered in England and Wales number OC370085. All rights reserved.

Contents

EXECUTIVE SUMMARY

MARKET OPPORTUNITY

Overview of BlueBay

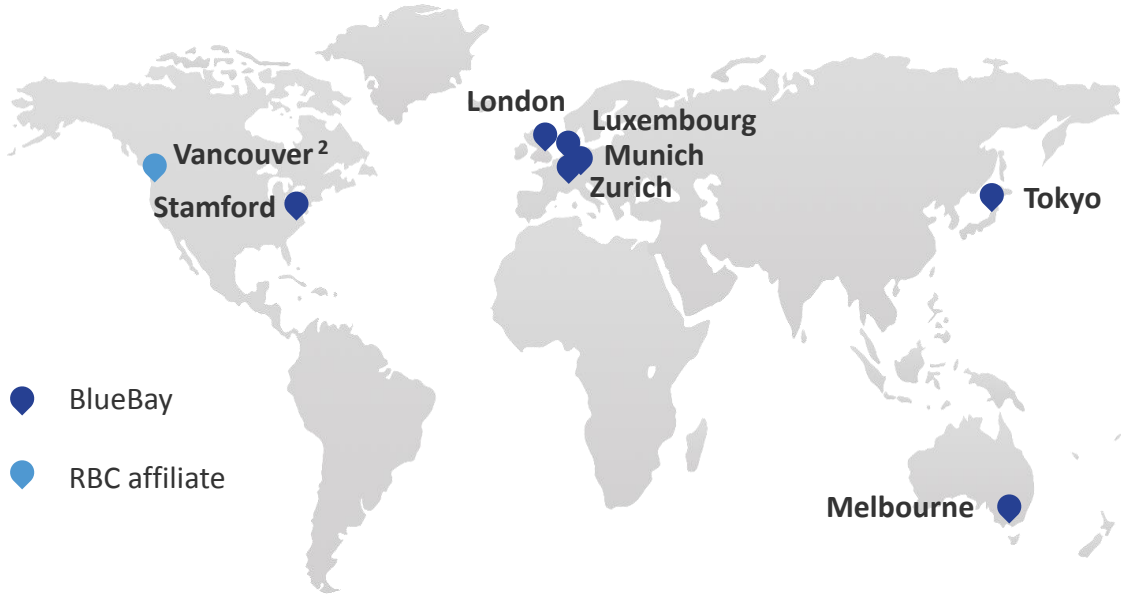
Leading European Fixed Income manager

- 422 partners and employees worldwide
- Manages over US$60 billion for institutional investors, distributors and wealth managers
- Owned by Royal Bank of Canada – a leading global bank
- BlueBay has full investment autonomy
- Private Debt business has significant synergies with BlueBay's other investment teams
- Leverages BlueBay's sales and back office infrastructure

ASSETS UNDER MANAGEMENT ('AUM') (US$M)

Investment Grade	32,904
Emerging Market	9,885
Leveraged Finance [1]	10,701
Multi-strategy	4,830
Convertibles	2,283
Total AuM	**60,603**
Total Private Debt commitments (EURm)	*10,998*

OFFICE LOCATIONS



Note: BlueBay Asset Management, as at 31 October 2018, Private Debt commitments as of November 2018 and refers to investable capital assuming 1:1 leverage is put in place for the levered vehicles. AuM is exclusive of non-fee earning assets. **1** Leveraged Finance consists of High Yield, Leveraged Loans, Special Situations and Private Debt (drawn capital); **2** BlueBay's distribution affiliate Phillips, Hager & North Investment Management (PH&N) is the operating division of RBC Global Asset Management.

BlueBay's Private Debt Platform

BlueBay has a market-leading European Private Debt business

- Leading European player in Private Debt, with €11.0 billion of AuM across four fund platforms
- Over €6.2 billion committed across approximately 100 transactions to date
- Completed deals with more than 40 different private equity sponsors across 11 geographies
- Experienced team of 19 investment professionals with 11 years' average experience
- 0.0% loss ratio across all funds to date

BLUEBAY'S PRIVATE DEBT FUNDS

	DIRECT LENDING FUND I	DIRECT LENDING FUND II	DIRECT LENDING FUND III
Fund vintage[1]	2011–2013	2014–2015	2017–2018
AuM[2]	€955m (Unlevered)	€2.8bn (Unlevered)	€5.0bn[3,4] (Levered and unlevered)
Geographical focus	Northern Europe	Europe	Europe
Strategy focus	Mid-market	Mid-market	Upper / Mid-market
Size of borrower (TEV)	Up to €500m	Up to €1bn	Up to €2bn
Loan focus	Senior, unitranche, subordinated	Senior, unitranche, subordinated	Senior, unitranche, subordinated
Status	Fully invested 21 investments, 1 unrealised	Fully invested[5] 28 investments	Fundraising 6 investments

Notes: **1** Fund vintage refers to year from first to final or expected final close; **2** Includes parallel, non-parallel vehicles and SMAs; **3** Investable capital, assuming 1:1 leverage is put in place for the levered vehicles; **4** Target Fund size; **5** Subject to recycling, including associated vehicles.

BlueBay's key success factors

BlueBay's size, scale and established position means that it is a market leader in European Private Debt

KEY STRENGTHS	BLUEBAY STRATEGY	ADVANTAGES
SIZE AND SCALE	• 'One stop shop' – loans up to €300m	• Less competition and better terms • Higher quality businesses
ESTABLISHED PLAYER	• 20+ years of relationships • Trusted and innovative partner	• High quality deal flow • Exclusive transactions
HIGH QUALITY INVESTMENT TEAM	• Highly experienced team • Deep origination network • Range of investing skills	• Pan-European origination • Barrier to entry for new participants • Embedded restructuring expertise
BLUEBAY INFRASTRUCTURE	• Managing numerous fund structures • Approximately 100 Direct Lending transactions completed • Complex legal and compliance regimes	• Experienced legal, compliance, fund administration and reporting support
TRACK RECORD	• Track record across 4 fund vintages • Zero credit losses to date	• High quality Investors that invest across the BlueBay Private Debt platform
ENTREPRENEURIAL / INNOVATIVE CULTURE	• Differentiating feature in a more commoditised market • "Investors in" rather than "lenders to" businesses	• Should drive higher returns at lower risk

BlueBay Private Debt: experienced and established team

19 investment professionals with an average experience of 11 years

BlueBay Private Debt Group

Head of Private Debt	UK	Germany Switzerland Austria	France	Spain Italy	Benelux Nordic	COO & Portfolio Monitoring	Business Development/ IR
Managing Partner [1] (29)	Partner [1] (19)	Partner [1] (15)	Partner [1] (19)	Partner [1] (20)	Partner [1] (21)	COO	Head of Business Development
	Partner [1] (21)	Partner [1] (15)	Principal (11)	Vice President (9)	Partner [1] (15)	Head of Fund Management	Director, Business Dev
	Partner [1] (18)	Partner (11)	Associate (6)	Associate (3)	Partner (11)	Junior Portfolio Manager	Associate Director, Business Dev
	Vice President (7)	Associate (3)	Analyst	Analyst (1)		Junior Portfolio Manager	Associate Director, Business Dev
	Analyst (2)	Analyst (2)					Associate, Business Dev
	Analyst (2)						Associate, Business Dev

Leveraged Finance

US$6.6bn AuM

21 Investment Professionals

Infrastructure (~110 Professionals)

Risk & Performance	Operations	Compliance	Corporate Legal	Finance	Fund Accounting

Source: BlueBay. AuM and People Data as at November 2018.
Notes: **1** Denotes members of the Investment Committee.

Direct Lending Fund II investment strategy and focus

INVESTMENT STRATEGY

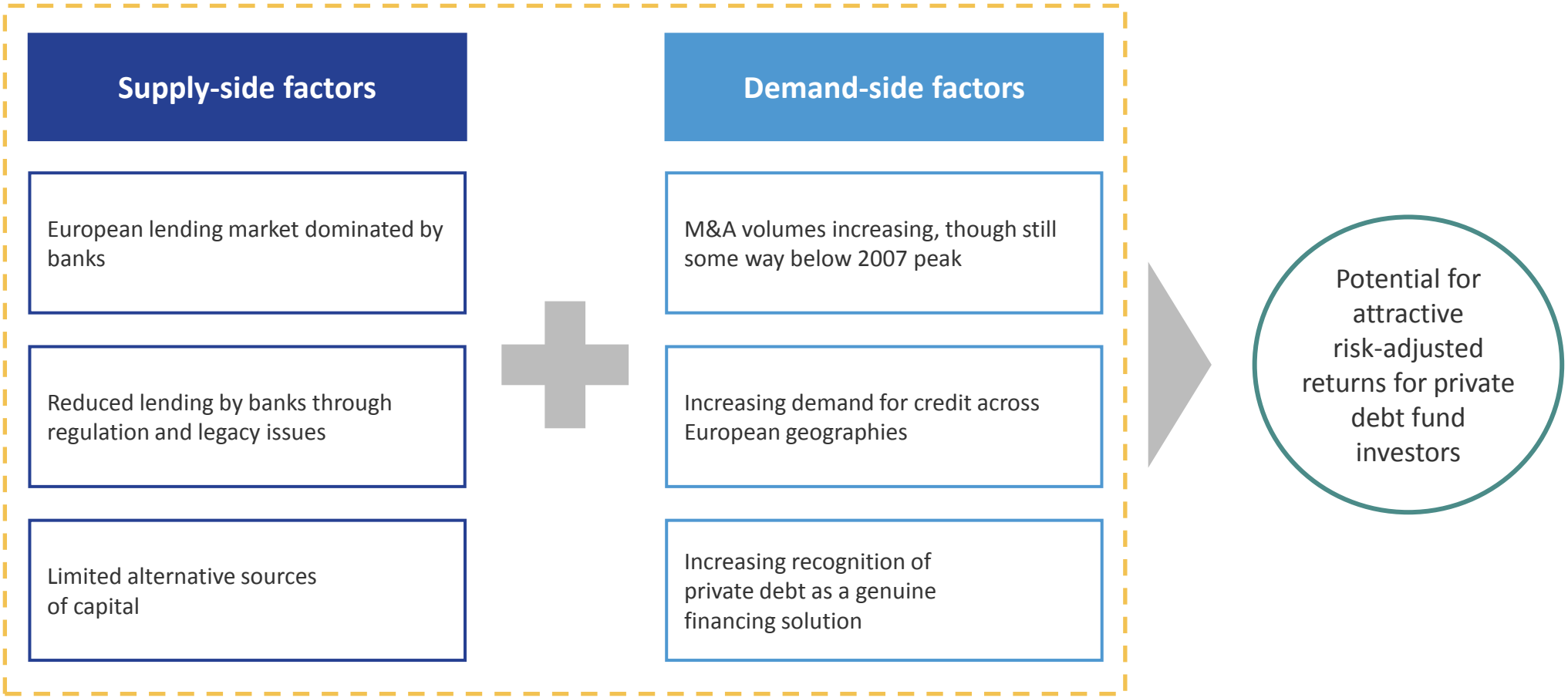
Focus on senior loans	• Bespoke and flexible solutions • Focus on capital preservation • No cov-lite senior deals
Strong loan position	• Bilateral loans or small club deals • Seek to obtain meaningful control/ownership of debt tranche
Proprietary origination	• Utilise extensive origination network built over many years • 'Shoe leather' versus 'telephone' origination
Due diligence/ investment process	• Carry out extensive due diligence • Multi-stage investment review process • Heavily negotiated loan documentation
Partnership approach	• High level of engagement with borrower • Detailed portfolio monitoring

INVESTMENT FOCUS

Investment Products	• Primarily senior secured / unitranche loans • Selected subordinated / mezzanine loans • Equity participation where appropriate
Geographic focus	• Europe (Northern Europe bias)
Industries	• Cash flow generative businesses across a broad range of industries
Business focus	• Market-leading businesses • Attractive industries • High-quality management teams
Size of borrowers	• Medium-sized businesses: – TEV: up to €1 billion – Revenues: €75 million–€1 billion – EBITDA: €10–€100 million
Loan size/tenor	• Loan size: €20–150 million • Tenor: 2–7 years (average 2–3 years)
No. of investments in Fund	• 25-40

Market fundamentals attractive for Private Debt funds

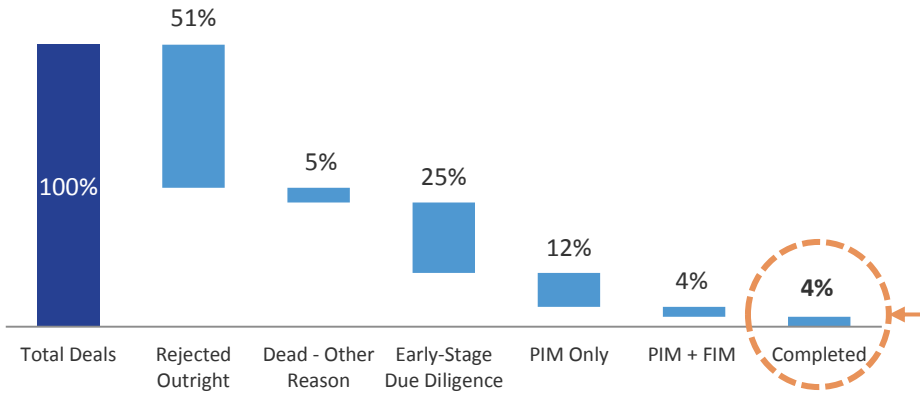
REDUCED AVAILABILITY OF CREDIT TO MEDIUM-SIZED BUSINESSES CONTINUES TO SUPPORT PRIVATE DEBT MARKETS



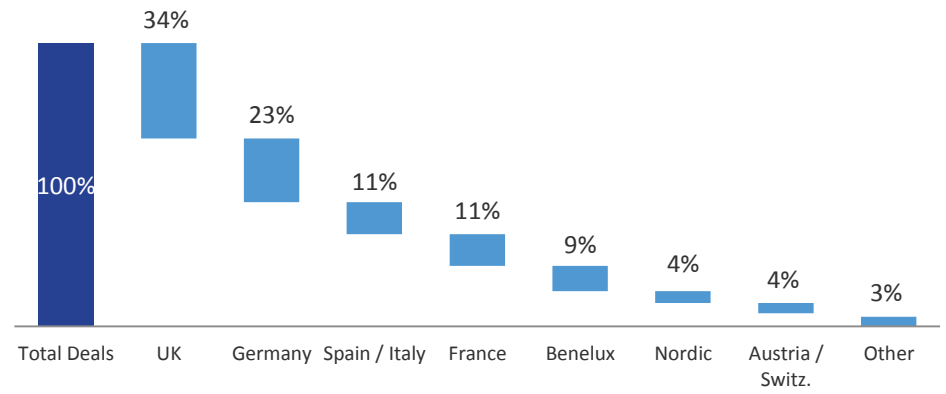
BlueBay Private Debt leverages an existing established origination network

Reviewed over 2,600 investment opportunities, 2011 to December 2018

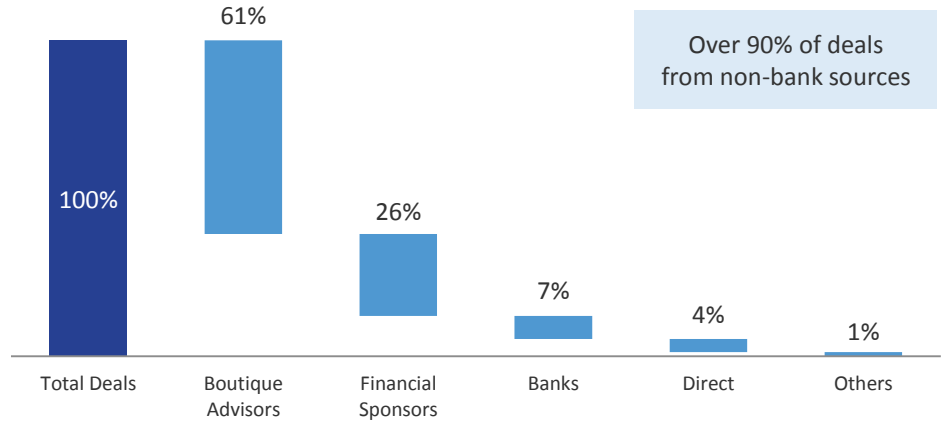
DEALS BY INVESTMENT STAGE/DUE DILIGENCE STAGE



DEALS BY GEOGRAPHY

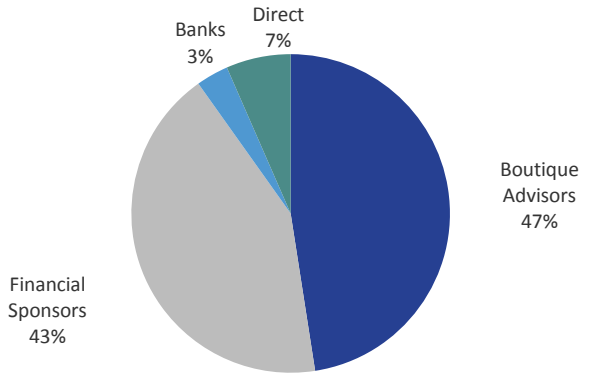


DEALS BY SOURCE



Over 90% of deals from non-bank sources

COMPLETED DEALS BY SOURCE



The analysis above is based on approximately 2,600 investment opportunities reviewed from 2011 to YTD 2018. PIM = Preliminary Investment Memorandum; FIM = Final Investment Memorandum. The data above refers to origination in respect of DLF I, DLF II, DLF III and SLF I and includes estimates for the 2011-2012 period. The Direct Lending Fund I LP, Direct Lending Fund II SLP and Senior Loan Fund I SLP are closed to new investors. Please note that the numbers above are subject to rounding.

Overview of portfolios: credit metrics

Credit metrics and pricing are comparable across the funds

BLUEBAY'S PRIVATE DEBT FUNDS

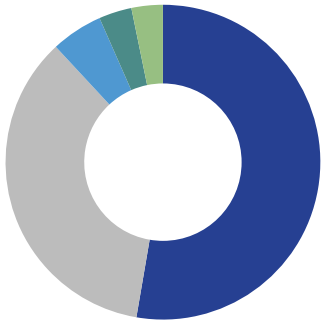
	DIRECT LENDING FUND I	DIRECT LENDING FUND II	EUROPEAN LEV. LOANS[1]
Total pricing	8.9%	7.7%	3.0 – 4.0%
Upfront fees	3.8%	3.5%	0.0 – 1.0%
Senior deals	78%	96%	c. 100%
Net opening leverage	4.5x	5.2x	c. 5.0x – 5.5x
Current net leverage	3.4x	4.9x	c. 5.0x – 5.5x
Loan-to-value ("LTV")	56%	51%	45 – 55%

Notes: **1** S&P LCD as of Q3 2018.

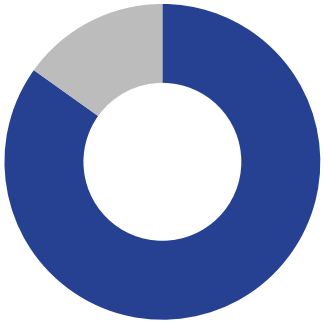
Overview of portfolio: key statistics

Good geographical diversity across funds, with increasing weighting to senior secured investments

DIRECT LENDING FUND I

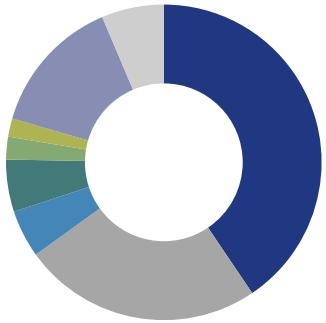


United Kingdom (53%) | Germany (35%) | Netherlands (5%) | Switzerland (3%) | Ireland (3%)

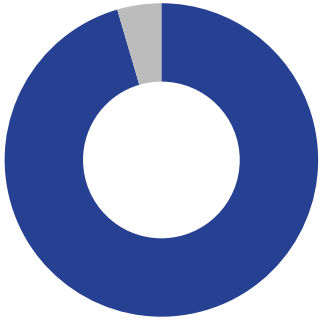


Senior (78%) | Subordinated (22%)

DIRECT LENDING FUND II



United Kingdom (38%) | Germany (31%) | Switzerland (4%) | Denmark (4%) | Netherlands (2%) | Malta (2%) | France (13%) | Spain (6%)



Senior (96%) | Subordinated (4%)

Notes: All statistics are based on total original invested commitments, post sell-downs to co-investors, ahead of repayments and realisations as of November 2018. The BlueBay Direct Lending Fund I, LP and Direct Lending Fund II SLP are closed to new investors. Information and performance is provided for illustrative purposes to highlight the capabilities of BlueBay Asset Management LLP as the manager of a Private Debt fund. Figures are subject to rounding

Contents

EXECUTIVE SUMMARY

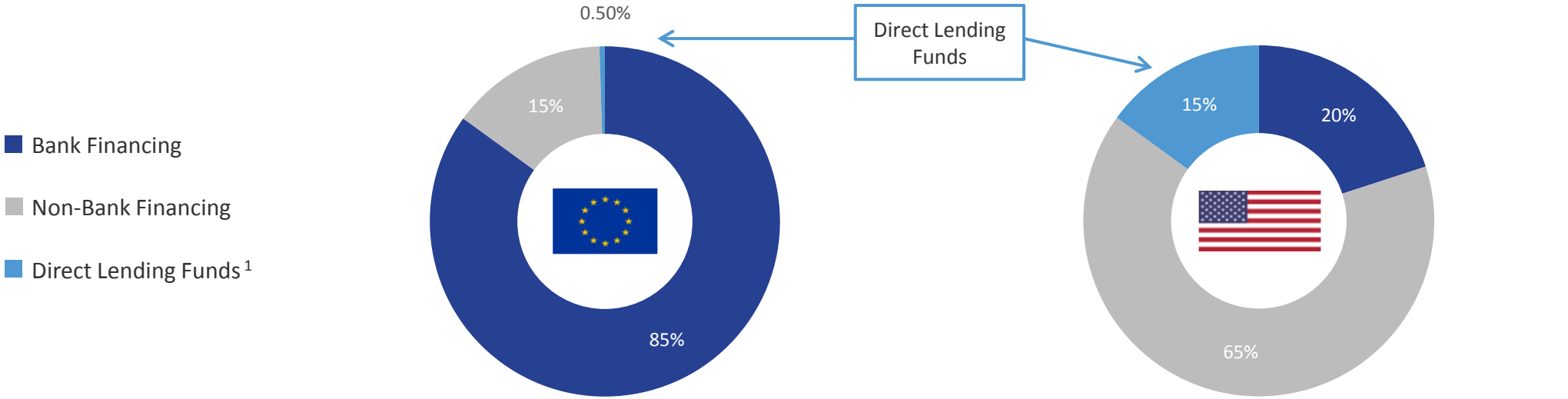
MARKET OPPORTUNITY

European lending remains highly dependent on banks

Limited financing options for middle-market corporates in Europe

HIGH DEPENDENCE OF BANK FINANCING IN EUROPE …

… COMPARED TO DEVELOPED US MARKET



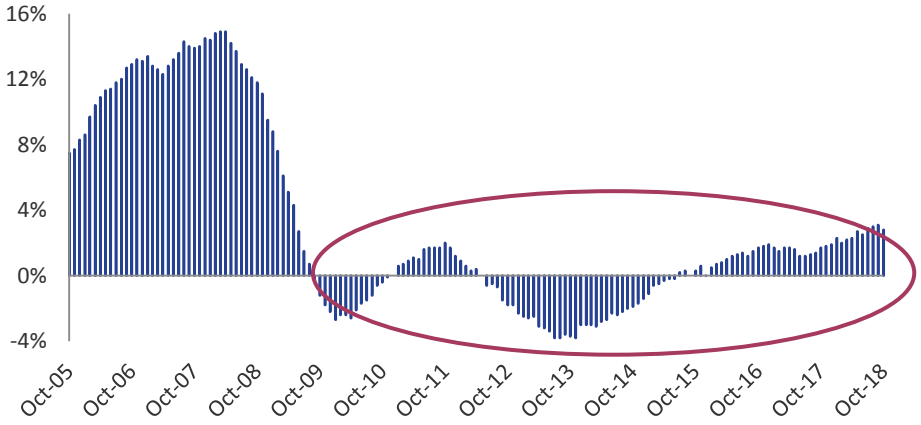
Banks	✓		✓	
Mezzanine funds	✓		✓	
Bond market	✗		✓	
Private placements/insurance/pension funds	✗		✓	
Business Development Companies (BDCs)	✗	0.5%	✓	15%
Private Debt funds	✓		✓	

Source: AIMA, "Financing the Economy 2016".
Note: **1** Direct Lending Funds includes business development companies in the US (BDCs).

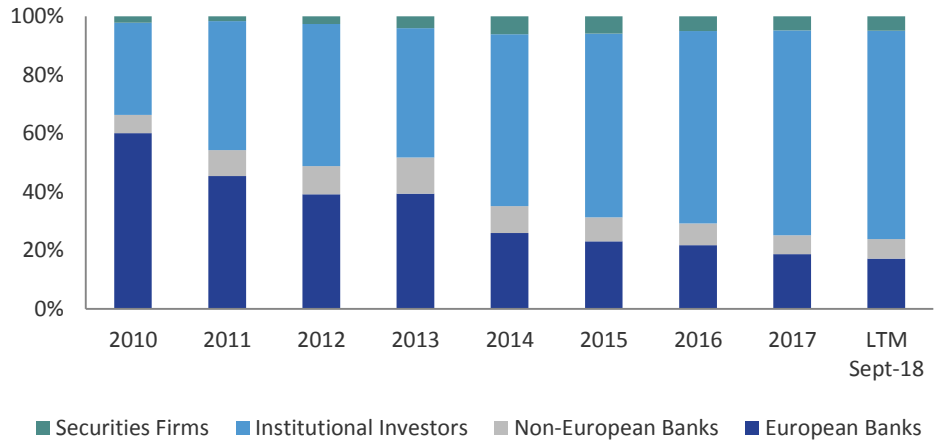
Lending to European corporates at low levels

Activity in the leveraged market is still subdued; bank lending to corporates remains constrained

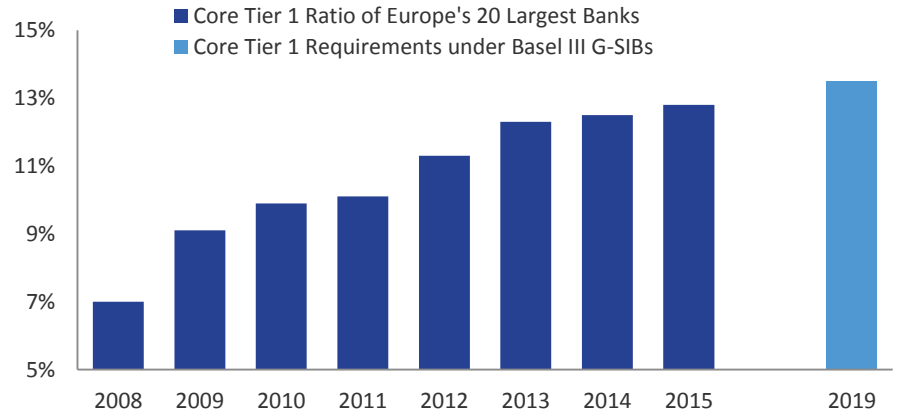
LENDING TO NON-FINANCIAL CORPORATIONS ACROSS THE EUROZONE [1]



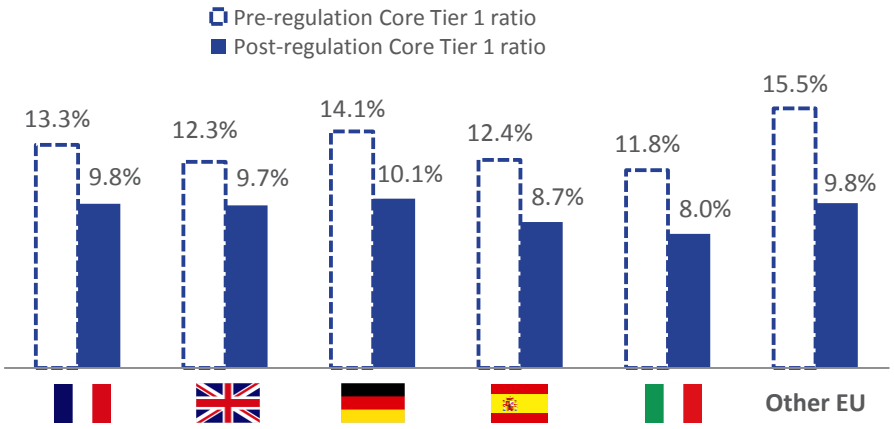
CREDIT FUNDS CONTINUE TO TAKE NEW ISSUE MARKET SHARE [2]



BANKS NOW HOLD 40% MORE CAPITAL THAN PRE-RECESSION [3]



BASEL IV REGULATION WILL FURTHER CONSTRAIN BANKS [4]

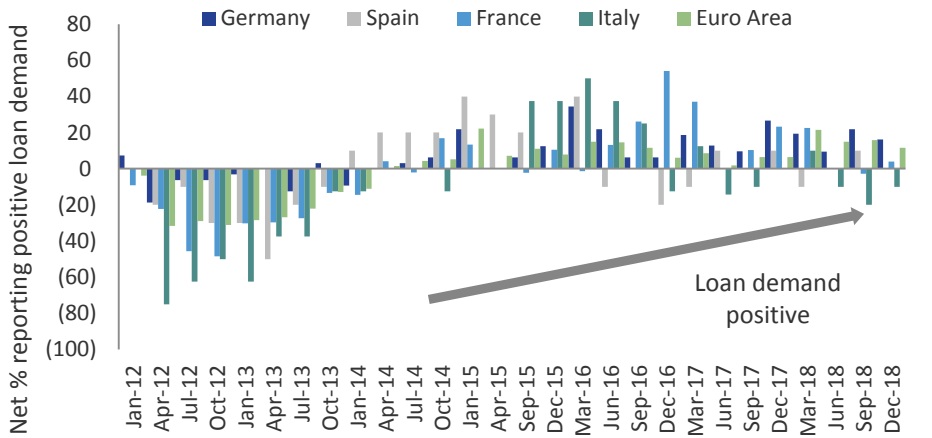


Sources: **1** European Central Bank (ECB); Statistical Data Warehouse, October 2018; **2** S&P Capital IQ LCD European Leveraged Lending Review Q3 2018; **3** Deutsche Bank Research for the historical data, Bank for International Settlements for 2019 projections, which include: Common Equity Tier 1 or CET1 (4.5%), CET1 capital conservation buffer (2.5%), additional tier 1 (1.5%), CET1 for countercyclical buffer (2.5%) and CET1 capital surcharge for systemically important banks (2.5%); **4** McKinsey Analysis, European Banking Authority, S&P Global Market Intelligence.

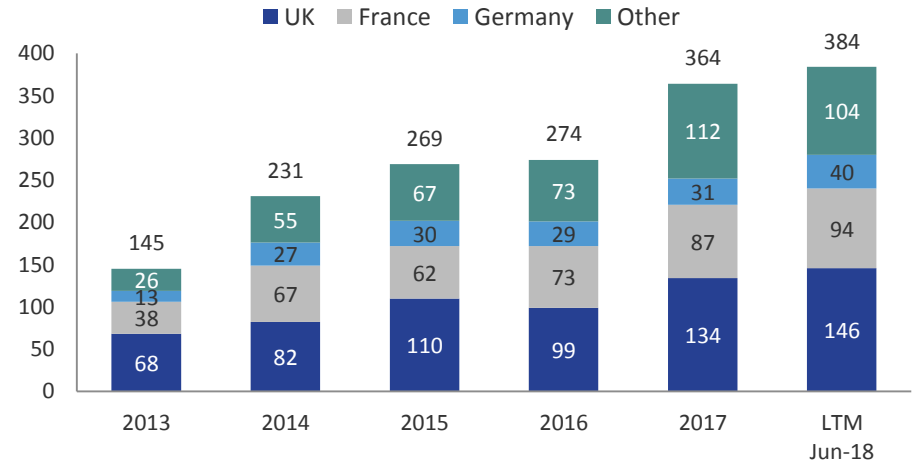
Demand for credit outstripping supply

Gradual growth in M&A activity as well as refinancings have led to growing corporate demand for credit

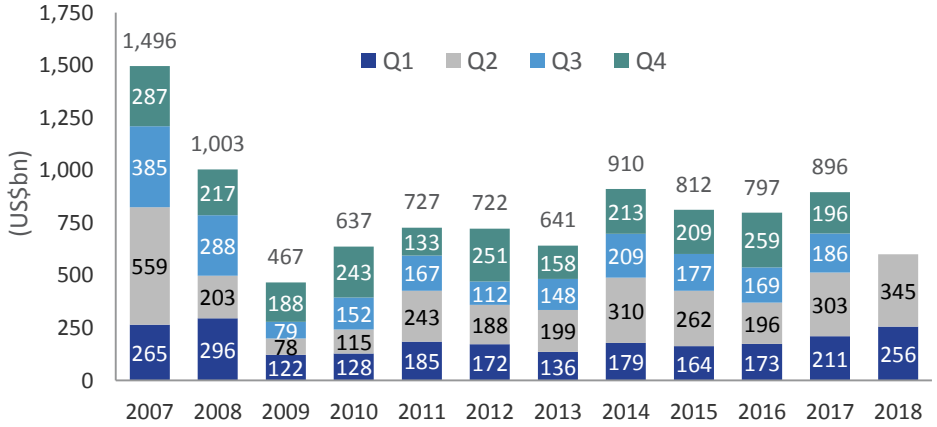
CORPORATE DEMAND FOR CREDIT: MAJOR EUROZONE ECONOMIES [1]



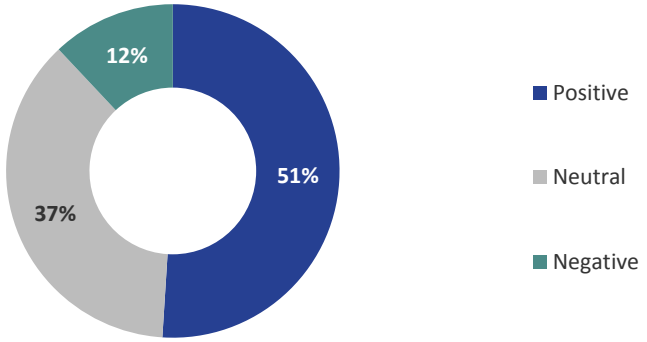
DEALS BY ALTERNATIVE LENDERS ARE INCREASING [2]



GRADUAL GROWTH IN M&A VOLUMES IN EUROPE [3]



PERCEPTION OF PRIVATE DEBT PROVIDERS BY CORPORATES [4]



Sources: **1** ECB, Macrobond; **2** Deloitte Alternative Lender Deal Tracker, H1 2018; **3** Mergermarket, Global and regional M&A: H1 2018; **4** Prequin investor outlook: Alternative Assets (H1 2018).

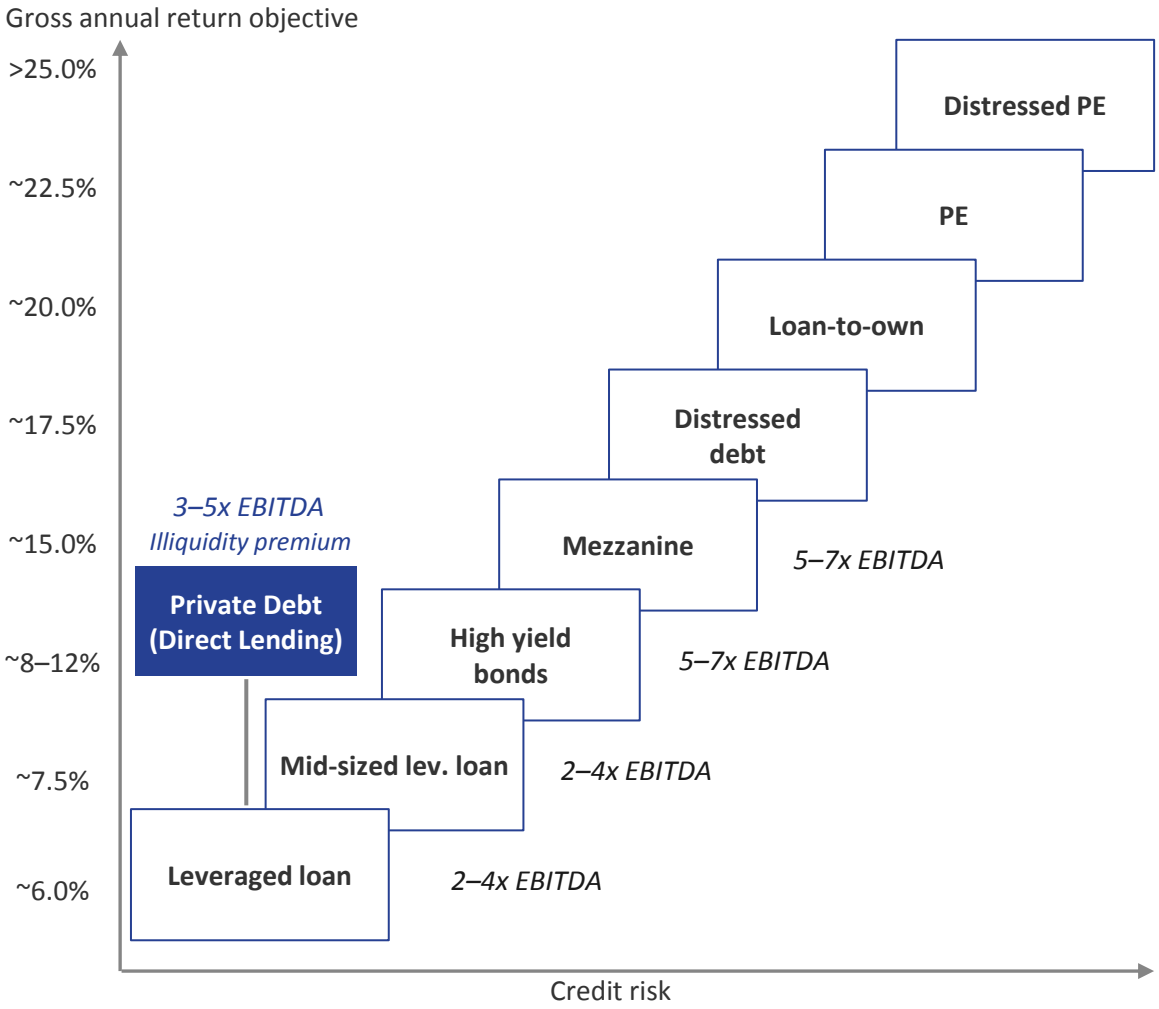
Key advantages of Private Debt

BlueBay Asset Management

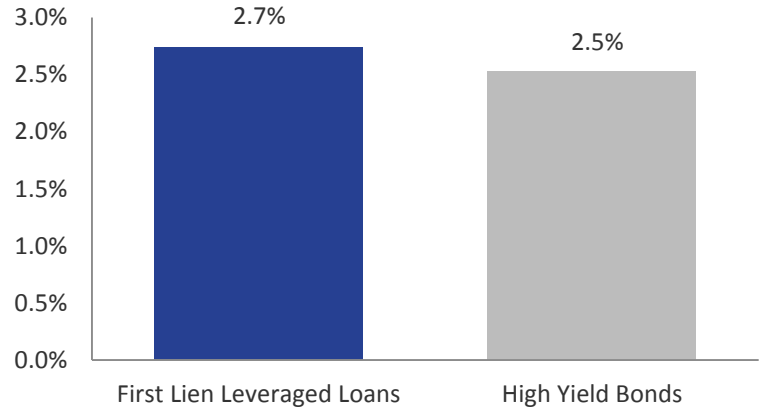
FOR INVESTORS	FOR CORPORATES AND PRIVATE EQUITY FIRMS
Attractive pricing, lender-friendly terms, conservative capital structures	Responsiveness, speed and certainty of execution
Illiquidity premium available compared to leveraged loan market	Detailed, but targeted due diligence process – no “box ticking”
Access to proprietary deal flow	Bespoke financing solutions tailored to a company’s requirements
Attractive absolute and risk-adjusted returns	Flexible terms and structures
High cash yield	No strategy of trading/syndication
Hedge against inflation and rising interest rates	“One stop shop” (Uni-tranche versus senior/mezzanine)
Sustainable opportunity given prolonged structural changes in Europe	Long-term partnership with borrowers

Private Debt: attractive risk-adjusted returns

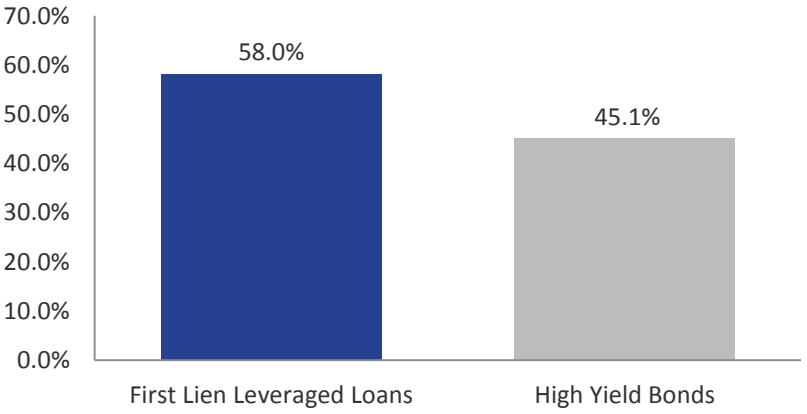
ILLUSTRATIVE CREDIT SPECTRUM POSITIONING [1]



AV. ANNUAL EUROPEAN DEFAULT RATES: 2003–'15 [2]



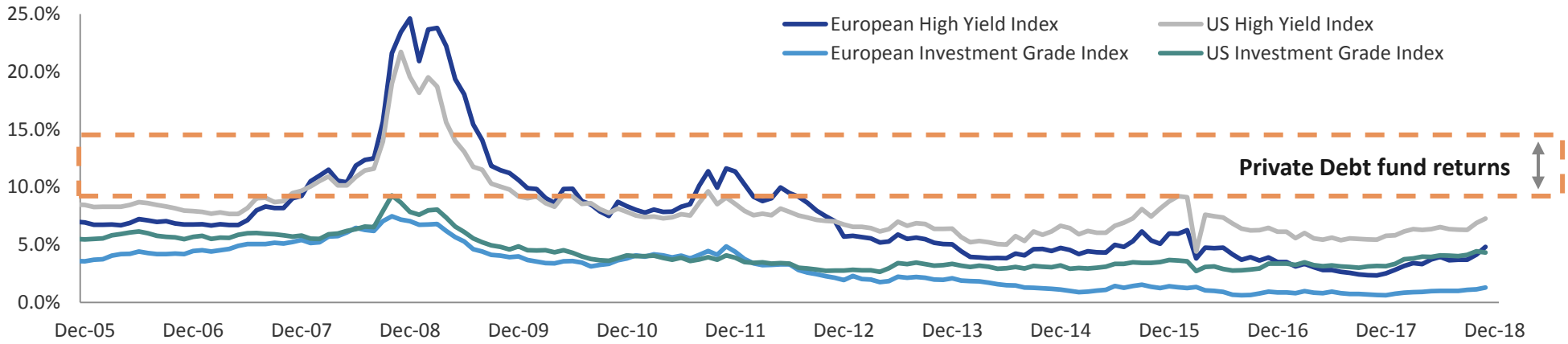
NOMINAL AV. EUROPEAN RECOVERY RATES: 2003–'15 [2]



Sources: **1** BlueBay estimates of target returns; **2** S&P Capital IQ, Credit Suisse.
Annual return objectives are target IRRs are hypothetical and have been prepared for illustrative purposes only and do not constitute a forecast. There can be no guarantee that any estimated or targeted returns will be achieved.

Private Debt offers higher yield for lower leverage

WEIGHTED AVERAGE YIELD TO MATURITY ACROSS VARIOUS ASSET CLASSES VS. PRIVATE DEBT "RETURN BAND" [1]



ILLUSTRATIVE COMPARISON: PRIVATE DEBT VERSUS THE SYNDICATED MARKET

	Direct Lending [2]	European leveraged loans	European high yield
Margins	600–1,000bps	300–400bps	c. 450bps spread
Origination fees	2.0%–4.0%	0.0%–1.0% (OID)	c. 0.0% (OID)
Leverage	4.0x–6.0x[3]	c. 5.0x-5.5x	4.5x–5.5x

Sources: BlueBay internal estimates, S&P LCD European Leveraged Lending Review Q3 2018. **1** Bank of America Merrill Lynch. Data for European High Yield Index (HPS2), US High Yield Index (H0A0), European Investment Grade Index (EU00) and US Investment Grade Index (C0A0) as of September, 2018. The high grade and high grade bond indices include financials. The outlined area marked as private debt fund returns is shown solely to illustrate the illiquidity premium of private debt funds generally and is not intended to be relied upon. No representation is being made that the Direct Lending Fund III will or is likely to provide returns similar to those shown. Leverage calculated using total debt quantum through all tranches; **2** The performance objective and other related metrics are based on certain facts and assumptions. Annual return objectives are target IRRs are hypothetical and have been prepared for illustrative purposes only and do not constitute a forecast. There can be no guarantee that any estimated or targeted returns will be achieved; **3** Senior / unitranche deals only.